

# Op management 10315



**ASSIGN  
BUSTER**

Operations management is the key, to a successful business strategy, quite lucently because; operations management is the soul of business. Simply put operations management is concerned with the value adding process of converting inputs into outputs. Converting inputs into outputs is all any business can do. Whether your business is electronic-based or a traditional brick-and-mortar building, your supply-chain goals are the same -- to efficiently deliver goods and services to your customers in the right quantity, at the right time, in the right place, at a competitive cost. However, the rapid growth of B2B e-commerce and electronic trading exchanges is creating new challenges for supply-chain performance. The global visibility enabled by the Internet, providing many companies with access to new markets, also enables new competition. Customers are demanding shorter lead-times and higher reliability.

In the past, supply-chain inefficiencies resulting from disconnected processes had often been concealed through inventory buffers. As a result, operating and financial performance suffered. Factories needed higher inventories to offset poor planning and lack of forward visibility. Assets were not fully utilized, with labor and equipment either bottlenecked or idle. Rescheduling and expediting became the norm rather than the exception, with a significant negative impact on operating efficiency. The wrong product was often produced at the wrong time, consuming valuable capacity needed to produce the right product. In the new electronic trading environment, these inefficiencies can no longer be concealed. An efficient effective operations management strategy is what is now needed more than ever for aspiring corporations.

## 5 Core Objectives of an Operations Management Strategy

a) Decrease Cost- This is of paramount importance to any business in this age of rapidly rising overheads and labour. Cost savings drop straight to the bottom line, where it matters most. Labour costs and more importantly efficiency are a source of vicious scrutiny by managers world wide. The increased use of automation is helping them in their quest to lower costs. The materials cost saving associated with B2B commerce are proving to be significant and will be a focal point for the future.

b) Increase Speed- Order lead times, cycle times and delivery times need to be shortened to benefit customer service and more importantly to increase the efficiency of capital employed. Automation is playing a key in decreasing throughput time, and increasing competition in the logistics sector is driving down delivery times.

c) Increase Dependability- With cut throat environment that businesses operate in, a stock out or late delivery times mean trouble. Customers can easily switch supplier, and a dissatisfied customer, means five less potential customers. Suppliers to JIT firms must keep strictly to promised delivery time

Word Count: 438