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## **Introduction to Operations Management**

Operations management is a broad category that brainstorms the interest and/or affects for/on almost every stakeholder by the organisation's activity. As an acting operational manager, one could either emphasize on one, or all of the five major performance objectives set by the organisational culture being implemented by the superiors of the organisation (Chase, 2006, pp. 32-39). The stakeholders will all have personal motives and interests in the company, while some will be affected directly or indirectly as well by the actions and operations.

### **The foremost stakeholders for whom the operations will be acted upon are:-**

- Employees: Though operational responsibilities for employees are far beyond just a profit-making organisation, a prosperous company will show a prosperous career ahead plus generous bonuses to follow. As stated by Maslow, the Intrinsic factors such as the working conditions designed for the operational activities specifically pertaining to the employees will also determine this group's satisfaction.
- Sellers: Operational tactics can have an important effect on the suppliers. This is because it will be the operational requirements which will decide the opulence of the company and of their sellers while they supply the particular operations.
- Customers: This is the primary group of people who will directly be affected by the business's Five Key Performance Objectives set according to the organisation's manufacturing operations, and service operations.

- Society: Indirectly affected party; because they have no direct economic connection with the company itself, the individuals and the groups of the society can in a large way be affected by the way the company's operational managers act.
- Owners/Shareholders: The more efficient (better) an operation is, while 'resource allocation' takes place, the more will be the chances of the entity's future growth in all aspects; hence the owners will gain the most with effective operations exercised.

Since stakeholders will directly or indirectly be interested in the operational activities of the company, a prolific operations manager will employ the five performance objectives intelligently.

## **The Five Performance Objectives**

Performance objectives are a benchmark for checking the effectiveness of the operations' performance. They set a standard for resources so that they know what is expected of them by the corporation and they also allow the management to check how profitable they are for the corporation with respect to output. The five performance objectives for almost every organisation will be Quality, Speed, Dependability, Flexibility, and Cost for the said operations being generally exercised.

### **Quality**

There is a reason quality is put in first and as the foremost in performance objectives. A lot has been said about the importance of quality with respect to performance objectives. As showcased (Voss, Tsikriktsis and Frohlich, 2002), Superiors have given quality the maximum priority in operational

performance objectives. Quality over here is basically Conformity and its basic definition for the introduction here would be “ in compliance with the given standards”. That means a service or a product that is taken into consideration falls up to the specified standard (Hill, Nicholson and Westbrook, 1999).

### **The two must-remember points about quality as a target for performance are;**

- When the customers consume qualitative operations, products and/or services the chances of them having complains, will be minimum (or most probably none). When a customer does not have any complain regarding a product or a service that they have consumed, they are (hypothetically) happy and are more likely to consume again. This, in the long run, means more profit for the company.
- In operational management, quality implies a different way. The probabilities of errors being made are reduced to a minimum when the conformance of quality is high during all the activities and processes of operations. This saves time and cost, increases dependability and increases the speed of feedback.

### **Speed**

Here, by speed, we refer to the speed of response and overall responsiveness. It is the time taken to fulfil a customer’s demand or the time taken to deliver the customer his requested service. This performance objective has internal as well as external affects.

- Internally speed helps with cost reduction. Speed reduces cost in two areas,

by reducing risks and by reducing inventories.

- Externally speed is crucial since it lets you respond to customers much faster. This lets you deal with more customers at a time and the customers don't have to wait for too long which increases the chances of them returning to you for more business as well.

## **Dependability**

Dependability refers to (the product and/or service) “ being delivered on time”. ‘ What is the right time?’ Is it the time when the customer needs it the most or is it the time when the customer expects its delivery? Is it the second time finalised after the first time of delivery was failed to be accomplished? Dependability again has both, its own set of intrinsic as well as extrinsic affects.

- Extrinsically, dependability (receiving their delivery faster) is appreciated by the customers. Not being on time with the delivery of ordered goods can be very irritating for the customer and cause a lot of damage to their future business dealings.

