

Learning team
reflection chase
strategy essay
sample



**ASSIGN
BUSTER**

The chase strategy matches supply and output with fluctuating demand. Employees are hired or laid off according to demand rates. Chase strategy is most suitable when demand is unstable and there is little to no inventory. In order to match the companies demand, it must produce only enough goods to meet or match the demand for goods (Hamelett, 2015). The chase strategy offers numerous benefits such as: saving money to purchase parts or raw materials, maintaining low inventory, and cutting inventory costs and stored inventory in stock. A successful chase strategy requires access to employees who are knowledgeable or easily trained as order volumes increase; therefore it utilizes overtime work, subcontractors, and part-time workers to meet demand (Encyclopedia of Business, 2015). A major advantage of using the chase strategy is ample flexibility to meet demand fluctuations. Companies that use the chase strategy

A company that employs the just-in-time (JIT) production concept will use the chase strategy. Think of this strategy in terms of a Pizza Hut restaurant, which produces pizzas only when a customer orders. Although Pizza Hut is not hiring or firing employees; it is matching the actual production with customer demand. McDonalds also prepares meals once the order is made to meet the demand of the customer. Companies in the fast food industry have a pattern of employing hourly workers, part-time workers, and allowing overtime when necessary to meet demand fluctuations. Demand matching companies, or companies where the labor force must meet the demand, also use the chase strategy. This example would be the automobile industry. Automobiles depreciating rapidly and can only be stored for a short period. The cost of insurance, taxes, and warehousing can cost the company money

if they are not purchased, so many are made based on demand of the consumer. Challenges associated with using the chase strategy

There are multiple challenges associated with the chase strategy when it is used in production planning. Production rate is matched with order rate by hiring and laying off employees according to demand fluctuations, therefore hiring and training costs could possibly increase. Employees should be easily trainable and jobs need to be basic enough to be able to train employees quickly. If employees are unable to grasp job training processes it could cause delays to production and order completion. Another challenge of the chase strategy is the moral and productivity of the employees. According to Jacobs and Chase (2011), " When order backlogs are low, employees may feel compelled to slow down out of fear of being laid off as soon as existing orders are completed" (p. 534). Conclusion

Companies use the chase strategy to balance out the labor cost of hiring and firing employees to match the companies demand. Using this method helps companies produce only enough goods to match the demand fluctuations (Barnett, 2015). The chase strategy has several advantages including keeping inventories low. By keeping inventories low the company has cash that would otherwise be used to purchase raw materials or parts. The chase strategy reduces inventory costs that are related to holding inventory in stock. Disadvantages include an increase in hiring and training costs and a reduction in employee productivity and moral.

References

<https://assignbuster.com/learning-team-reflection-chase-strategy-essay-sample/>

Barnett, M. (2015, May 11). Academia. edu. Retrieved from http://www.academia.com/4380606/Chase_Strategy Encyclopedia of Business. (2015). Aggregate Planning. Retrieved from <http://www.referenceforbusiness.com/management/A-Bud/Aggregate-Planning.html> Hamelett, K. (2015, May 11). What are the strategies used in production planning & scheduling? Retrieved from <http://www.smallbusiness.chron.com/strategies-used-production-planning-scheduling-1808.html> Jacobs, F. R., & Chase, R. B. (2011). Operations and Supply Chain Management (13th ed.). New York, NY: McGraw-Hill.