

**Topic 2.3.1 Operations**

**Core Knowledge**

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

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| **Production Method** | **Advantages** | **Disadvantages**  | **Examples** |
| **Job** | * Unique products
* High quality
* Higher prices
 | * Need highly skilled workers
* Lengthy process
* Higher cost per unit
 | Tailoring, bridges, Olympic Stadium |
| **Batch** | * Variety and choice for customers
* Materials purchased in bulk, lowering production costs
 | * Work is repetitive
* Equipment must be cleaned after each batch
 | Bread, clothing |
| **Flow** | * Bulk buyer leads to lower unit costs
* Production 24/7
* Consistent quality
 | * 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

**Don’t be a “man on the street”**

* 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

**Synoptic 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

**Wider Business World**

**Morgan cars –** produced by job production

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

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

**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