- Intrinsically being sufficiently dependable means the cost is reduced. Now the cost is reduced by three ways; firstly indirectly by saving time, secondly by saving money itself and thirdly by giving the organisation endurance to increase its efficiency.

## **Flexibility**

Flexibility can be understood to mean that an operation has the ability to deal with variably different circumstances. There are different types of flexibility that owe to be mentioned here; namely product or service

flexibility, volume flexibility, mix flexibility, delivery flexibility (Loch and Wu, 2007, pp. 77-86). What is important is not what you confer regarding flexibility but to know the difference between all these types of flexibilities.

- Extrinsic affects may include an operation to make their products and services to suit their customers' needs. Products' flexibility lets the operation introduce new ideas into their products to make them more desirable by the customers. Mix flexibility lets their customer to choose from a huge variety of products and/or services to choose from (resulting in higher customer satisfaction and increased customer attraction). Delivery and volume flexibility require the operation to show adjustability towards changing demands of customers.

- Intrinsic affects may include saving time and therefore money and it helps endure the dependability objective of the operation.

## **Cost**

Here we are undoubtedly referring to the operation cost that must be reduced in as many ways possible so as to gain maximum output out of every resource that is utilised and increase the profit margin as far as possible (Mahadevan, 2010, pp. 245-271).

- Firstly, the overall structure of cost of every organisation is different and therefore complex to manage and interpret.

- Secondly, the rest of the four performance objectives altogether participate internally in reducing costs. Therefore “ maintaining high quality + high speed + high dependability + high flexibility do not only have its own external benefits but it also saves the overall cost of operations”.

## Literature Review

Two critical examples portraying manufacturing operations and service operations

A simple manufacturing operation can evolve around any tangible good production. For instance, a fast food restaurant which is looking to satisfy its customers with the best possible quality can have a Quality Assurance department and a corporate culture set as per the requirements of the food standards. While maintaining all the processes and keeping them under control, it is all about designing, planning, controlling, and improving, the qualitative conversion of inputs into services and/or products, as reported by (Slack, Brandon-Jones & Johnston, 2013); falling into the category of decision-making. The techniques initiate from an “ individual level”, continuing to the “ organisational levels” of progressions, and finishing off the work to the “ supply chain level”. McDonalds is a good example here as their fries are run through a ten-stage process, starting from the selection of the best available potatoes, to the packaging techniques (Plenert, 2002, pp. 44-67). Cleanliness of the venue itself and the packaging that is delivered to the customers is also pretty tidy. Such immense focus on ‘ quality’ leads to brand building and a happy and satisfied customer; something every organisation looks forward to.

The same organisation when taken for service operations will be checked for those operations which are not tangible. Services such as the telephone help lines dedicated for orders and take-away deals, which are immensely popular, can be counted as an intangible service operations example. Since the aforementioned entity keeps its quality in check at all times, people

calling with bad tempers are also handled with care and affection by the call-receiving agents trained for the politeness that they portray while depicting McDonalds service delivery facilities.

Since manufacturing operations are of two types as mentioned by (Krasnikov and Jayachandran, 2008), we shall use some more examples to portray which types of tangible goods we are talking about. ' Process manufacturers' and ' Discrete manufacturing' are two branches of the same tree. Formulas and ingredients are used by the process manufacturing companies, for instance soap manufacturing firms, soft drink makers, or pharmaceutical brands. In contrast, the discrete manufacturers create their products with tangible parts; such as automobiles vendors, mobile phone manufacturers, and electronic producing brands, pointed out by (Lambert, Garcia and Croxton, 2005).

