Ama, learning

In this essay, the learning cure theory will be discussed, and also applying to L+H fashion limited (L+H) which will benefit by using the learning curve. In the last section, the limitation of learning curve will also be discussed. Part A (i) Introduction for learning curve theory Learning curve is a concept that measuring the experience of a skill gained by an organization, and how fast it can be master. As the experience gained, the workers performance will be improve, time taken will be decrease, and therefore the productivity will grow up.

Also, according to Steven (2010), learning curve is a significant technique for management to predict the time needed for the future task (p. 1). It can also be useful for the several areas, for instance, making a pricing or budgeting decision, estimate the wages cost and planning schedule of work. In addition, learning curve is based on the task doing by human and must be in repetition. And Steven (2010) point out that the learning curve doesn’t help to reduce cost, it only occurs when the management take action. Introduction for the organization

In the following section, the learning curve theory will be apply to L+H Fashion Limited (L+H), they are manufacturing of knitwear which is 100% hand made and also made in Hong Kong, from design, product development, knitting, linking, stitching, labeling to packaging. (ii) Introduction First of all, the learning curve can be applied in L+H since there are many procedures is doing by human and those procedures will unchanged because of L+H is only produce the knitwear, also those procedure are in repetition. Such as stitching, the workers have to stitch up those parts of the knitwear by hand.

In this situation, the learning curve can be apply, because if the worker stitching the first knitwear, it will spend more time to find out the way. Move to the second one, the worker will more confidence and faster to stitch it, in repetition the task, the worker can be more efficiency. Furthermore, since they would like to be a high fashion brand in Hong Kong, and providing high quality knitwear to the other high fashion brand, so they are now considering should they accept the new contract, build up their own brand or both.

The learning curve can be use to helping them to consider the budgeting, pricing, detecting the design bugs, future operation decisions and determine the human resourse. Budgeting In this case, if the learning affects taken into L+H, it is easily for them to evaluate the rate of learning and the time reduction. It can provide a reliable standard to measuring the actual performance of the product line. Therefore, the management can obtain the most near information, giving them a forecast of revenues and expenditures. Thus, they can evaluate their performance, and control the waste from error, setting the budgeted goal.

Beside thegoalsset by the learning effect is moremotivationfor the workers. Such as production budgeting, they can estimate the production unit to meet the budgeted goal. Since they would like to provide the knitwear to the new contract, they can forecast the cost, human resources and material need for the new contract. They should use learning curve, because the simple analysis will ignored the learning effect, so that the performance may underestimate. It can also help to set a standard for guiding the workers, use to ake sure the quality of knitwear, control the cost and to establish the bonus plan. So that the management can confirm the knitwear having a high

quality to fulfill their goal that being a high fashion brand. They can also estimate the product cost, since the cost is foremost element for pricing decision To conclude, it can help L + H for budgeting, since it can give them a accuracy forecasting, to let them set up a budgeted goal to motivate the workers, to measure their performance more exact, and the management can use to set out a guide to standard the task. Pricing

It can help in pricing strategic. Since the learning curve can be determine the cost, manpower for the task and predict time of the whole project. For instance, the procedures of knitwear are made by the workers, so that the labor costs become significant factor. They can foresee how much for the labor cost before they accept the contract. Also the material cost. In addition, when the production increase and the cost will be drop down, they can sell the knitwear at a lower price, and attracting the new customers choosing L+H and to gain the market share at the high fashion cycle.

So that they can produce more knitwear and the cost will be further decrease. To summaries of the pricing, it is helpful for them to making price decision, use to having a lower price which is attracting the new customers. Decision making – future operational Thirdly, it can help management to making decision for future operation by using the data provide by learning effect. L+H can consider should they provide the knitwear to the other brand or build up their own brand. Because the resources are limited, they can find out the most profitable future operation decision.

