

Management of company operations essay examples

[Business](#), [Company](#)



OPERATIONS MANAGEMENT

Introduction

Since time immemorial, the management of operations in a firm has always been a source of concern by firms. Generally, an operation refers to any method, process, or even a series of activities practiced in practical nature. The definition encompasses all the human activities in a firm. Operation management can be termed an aspect of efficient management of any operations. Individuals refer to operations and production as being two different aspects of an entity. However, all operations can be termed as collective and therefore are of concern to every individual in a firm. To this end, this paper aims at reviewing literature on inventory management, just in time and lean operations, and quality management.

Inventory Management

Inventory is the stock available in a firm that is used in production of goods in the organization. Inventory is comprised of finished goods, work in progress and raw materials. The level of inventory is vital since the opportunity cost of holding the inventory increases as the level of inventory increases. There must be a balance between the costs of inventory and the benefits accruing to the inventory. Inventory costs incurred by a business includes the holding costs, ordering costs and purchasing costs of inventory. The opportunity cost of having inventory and stock out cost should also be considered. Holding costs are incurred in having the inventory at storage, whereas ordering costs are incurred as a result of making an order. The

holding of a wide assortment of inventory leads to problems, since when inventory is held for some time, high opportunity cost of holding the inventory is incurred. Keeping low stock levels may also lead to low performance of the firm. This makes recent firms establish the effective means of obtaining inventory in order to improve their performance as well as reducing the amount of money tied up because of holding inventory. Management of barcode Inc. uses the inventory management strategies in determining the number of the electrical appliances to make. They recognize the need of having a buffer machine for emergency cases or defection of installed machines. This helps the firm to minimize the chances of production interruption due to lack of essential parts in their operation supply chain. Tracking of raw materials as they are used in the production process can help to identify the importance of adjustment of the ordering quantities before the level of inventory becomes low or inflated to a certain level. In the recent world, an automated method of inventory management through computer systems are adopted by many firms. Systems such as point of sale terminals are used to give information on every unit of commodity sold. Managers are able to receive information after a given period of time thus making them to keep track of inventory movements. Other systems such as offline point of sale terminals, which are used to relay information directly to the supplier are also used. These improvements are a clear indication that many firms are adopting the process of inventory management. Inventory management involves the following steps; purchasing plans. This mostly involves with identifying the most efficient and reliable supplier of raw materials. The next step is to identify the efficient inventory orders that

are in congruence with the operational levels. This followed by balancing the inventory levels by considering the market status, inventory turnover and the best retailer or wholesaler in the market. This makes orders made to be accurate and sufficient. The review of stock is followed up by following up and control.

Just In Time and Lean Operations

On the other hand, just in time is a process by which raw materials are delivered just before they are needed for manufacturing and finished goods are finished just before they are required for shipment. Every activity is completed when the preceding activity is required to start. Lean operation is mostly practiced by manufacturing firms with high manufacturing techniques that can be used in production of certain products. Thus, a lean operation helps to raise business profits from the cost side that is through reducing the manufacturing costs. Accuracy is the key element in the lean operating practices. Lean manufacturing, an example of lean operation which is a popularized method by six sigma practices in the business. It is an activity designed to make the company process efficient. Companies should identify ways of saving cost hence more profits. Effective means of communication, less office space, as well as physical materials to make a transaction are strategies used in lean operations at services sectors.

The common challenge experienced when exercising lean operations is the establishment of a business culture that will create, as well as sustain commitment by the management team and the entire workforce in the long run. Despite this challenge, the motive to reduce wastage costs still prevails.

Lean operations are based on five principles that should be followed in order to make the business activities successful. They are; value which defines the customer's willingness to pay, value stream which maps and identifies the actual steps required to eliminate non value activities from the design stage to consumer usage. The next principle is flow which is the elimination of all hindrances to make production stream smooth, pull which helps to streamline the production process, the perfection, which advocates on the accuracy in carrying out management practices.

The Just in time operation is similar to lean operations in that, it also tries to minimize time spent from requisition of a product and delivery. There is no holding of stocks thus no holding costs incurred. This helps the business to save on cost and storage space. The two practices have benefits to the organization which includes higher profits, as well as development of innovative approaches in the production and distribution of products or services. This makes the company be able to face any unexpected changes efficiently. The main challenge, especially to lean operations, is that the process is expensive and involves drastic changes which may not be friendly with many businesses. Creativity in eliminating waste discourages the application of lean operations especially in the service industry.

The Toyota manufacturing company appreciates the use of lean operation in making its products. This has made it one of the best manufacturing company in the world. It earns higher profits through the waste saving technique in manufacturing its different car models.

Quality Management

The most common problem facing organizations is how to improve the quality of their products. There are no standard ways or procedures set on how to practice quality management. The common culture that has been developed by most firms is to instill to ensure that the process of quality management is everyone's responsibility. That is; every party in the organization is required to participate in the process of quality management.

There are many companies that adopt the process of improving the quality of their products. Some of these include the Malcolm Baldrige Criteria for Performance Excellence, the ISO Series of Standards, and the Deming Application Prize. These firms consider quality management as a collection of set principles, as well as a process that is effective in quality management over time.

