

Operations management principles course work

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



Introduction

For any company to maximize profits, it must try to implement Just in Time (JIT) demand based system, forecast driven system or lean manufacturing. This is done while considering their advantages and disadvantages i. e. how they affect the company in terms of workers and the equipment they use. Companies must also dispense proper management so that production of goods and services is increased (Perry, 2008).

Body

In the manufacturing industries, JIT demand based systems are used in operations management. They need accurate specification and handling of materials to attain minimal inventory levels. They also use stock as a market defense in reaction to client demand in a system called pull based. On the other hand, forecast driven systems involves sensing demand by matching inside and outside data, influencing demand using complex methods and ability to foresee the demand. It focuses on activities that directly touch on demand of clients. JIT system is applied mostly in production and purchasing, while forecast systems work best in electronics, pharmaceuticals and automotive industries. Lastly, forecast driven systems through a process called demand driven forecasting, when conducted accurately, enables companies to enhance their supplies through decreased costs and improvement in customer handling (Chase, 2009).

The main merits and demerits of JIT demand based system:

Increased stock returns: when a company has less stock then it means the stock that is preserved stays for a limited time.

Improved quality: products of high quality in the company must be handled by a JIT system to maximize on production and therefore profits. Small warehouse space: whenever there is less stock then the company will only need an equally lesser warehouse.

Demerits:

There is a huge risk of stocks running out especially when firms do away with stocks. Transportation costs also tend to increase when using JIT systems as it deals with regular shipments of lesser quantities of stock (Chase, 2009).

The main merits and demerits of lean manufacturing system:

It utilizes minimal labour, time, machinery and space. It tries to reduce all defects by enabling the employee to put on hold the entire production until the problem is solved.

Demerits:

It becomes hard for firms doing mass production to adapt to this system (Perry, 2008).

For us to understand the general effects of JIT and lean manufacturing on non-value added activities, we need to define non-value. This simply means something valueless. JIT system puts emphasis on the need to do away with valueless products, services, or activities that play minimal role in the general good of the company. When all workers work hard, to ensure there are no defects in the company, activities of non-value are reduced. In lean manufacturing, stock is a representation of waste and huge expenditure no matter how it reflects on the financial reports as an asset (Perry, 2008).

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The main difficulties that face manufacturing companies or suppliers who want to put into place JIT systems are problems of cutting down stock e. g. goods and say other materials thus reducing their chances of attaining their goal. In addition, a company may end up producing stocks of poor quality. In addition, the division of production management may spend a lot of time dealing with delivery management only to the loss of the firm as no clear specification of products and purchase parts. This factor reduces productivity in workers and the tools they are using resulting to wastefulness.

Manufacturing firms or suppliers that concentrate only on the operational perspective of JIT systems are often adversely affected. This happens because the supplier has to satisfy all the buyers by selling his products, in accordance with requirements of JIT system thus ending up misused (Chase, 2009).

In order to understand how operation management affects goods and services, we must understand that management is working with people in an organization by way of harmony with the goal of attaining the set objectives of the organization. Therefore, when any manager wants to influence operations in a company he must first look into matters of quality in terms of goods and productivity of employees. For any organization to gain profit, it must begin by handling its workers well. This is done by way of promotions, salary increment and rewarding hard working employees and this in turn leads to better services to their clients thus boosting production of both goods and services (Perry, 2008).

In any organization dealing with logistics or information systems, a proper supply chain must be in place. This ensures costs are cut and quality services offered. Supply chain networks deals with a kind of business where there is free flow of information, planning is harmonized and smooth working in the company. It is called e-business. On the other hand, supply chain drivers is where information is not shared or communicated between the various entities of supply chain leading to delivery of wrong information (Perry, 2008).

Conclusion

In summary, an organization has a better chance of growth by ensuring the above implemented systems like JIT, forecast driven and even lean manufacturing are frequently monitored to ensure they run smoothly. In addition, if the demerits of a system outweigh the merits, then the organization should not take that into consideration to minimize losses (Perry, 2008).

References

- Chase, C. (2009). Demand-Driven Forecasting: A Structured Approach to Forecasting. New Jersey, NJ: John Wiley and Sons.
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