The characteristics of operations are mainly known as 4, which are called " the 4Vs profile". As per the example being used, McDonalds will consider all these 4 Vs according to their daily operations routines, namely " Volume, Variety, Variation and Visibility". Daily work load would mean repetition of strategies and hence automatic specialisation for the workforce, with more output and the same input so as to save total costs. This will help in creating the much needed Volume for the company. The daily routine of the workers doing a ' Variety of tasks and functions' will lead to a greater level of Flexibility; and hence the ' per-unit standardised costs' will eventually reduce. The customers will demand a ' Variable amount of fast food' from the international food chain in the five working days of the week and similarly the amount of deliveries being made on the five working days will



also be different in comparison to the weekends. The operations management will predict all the demands for the consumers beforehand and hence keep the staff ready for the workloads being shifted from ' more take-away orders on working days', to more ' delivery orders' on the weekends. Precise ' utilisation of resources' will help in lower unit costs and high efficiency for McDonalds. Higher " Visibility of the brand" will be achieved via better delivery timings portrayed to the customers. For instance an order making customer on the phone is promised timely delivery by 10 p. m., the best approach for the company would be to deliver the food by 9. 55 p. m. at max. This will help in ' shorter waiting tolerance' on the customer's side and ' higher satisfaction attained, leading to better customer reputation built for higher goodwill creation.

## **Using the performance objectives in promoting the company values**

If we use the Five Major Performance Objectives as an operations manager in McDonalds, each and every example can fit in. Quality is the foremost requirement to create a returning customer. From cooking the particular food materials, to cleaning the tables after the customers are done (in the dine-in case), each and every step is precisely taken care of at McDonalds and the operations management team is doing a good job for ' quality' maintenance. ' Speed' is most crucial when deliveries and take-away orders are being processed for customers who want their appetites to be satisfied as soon as possible! From understanding the requirements of their customers on call, to timely deliveries while maintained quality, all of it is the key to success. When the customers have received their orders on time,

whether at home, office, or waiting inside their cars for take away, they call the brand ' Dependable'. A large variety of deals and money-saving packages on the menu can help McDonald's customers save money on the go. This feature makes them pretty ' flexible' and reliable as well; with respect to the available amount of options for the buyers. While deals bring in more customers for the company, because they are able to save their ' cost', it is equally beneficial for both the parties in the longer run as well. The company gets to build its brand, enjoy larger economies of scale, and the customers get to enjoy complete rates for their favourite food!

The current performance issues being noticed in the same industry is almost the same for many people. Similar menus; the same amount of deducted taxes which are not already included in the prices; wrong flavour of fast food delivered at homes (once in a blue moon but still countable); late deliveries due to traffic or other reasons, and then bringing the order late will also mean more fuel consumption for the company and inferior food taste for the consumers. Industry has a good competition among its champions but that does not mean that they are working on low-scale profits. Consumers can still avail these operations on much cheaper prices though are charged for brands, and goodwill as well (Pettit, Fiksel and Carol, 2010).

### **Process mapping will help the five performance objectives**

" Process mapping" will help in identifying and implementing the five key performance objectives identified earlier. The company can easily focus on the bigger picture with the brainstorming of processes and their outputs noted. Timing and controlling can easily be achieved such as the weekend

deals which McDonalds feels needs better resource allocation. Week days will require more focus on the take away counters and weekends will ask for more delivery guys to be able to deliver the deals at home on time. “

Analysing, Organising, and Visualising”, as discussed (Jones and Robinson, 2012, pp. 67-91), the complexity of all the procedures will assist in promoting communication between the resources, boosting team work among the colleagues, and better suiting the arrangement of activities according to the required workflows. Creating the processes map will need:-

- Limit determination
- Concise activity listing
- Linkage of all activities
- Ensuring inputs, outputs, verdicts, and their loopholes

**The process mapping, according to (Leseure, 2010, pp. 112-129), will induce:-**

- Activities directly adding values
- Urgent decision processes
- Storage
- Inspection
- Delay
- Direction of activity flow
- Initiation and ending of the processes

## **Conclusion**

Since balancing is the key to successful management in phases of the business environments, every operations manager should focus on balancing

all the five points. If any one of them is lost, special efforts in all the other four factors may go in vain too. Consumers are intelligent and flexible as well these days, since competition is high. This fact alone lets them rationally switch between various other substitutes. The McDonalds example clearly shows how they balance their approach between all the critical areas of operations management and are successfully able to deliver a better value to their customers in an efficient manner.

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