

# A report on the comparison of approaches to operations management



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This Report contains a comparative study of the approaches to operations management. It compares and contrasts the supply chain approach and total quality management in both manufacturing and service based organisation. Manufacturing organisation are conceptualised as those organisations that are primarily concern with the production and management of physical goods (i. e., paper mill) while service based organisation are those organisations concern with service delivery (i. e., hospital). The comparison is done in a simultaneous way, with both approaches exemplified as applicable to both organisations. Within this framework organisation operations process is submit as critical elements of its strategic planning and competitive weapon.

## 2. 0 Introduction

Operations management is directly linked to the achievement of the organisation aims and objectives. It involves “ the management of the conversion process, which converts land, labor, capital, and management inputs into desired output of goods and services” (Roy 2005, p. 1), and therefore concerns all the organisation resources: people, equipment, money and time (Bicheno and Elliot 1997, p. 10). The approaches to managing these processes of transforming inputs (resources) into outputs (product or services) are many depending on the type of organisation, the organisation strategic objectives and the organisation marketing strategies.

The nature of operation management in any type of organisation depends on the type of product and service it carried out. However, operational activities such as managing purchases, storage, logistics, inventory control, quality

control and the evaluation of the process are common activities of operation management in any type of organisation. Although, an organisation will consider the best approach suitable for its operation, approaches to operation management are applicable in almost, if not all types of organisation.

In this light, supply chain design in manufacturing organisation and total quality management in a service based organisation compared and contrasted. The case study organisations are paper mill (manufacturing organisation) and hospital (service based organisation). This comparison is contextualised in the framework of organisation strategy and competitiveness. However, both organisations are simultaneously compared and contrasted rather than to follow a linear comparative style. This is because the two selected operation management approach, like other approaches are applicable to both manufacturing and service oriented organisations.

### 3. 0 Operations as a competitive weapon: a supply chain approach

Simply puts, organisation operations are those resources that are used to create services or products. It is the critical segment of the organisation that enables capacity building and utilization. This indicates that operation is an important element towards the organisation strategic realisation. Therefore operation management and organisation strategic direction are interwoven. Capacity/capability is build through staff/workers experience in running operation based process, and therefore organisation capacity/capability exists within the operation process. This makes operation processes of the

organisation important competitive weapons, if developed and utilized very well.

The supply chain management for instance, encompasses the business activities needed to design, make, deliver, and use a product or service (Hugos 2003, Wallek 2003), and thus applicable to both manufacturing and service oriented organisation. Similarly, total quality management is an effective system for integrating quality development, quality maintenance and quality improvement (Pycraft 2000) in any type of organisation. The capability of organisation can therefore be seen in its operation processes and the management of those processes. Organisation capability is imbedded in the operations processes of the organisation, hence this process, for instance the supply chain operation management approach in paper mill must reflect the organisation capacity to achieve its desired strategic objectives. The organisation capability to realize its goals and objectives in turn makes effective management of the operation management a source of organisation competitiveness.

In the case issue of supply chain management in a paper mill company, supply chain management which is the management of the chain of supply of raw materials, to the factory, to making of the product, and to the end users will reflect at each stage of the processes the organisation capability. The operation processes will serve as the bases to drive the company long-term strategic goals. In every organisation, the major purpose of managing the operation process is for the organisation to be able to match the supply of its product and/or services to her customers need. Therefore, making product and services that customers want to buy means that the <https://assignbuster.com/a-report-on-the-comparison-of-approaches-to-operations-management/>

organisation must pay closer attention to where materials come from, how their supplier's product and services are designed and assembled, how finished products are transported and stored, and what their direct consumers and end users are really asking for. So, the organisation must be able to provide the product and services at the right time, at the right place and in the good quality and right quantity.

Like any manufacturing company that produces tangible goods, a hospital manufactures treatment experiences, clinical services, therapy etc which all sum together to keep the patient (customers) living healthy and pain free. In order to do all these things effectively and efficiently, the hospital has to purchase the required materials it needs to satisfy its customers/clients (treats the patient), they also make things in this case manufactured services like house keepings, meals, massages, and special events. Hospitals can also transport their patients to and from their homes, as well as providing emergency services, and organising events.

