Essay on concept of operations

Business, Company

Operations Concept

Concept of operations is basic, yet complicated to any management system in business, the purpose of operation management is how an individual, group or the whole company as a whole, by utilizing operation management to success in the future. It is upon application of these concepts that desired objectives are achieved including a smooth running of a business and good definition of policies and ethics that govern the business. In this case, operations concepts focus much on the transportation network that a company undergoes in the event of running the day to day activities. As indicated in Deschutes County ITS Plan (2005, p. 1), the operations concept describes responsibilities and roles of its associates.

The concept of transportation in a company is applicable in so many ways. For instance, it is the basic channel that will see distribution of manufactured products of the company with an aim of reaching the targeted customers. Through transportation, the company is capable of delivering the same manufactured products in time and on time, especially if there are products that perish after a short while.

Transportation sector in most companies bears an immense significance, because without it there is little that can take place in terms of business operations. Improvement of transport system also leads to company’s productivity, for instance, the well-known Coca-Cola Company, designed and have their own devised new method of operating their transportation system through rolling out their distribution model with ZAP. This is their alternative system of transport in the urban areas due to many challenging from urban

traffic and road conditions. Other challenging aspects include pollution emanating from the large tucks as well as lack of adequate parking place places to park them.

Another significant aspect of operation management for any company, as a matter that related to everyone within the company, including customers, is communication. Available information to the general public and the staff who are working in the company defines direction that the company employees and customers follow. Regarding this, the Coca-Cola Company rely much on information systems and networks of technologies that include valid storage of the same information in the data bases as well as retrieving and relying information through the internet. Looking upon this, there is much that the company relies on to coordinate its transportation procedures, and it is fair to say that the transportation cannot work alone without the support from effective communication channels. NAVFAC (2010, p. 4) supported that the concept of operation management that bears a purpose in providing directions in functionality and structural alignment. This is the evident when the company itself engages electronic communication and information flow to check the distribution and collection of payment through efficient communication system. The same information flow in the company considers its personnel who are informed as required to undertake their transportation duty.

Transportation is applicable in real business situation that is undertaken in companies involved in manufacturing and distribution of goods and services, just name a few. In this case, restructuring and improving the conditions of

transportation in the Coca-Cola Company in many ways enhances its profitability in great depth. For instance, engagement of other companies to help in creating alternative transport system in the urban areas is considered a cost effective step that eventually makes it maximize on gross profit attainment.

This is shown in the recent reports that indicated increment in revenue that the company has obtained. For instance, in the analysis done by Devon (2011) shows the reality and justifies this increment. It is indicated that the company achieved huge profit from most of branches all over the world which made it experience a total revenue increase of 23. 9% that is $22. 3 million. A similar figure is shown by a different financial report by Castro, Karig and Uribe (2012) which indicated that the revenues on a currency neutral basis had an increment of 23. 9%. Factors that contributed for this credible result had been discussed above.

Considering communication system that the company has also enhanced, a total achievement of improved revenue is realized. All the cost of manual and traditional forms of message and information relays is far much behind the contemporary occurrences of in the business world. When the company resolves in the use of the current data storage system as well as those that connect its personnel appropriately, they in a way increase their chances of increasing their profitability and the general revenue. Defined transportation makes collection of payment at different distribution areas easier and reliable, something that in due course sees the company at an improved status in terms of revenue and profitability.

It is always something of great importance to be well acquainted with operational methods that are required in the company for an effective running of the company from top management's perspective. To achieve these, the management of the company as well as the entire personnel has to know what they expected from operation management system. As Schemenner & Swink (1998) explain the concept involved in operations management, it is all about organizing and controlling activities of a business. These activities are concerned and agreed to be essential elements in providing efficient goods and services to consumers, as well as the company staff and management encounter in their mode of operation.