Quality management process can take the following steps: first the organization needs to evaluate and establish the needs of its customers. This makes the company to have a background of information that concerns their customers. After an analysis of its customers' needs, the company should sets the activities and strategies to meet these needs of its customers. The company can conduct research on its competitor's weakness and take that opportunity to standardize its product to gain a market share. Thirdly, the company should examine all the strategies available to it in order to choose the best that can deliver the needs to its customers successfully. After the company has completed a careful analysis of all the strategies available to it, the company can implement the strategy that satisfies it. The main aim will

be to improve processes, products or services. These four cycles are taken as continuous processes.

Quality management has the following benefits to the organization:

First, leads to improved performance as well as productivity of the organization. This helps in increasing the returns or profits earned by the organization. Quality management also makes a customer to be satisfied and loyal to the company. This improves customers repurchasing willingness. Internal and external levels of communication are improved as everyone is involved. Organization profitability is improved through improved competitive power.

In conclusion, the inventory management is a routine activity in most organizations with several benefits. These benefits are such as low cost of operation thus high profits to the firm. This makes managers to become more attentive to the production process of the firm. Thus, there is a need to embrace inventory management.

Also, it is beneficial to adopt the just in time and lean operation practices for the benefits of adopting them is more than the costs of operating them.

Many successful businesses appreciate the use of the practices in carrying out their daily activities.

The main aim of quality management is to gain large market share. The three areas of discussion indicate that, a successful organization in its operations, the adoption of these practices forms the basis of this success. Inventory mismanagement and poor quality of products will be minimized.

Thus, every organization with an aim of successful outcome should opt to use the practices.

Conclusion

Operations management is an essential part of a firm. This is reflected by the necessity of managing the various aspects of a firm's operations. In the case of inventory, a failure in proper management could result in losses. The losses could arise due to wrong type of materials, quantity, or even spoilage. Operations management plays a vital role in the management of all these aspects of a firm. Thus, operations management determines the outcome of all aspects of a firm.

References

Adeyemi, S. L. & Salami, A. O., 2010. A Tool of Optimizing Resources in a Manufacturing Industry. Vol. 23 Issue 2, pp. 135-142 .

Anvari, 1., Ismail, 2. & Mohammad, 3., 2011. A Study on Total Quality Management and Lean Manufacturing. Vol. 12 Issue 9, pp. 1585-1596.

Baird, K., Hu, K. J. & Reeve, R., 2011. The relationships between organizational culture, total quality management practices and operational performance. International Journal of Operations & Production Management, Vol 31 Issue 7, pp. 789-814.

Ballou, R. H., 2000. Evaluating Inventory management performance using turn over the curve. pp. 72-85.

Blanco, E. E., 2006. Inventory Management & Optimization in Practice. pp. 1-27.

Boyd, D. T., Kronk, L. A. & Boyd, S. C., 2006. Measuring of Lean Manufacturing. Investment Management and Financial Innovations, Vol 3 Issue 4, pp. 40-54.

Boyd, L. & Gupta, M., 2001. Constraints management. What is the theory?. International Journal of Operations & Production Management, Vol 24 Issue 1, pp. 350-371.

Boyer, J. E., 2004. Should We Use Lean Manufacturing or ERP or Both?. pp. 3-9.

Buxey, G., 2006. Reconstructing inventory management theory. International Journal of Operations & Production Management, Vol 26 Issue 9, pp. 996-1012.

Hazlett, S. -A., McAdam, R. & Murray, L., 2007. From quality management to socially responsible organizations: the case of CSR. International Journal of Quality & Reliability Management, Vol 24 Issue 7, pp. 669-770.

Howardell, D., 2008. Inventory Management Using Plan, Do, Check, Act. pp. 1-50.

Kilpatrick, J., 2003. Lean Principles. pp. 1-5.

McGivern, M. H., 2000. Lean Manufacturing. pp. 1-6.

Mfg/Pro Master Class, 2002. Best Practice Inventory. pp. 12-2198.

Powell, T. C., 1995. Total Quality Management as Competitive Advantage: A

Review and Empirical Study. *Strategic Management Journal*, Vol 16 Issue 1, pp. 15-37.

Rachna Shah Carlson School of Management, 2002. *Lean Manufacturing: Context, Practice Bundles, and Performance*. pp. 1-49.

Sánchez-Rodríguez, C. & Martínez-Lorente, Á. R., 2001. Quality management practices in the purchasing function: an empirical study. *International Journal of Operations & Production Management*, Vol. 21 Issue 7, pp. 666-687.

Vallespir, B. & Alix, T., 2010. *Advances in Production Management System*. illustrated ed. New York: Springer.

Wallin, C., Rungtusanatham, M. J. & Rabinovich, E., 2006. What is the "right" inventory management approach for a purchased item?. *International Journal of Operations & Production Management*, Vol. 26 Issue 1, pp. 50-68.

Zu, X. & Kaynak, H., 2012. An agency theory perspective on supply chain quality management. *International Journal of Operations & Production Management*, Vol. 30 Issue 1, pp. 423-446.