

Introduction to Operations Management

What is Operations Management?

- Operations Management is the activity of managing the resources which produce and deliver goods and services
- Operations can be seen as one of many functions (e.g. marketing, finance, personnel) within the organisation.
- The operations function can be described as that part of the organisation devoted to the production or delivery of goods and services.

Manufacturing and Service Operations

- Manufacturing organisations produce physical, tangible items which can be stored as inventory before delivery to the customer.
- Service organisations produce intangible items that cannot be produced ahead of time.

- Because services are intangible then it follows that they cannot have a store of finished goods. Manufacturing operations will often compensate for fluctuations in demand by fulfilling demand from finished goods inventory produced during a slack period. This option is not open to service operations and they must focus on trying to alter the demand pattern to meet capacity by such strategies as discounting the price of the service during periods of low demand.

The Systems View of Operations Management

The activities in an operations system can be classified as

- input,
- transformation process
- output.

- The input activity involves two categories of resources.
- Transforming resources are the elements that act on, or carry out, the transformation process on other elements. These include such elements as labour, equipment/plant and energy.
- The operations system is concerned with converting the transformed resources from inputs into outputs in the form of goods and services.

The Process View of Organisations

- In functional terms the processes would be situated in areas such as operations, marketing and finance, but from the customer's view the value they gain is dependant on the performance of the set of linked processes involved in the delivery of the product/service.

Detailed information on this topic: Operations
Management – Albert Porter, BookBoon.com,
2011