

Operations management and quality

Operations management: a set of methods and technologies used in the production of a good or a service

Service operations: production activities that yield tangible and intangible service products

Good production: production activities that yield tangible products

Types of transformation technology: chemical, fabrication, Assembly, Transport, clerical

Analytic process: resources are broken down in the production process

Synthetic process: resources are combined in the production process

Business strategy as driver: low cost, differentiation, integration of low cost/ differentiation

Operations planning: needs to forecast future demand for new and existing products

- 1) business plan and forecasts
- 2) long-range operations plan: capacity, location, layout quality, methods planning
- 3) operations schedules: master production, detailed, staff, project schedule
- 4) operations control: quality control, materials management
- 5) output to customers

Capacity planning: how much

Location planning: by raw materials, customers, suppliers

Layout planning:

- 1) process layout: equipment and people are grouped by function
- 2) cellular layout: used when families of products can flow similar flow paths
- 3) product layout: organizing equipment and people to produce one type of product

Scheduling: Gantt charts: diagram of steps in the project and time required for each

Global context for business

Globalization: the world economy is becoming a single interdependent system

Major market places: NA, Europe, pacific, asia

Emerging markets: BRICS: Brazil, Russia, India, China, South Africa

Forms of competitive advantage:

- 1) absolute advantage: a country can produce sth more efficiently than other country
- 2) comparative advantage: a country can produce certain items more efficiently (cheaper) than it can other items
- 3) national competitive advantage: factor and demand conditions, related and supporting industries, strategies, structure and rivalries

Balance of trade: difference in value btw total exports and total imports: surplus=export more; deficit=import more

Balance of payments: flow of money into or out of a country

Go international:

- 1) export/import
- 2) licensing: franchising
- 3) strategic alliances: get knowledge and expertise of the foreign partner
- 4) branch office: direct control, increased sales due to local presence
- 5) direct investment: buy or establish tangible assets in a foreign country

Barriers to international trade: social and cultural, economic, legal and political differences

World trade organization (WTO): negotiate trade agreements and resolve trade disputes

Free trade agreements:

- 1) EU (European union): largest free marketplace
- 2) NAFTA (North American Free trade agreement): remove tariffs and other trade barriers btw Canada, US and Mexico
- 3) TPP