The basic transformation processes in any type of organization involves inputs-processes-outputs-outcomes. As in a manufacturing organization, the inputs part in a service delivery organization also includes labour (workers), time and equipment/technology. However, there is the raw material input part in manufacturing organization which is not necessarily tangible in a service delivery organization. The supply chain operation management in both types of organization is to lead the company towards more profitable approach to business, product and service delivery. Their outputs converge on the need to realize the strategic goals of the company and efficient operation process. The desired end of any organisation, certainly, is the <https://assignbuster.com/a-report-on-the-comparison-of-approaches-to-operations-management/>

growth of the organisation thus supply chain operation management involves the execution of all activities in such a way that ensure the growth and profitability of the company. It therefore centred on increasing the effectiveness and efficiency of products or services in order to satisfy the customer.

The manufacturing organization is characterized by tangible outputs (product), outputs that the customers consume that is products that are consider as consumables such as foods, beverages, shampoo, paper products etc. This involves jobs that use less labor and more equipment, little customer contact, no customer participation in the conversion process (in production), and sophisticated methods for measuring production activities and resource consumption as products are made (Roy 2005, p. 5). The service delivery organization on the other hand “ is characterized by intangible outputs, outputs that customers consume immediately, jobs that use more labor and less equipment, direct customer contact, frequent customer participation in the conversion process, and elementary methods for measuring conversion activities and resource consumption” (Ibid, p. 5). The process of transforming inputs (resources) into outputs (product or services) in manufacturing company (Paper Mill) and service based organisations (Hospital) are based on specific model which often reflects in the quality of the product or services. This leads to the next section on total quality management approach to operation management.

#### 4. 0 Operations as strategic planning: a total quality approach

At the stage of the process engineering in both organisations, quality control is very essential, and it is critical for the company overall industry performance. The organisation determines the standard and quality obtainable in the industry, and measure up to this through effective and efficient operation process management. For instance, the paper mill will adopt standard paper quality control instruments specific to the industry, whereas a hospital will be most concerned in maintain high quality equipment standard also commensurate with technological developments in the health sector. Hence, the paper mill and the hospital will aim to maintain standard of quality of the product or services in comparison to what obtains in their respective industries.

Total quality control does not only provide clear methods of service or goods production, it is a focus on quality in every segment of the organisation. Thus it ensures consistent performance to customer's expectations (Pycraft 2000, p. 736). It therefore allows a quality system to be put in place so as to meet the requirement of customers. It encompasses defining customer expectation which is a critical aspect of marketing the organisation product or service. Quality management will ensure the effective planning and control of the process of production or service which is critical for maintaining industry standard and organisation performance. In this regard, operation management is central to an organisation industry's competitiveness and hence its' strategic growth.

Therefore, in both manufacturing and service oriented organisation the organisation must contend with the design of product they aim to offer to their customers. This product must meet specific standard to ensure

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organisation industry competitiveness. The paper mill for instance will have to consider the type of paper it will produce. Many different type of paper are produce for a wide variety of use which includes printmaking, graphics, painting, toiletries etc. The organisation must be able to determine which type of paper will ensure its competitiveness in the industry, or provides some form of leverages in relations to competitors. In the service oriented company like a hospital, the operational focus for the service delivery should arise from the service strategy for the enterprise (Armistead 1990, p. 7). Apart, from the fact that the quality of service delivery is a priority for hospital competitiveness, it is essential that such hospital is focus on being a specialized hospital or general hospital with specialized departments.

For instance, (Devers, K. Et al 2003) submits that the strategic emphasis of US hospitals change significantly between 1996-1997 and 2000-2001, from primarily competing on price through through “ wholesale” strategies (i. e., providing services attractive to managed care plans that contracted for large numbers of enrollees) to nonprice competition through the revival of “ retail” strategies (i. e., providing services attractive to individual physicians and the patients they serve). In actual fact, “ the definition of service operation type involves setting the boundaries for a number of parameters which then allows the service operation management to produce a service production and delivery system which can match customer expectation” (Armistead 1990, p. 7).

## 5. 0 Conclusion



Conclusively, the need to manage the quality of the product or services so as to ensure organisational competitiveness necessitates the consideration for developing a process. Therefore, it is essential to manage the capacity of the production or service process, to determine the location of the process, the human resources needed to sustain a quality production or service process and also the maintenance of such process, the inventory management and the supply chain management in order to ensure the organisation growth and profitability. The operational processes in manufacturing (Paper Mill) and service (Hospital) oriented organisations are certainly different from each other, but both organisations aim to satisfy the customers and as such design a product and provides services that meets customers demand.