Considering what elements, procedures and programs one particular company has to take into consideration and what operations management reflected form the company, this is manifested when it organizes functionality of different departments with an aim of achieving the most in terms of profits and revenues. The Coca-Cola Company has applied these concepts in its management which in the long run has enabled it acquire its missions and objectives. As most companies look out to achieving the most in terms of profits and easy management, the company has used the above theory of management of operations to see an increase in its profitability as recent reports indicate.

Question 2: Demand Management

Demand and capacity are business aspects that need to be in equilibrium in order to ease the functionality of a business. Managing the two can be very challenging when focus is upon achieving the best of profits in business. In

the resent research that has been carried out, different approaches for efficacy in business have been recommended but the one that is quiet applicable for a Ski Resort Hotel is clearly that of demand approach. The hotel is a business place that as Armistead and Clark (1991) noted is a place of interaction between customers who are in entire need for satisfactorily services from the hotel management and staff.

Management of demand requires a deep understanding of capacity which according to Armistead & Clark (1991) is the capability to stabilize demand emanating from customers making them be in accordance with the services provided by the management. For a greater understanding of capacity, ski hotel has to be well equipped with demand management facilities in which an efficient database system for storing all the required day to day information about customers' needs and as well as what can make them overcome competition. Ready data in the database is an appropriate approach that will create awareness within the management of the resort so that in the peak season, the demand from the customers will be better understood and met.

As opposed busy seasons when meeting the demand of customers is a bit easier, low season is always accompanied by technicalities emanating from the customers. Their demand changes and they need the best of quality services that the ski hotel resort can offer. Being aware of their demand due to data stored in the database of the hotel, this will no longer pose a challenge. At a glance, this is all about applying the best and the most

appropriate practices as far as demand and capacity management is concerned.

Based on the current research and a similarly supportive opinion over the same, demand management system serves a lot in curbing shortage of efficient services that are offered in this hotel. This is a place that for sure serves different people by the management including staff employed. If at all a smooth running of this resort is to be achieved, one of the approaches that raises a great concern is relationship between the customers and the management itself. In this place, there should be tools in software form that should monitor this vital concept as Crum and Palmatier (2003, p. 102) have suggested. For instance, introduction of the above said database management will act as efficient tools for monitoring the changing demands of the customers who visit the ski hotel and use their facilities to assist in improving and developing plans for better sales. In addition, the database system would still assist in keeping defined records in the hotel as well as communicating assumptions for demand input. If this is put in place, continuous and ever varying demands of customers will be met with a lot of ease.

A successful demand management system traces its roots in a clear form of communication of sales information. This approach may involve analysis of the day to day running of the business owing to the demands of the customers, Crum and Palmatier (2003, p. 102). These are what the management scrutinises for the betterment of future operations in the resort hotel. Whenever there is imbalance between capacity and demand, there are

management approaches of demand that should be considered to eradicate the issue at hand. For instance, there are economic and administrative approaches work in management of demand as Odoni (2007, p. 3) has noted.

Application of an economic approach does well in maximizing profit during peak- period pricing in the concept of congestion pricing. This approach also considers marginal cost pricing with regard to the consumer goods that are available in the resort and the demand pressure which emanate from the customers. Since the ski hotel has done the best in meeting all the needs of its customers, it will continually enjoy full time sale and ultimate profits because it will not have any need of lowering its prices during the low seasons. This is solely because of efficiency and effectiveness of the quality products and services that the hotel offers to the customers.

Demand management is an appropriate concept for our ski hotel case because it considers management of customers' demands and needs as well as putting the management of the hotel at an upper hand of acquiring the most in terms of profitability. Especially in the real world where there are too many similar competitors and substitutes activities around. However, if the ski hotel able to manage and satisfy customers' demand and needs, this becomes much easier to deal, from external competition's point of view, that the ski resorts has something to offer where customers cannot find elsewhere. It is the uniqueness of the ski resorts that customers would love to keep coming and recommended to other fellows. Based on the concept of satisfying customers' needs and demand, not only this managing external

competition, but also, on the other hand, enhance the quality of the services and products that offered. This is an explanation of demand management model which in turn explains and gives a better understanding of supply chain management (Mentzer & Moon, 2005, p. 5).

