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

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

Core Knowledge

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"

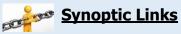
- Remember not all production happens in a factory: a bakery is also manufacturing
- Introducing technology does not lower costs immediately: in the short term there are high costs and this will affect cash flow and profit margins

Wider Business World

Morgan cars – produced by job production

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





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