

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

Topic 2.3.1 Operations

Key Vocabulary

Good – a tangible item that exists in a physical sense, e.g. a car

Service – an experience or non-physical item, e.g. a trip to a theme park

Job production – one-off production of a one-off item for each individual customer

Batch production – producing a limited number of identical products

Flow production – continuous production of identical products, which gives scope for high levels of automation

Productivity – a measure of efficiency, usually output per person per time period

Automation – using machines that can operate without people

Robots – machines that can be programmed to do tasks that can be done by humans, e.g. spray painting

Flexibility – the ability to switch quickly and easily from one task to another

CAD – Computer Aided Design

CAM – Computer Aided Manufacture

Core Knowledge

The purpose of production is to create **goods** and **services**.

Production Method	Advantages	Disadvantages	Examples
Job	<ul style="list-style-type: none"> Unique products High quality Higher prices 	<ul style="list-style-type: none"> Need highly skilled workers Lengthy process Higher cost per unit 	Tailoring, bridges, Olympic Stadium
Batch	<ul style="list-style-type: none"> Variety and choice for customers Materials purchased in bulk, lowering production costs 	<ul style="list-style-type: none"> Work is repetitive Equipment must be cleaned after each batch 	Bread, clothing
Flow	<ul style="list-style-type: none"> Bulk buyer leads to lower unit costs Production 24/7 Consistent quality 	<ul style="list-style-type: none"> High capital investment Less flexibility to adapt products Very repetitive work 	Canned food, bottled drinks

Impact of technology:

- Lower costs in long term due to lower labour costs; improved quality so less wastage
- Increased productivity due to no breaks or holidays
- Improved quality / consistency
- Lower costs can lead to competitive prices

Misconceptions

- Remember not all production happens in a factory: a bakery is also manufacturing
- Introducing technology does not lower costs immediately: in the short term there are high costs and this will affect cash flow and profit margins



Application

Morgan cars – produced by job production

Ford cars – considered to be the first mass produced car in the world



Topic Links

Technology – has had an impact on production

Marketing – creates the demand for the product

Finance – introducing technology will incur costs and affect cash flow

Human Resources – if staff lose their jobs they will be entitled to redundancy payments

Legislation – operations will need to follow Health & Safety law