

Operations  
management  
principles: informal  
performance  
assessment



**ASSIGN  
BUSTER**

Operations Management Principles: Informal Performance Assessment After reviewing the information available on the operations of the three facilities in Oregon several major issues that may have to be faced by the Oregon plant division management can be identified.

First and foremost, it should be also noted that all the three facilities have different process design: dedicated production line for facility T, combination of assembly line and cellular manufacturing for facility P, and job shop for S facility. The facilities T and P, having the single high-volume customer and limited product line range, face the stable demand situation. For the S facility, with regard to the demand for the parts required for further production at two other divisions, it is true as well. The second major difference between facility S and two others is in the fact that S faces demand which is in large part derived in nature and dependent while demand for the finished products of T and P is independent.

Separate location of the S facility, its job shop process design, and extremely wide range of products produced, variety of machinery, and, last but not least, different working schedule in comparison to P and T may lead to problems with timely availability of S-produced parts at T and P facilities.

Taken this into account, inventory management at all the three divisions is of high importance.

For most of business history, inventory has been a form of security. A warehouse bulging with components, or a distribution center packed with finished products, meant that even when a customer forecast went wildly awry, there'd still be enough supply on hand to meet demand (Breen, 2004, p. 86). A safety stock of stamped metal parts, injection molded plastic parts, and assemblies produced at S will be a good solution to this potential threat.

<https://assignbuster.com/operations-management-principles-informal-performance-assessment/>

However, given the limitation of warehouse space at both T and P facilities it is hardly implementable.

It may be also considered to hold a certain level of finished goods stock at S facility given less restrictions on available space. Although it is important to recognize that raw material is generally less costly to hold than WIP, and WIP is generally less costly to hold than finished goods, what leaves one party as a finished good enters the next party down the supply chain as raw material (Melnyk and Swink, 2004, p. 147).

Most importantly, production mix for S facility should be planned beforehand to streamline the operations as, basically, all the three divisions are dealing with the certain demand situation. The potential problem of not timely supply by S facility is of importance as it may drastically affect the results of T and P facilities and damage their relationships with client. If addressed properly, it will allow the Oregon plant to streamline physical and information flows, as well as lead to inventory reductions.

Another problem that can be detected less quickly than previously described is that the inventory flow from S to T and P can be easily misplaced or lost on its way. Facilities T and P are located together and inventories to them are delivered by the same shipments. The same type of parts can be required at both facilities and each day eight shipments are made. If the information and documentation flow is not properly designed and implemented, the inventory urgently required may be misplaced - sent with another shipment, or transferred to P facility while T should be its destination point etc. It poses a serious challenge as such situations would create confusion, cause backlogs and idle time.

It is not stated whether S facility has a sufficient amount of 'accessory' parts.  
<https://assignbuster.com/operations-management-principles-informal-performance-assessment/>

If it is not the case, stoppages at S facility due to absence of required 'accessory' parts scheduled to be delivered only once a day are probable as well. This problem is of lesser scope than others, however, may also influence Oregon plant's operations significantly.

#### References

Melnyk, Steven A., & Swink, Morgan. (2004). *The Value Driven Operations Management*. Boston: McGraw-Hill Irwin.

Breen, Bill. (November 2004). Living in Dell Time. *Fast Company Magazine*. Issue 88, p. 86. Retrieved on April 20, 2006 from The McGraw-Hill Operation Management Centre <http://www.mhhe.com/omc/arts-frames.htm>