In additional, they can also consider should they provide training course to the worker, to make the procedure become more efficient. Furthermore, they can plan to make advertising or giving discount to the customer, because

they become more efficient and the cost will be deduced, so that they can have more budgets. And this action can make them become more famous and attract the new customers. In concluding of this part, it is useful for them to find out the business orientation which is most benefit for them, and the future action should be making. Detected the designed bugs

Moreover, they can find out the designed bugs and correct it immediate. Since the L + H will do the task repetition, so that there are more product produce with the same equipment. The designer can seek out the insufficient of the design of knitwear. It is help to devolve their product and make it more perfect. Moreover, it can help to reduce the waste of error and also to reduce the labor hours since they can find out which part is wasting resources and to redesign the knitwear. Thus, they can know how to use the lower cost to make the better knitwear.

To sum up, since the designed bugs can be detected, they can prevent the waste of material, time and the labor hours. Also it can used to improve their product. Determining human resourses For determining the human resourses, as L+H become more efficient, the management can reassign the manpower, eliminate the unnecessary task or recruit additional worker. So that they can ensure the contract can be finish on time and the quality won’t be affect even they have to produce more knitwear. At the same time, the human resourses can be use in the best way.

It can also help to plan the schedule of work to hit the production target, and forecast of the date of delivery. A round up of this part, the human resourse can be reallocate, and it is useful for cost saving. Part B Limitations Firstly, there is an assumption of learning curve that the production must be

continues less of significant impediment. In case of the impediment occur the learning curve will be change. For example, when the entity employed a new worker to participate the activity, because of the learning curve performed by the experienced staff, the new worker will not be subject to learning curve.

Secondly, any change of the learningenvironmentsuch as design, the supply level and quality of materials, employee’s morale and people attribution, will affect the learning curve. For instance, the upgrade of facilities may affect the knowledge of the worker, their productivity may drop down, so the learning curve may obsolete. Also, since learning curve is based on the time of producing, nevertheless it is hardly to ensure the real data obtain for the calculation, so that the management expectation may be wrong.

The companyculturemay also influence the learning curve, such as the bonus for workers, working hours per day. For example, the worker zeal of the task will decrease when the job nearly end, it will make the curve drop down. In additional, difference people having difference absorptive capacity, so that the time of finishing task will be difference. Lack of consistence is fail to meeting target which is decision by learning curve theory. Last but not least, the learning curve need the task is in repetition, if the task is not repetitive the learning curve cannot be applied. Conclusion

To conclude of the whole essay, the learning curve is a tool for management making decision and to become more efficiency to reach the goal. Also, the learning curve can be use in many ways. In part A (ii), discussed in the application of learning curve in L+H, they can use it for budgeting – helping them to set out the company goal and guidance, pricing – to having a lower

price to increase their price competitiveness, decision making – to decide the most profitable general direction, detect the design error – to make the design become more perfect and determine the human resourse – to use the manpower most efficient.

So that they can seek out the best way to continues their business. In the next part, the limitations of learning curve are discussed. There are six limitations have been probe, the learning curve is lack of continuity, there shouldn’t have any change of learning environment, the difficulty of obtaining the information, the company culture, human learning ability and the repetition of task. Reference List 1. Steven, Grahame, (1999) ‘ The learning curve: from aircraft to spacecraft? Management Accounting, May 1999 2. http://secure. gslb. cimaglobal. com/Documents/ImportedDocuments/ma_may_99_p64-65. pdf [assessed 01. 11. 2012] 3. Steven, Grahame, (2010) ‘ The learning curve: The key to future management? ’ Research executive summary series, 6(12) 4. Steven, Grahame, (2004b) ‘ Steep in history’ CIMA Insider, Jul/Aug. , pp. 23-24 5. Steven, Grahame, (2004a) ‘ A minor departure’ CIMA Insider, Sep. , pp. 24 6. L+H Fashion Limited http://www. lplush. com/LplusH. html [assessed 01. 11. 2012]