Question 3: Capacity Planning

Capacity planning for a fully integrated oil company considers the processes involved in determining its production capacity through major steps in business process that the company itself has to undergo. The steps are all of great significance and an absences or omission of one may let the company down and fail in achieving all that is needed for effective operation. This therefore introduces a concept of design and effective capacity. For this oil company, the first step is the search for a new oil field, a long process that which requires a lot of dedication. Iyer, Grossmann, Vasantharajan and Cullick (1998, p. 1380) emphasize on the time factor that is involved in the identification of the field where drilling may take place.

There are numerous facilities that need to be put in place so that achievement of better returns by the new company in the new field oil drilling. Management of these facilities require capacity planning in terms of realizing how much finance is needed for the buying of equipment. In addition, the company has to establish a committee that delegates duties in the personnel involved in field work process. The same committee is to outline strategies that are in line with the general undertakings of the business. In the article by CDC Unified Process (2008, p. 3), there is indications of the strategies that are of great help in the field of oil drilling

business. They include lead, lag and match strategies amongst which lead adds capacity with an expectation that demand would increase. Lag strategy adds capacity only if the demand has increased and goes beyond the current capacity. On the other hand, match strategy as the name suggest would therefore add capacity in an increasing manner while it respond to changes that demand has brought in place Unified Process (2008, p. 3).

Establishing a new oil refinery also requires a well-defined capacity planning based on a cost effective concept. The fundamental step that will see this through is checking upon the demand of the oil in the market that is being refined by the company. The cost of machines that are involved in oil refinery process has to be calculated and the general expenses that the company would be subjected to. After establishing the oil refinery, attention is therefore drawn to the management of this same. To reduce cost that comes in terms of management, the oil company will find it more rewarding when the management of this oil company is left for other professionals and outsource it. In this manner, it will reduce extra expenses when this is subcontracted and managed by a different party who will agree to the terms of contracts as the law requires.

The subcontractor will therefore be responsible for planning and scheduling production which as Iyer, Grossmann, Vasantharajan and Cullick (1998, p. 1382) have observed, should be solved in order to smoothly run the oil refining company. This will boost functionality and modes of operation especially when the services that the company offers meet the demand of customer. In truth, all these reflect on the relationship between the

management and the customers which should be suggested in capacity planning process thereafter taken into consideration.

A better way to look at these processes and achieve the most effectiveness and efficient is, when the company considers the cost of managing delivery of different fuel grades to different petrol stations.

At the first place, capacity planning will ensure that all the assets of the company are managed well. Timely delivery of different fuel grades will be a significant factor and the planning capacity concept here will involve holding a record for different destinations that the fuel should ultimately reach. This process however will be better achieved if it is again subcontracted to another professional who will handle it accordingly. Upon doing this, the oil company would greatly reduce the cost of operation and ultimately undertake capacity planning, however, as we mentioned before, this is a fully-functional oil company, the company can still do it in house with sufficient capability, however, it is just be more cost-effective to outsource this activity.

On the other hand, a petrol station may have other non-fuel goods from a refining company. These may include gases that vehicles use to inflate their tires and other oil products like grease and crude oil for lubricating vehicle engine parts. The sale of these goods falls under the current capacity planning which requires a clear record which will determine areas that need capacity adjustment. As it has been noted in the above discussion, a similar take in subcontracting management of the sale of non-fuel goods at petrol station will be profitable. It would be better still when they are left for

individual petrol stations to deal with their management as a subcontract. In the long run, the company shall have managed its capacity in the right way.

In summary, it should be in mind that capacity planning is dependent on the clients and customers that are ever varying. Since the concept of capacity planning revolves around the processes that result in the production capacity of the oil refinery company, the theory applies to all the sub-units of the above discussed company.

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