

# Operations management – critical issues and problems essay sample

[Business](#), [Management](#)



## Introduction

The business management functions and activities can be distinctly grouped in three major management areas including Marketing, Finance and Operations. Almost all of the business disciplines lie under the umbrella of these three main functions (Anupindi et al, 2006). Among these main areas operations management is an important one that deals with managing and assuring the efficiency and effectiveness of all the operations undertaken by the business so that these operations can support the organization to meet its strategic goals. There is wide range of activities and functions that are performed under the operations management like designing the systems in a way to effectively use the raw goods or input in the production of finished and final goods and services while maintaining the company standard. Thus it can be said that “ Operations Management is one of the major function of the businesses that is concerned with the planning, scheduling, and controlling all the activities that transform the inputs in to the outputs” (Davis et al, 1999). Here inputs refer to the raw material and human resources whereas output refers to the finished goods and services being produced by the business.

Operations Management is a systematic business activity that must be undertaken by an organization by properly following the set of widely recognized as well as well developed concepts, tools and techniques so that the business can manage its operations while remaining within an acceptable framework of activities and functions (Finch and Byron, 2006). In general the operations management might be considered as something

related with the manufacturing environment however it is a wide area that covers the management of all the activities and steps involved in the provision of goods and services. In order to successfully run the business, it is very essential for the management of the organization that it must develop such strategies and policies that can result in adequate management of operations so that the business can perform its production process in satisfactorily manner. This is an important area of emphasis for the business managers because it involves the management of the matter related with the significant number of employees and physical assets and ineffective operations management can take the business at highly risky position that might becomes a threat to the existence and survival of the business. (Rainbird and Mark, 2004)

This paper is aimed at identifying the critical issues and major problems that the businesses face in the area of operational management. In this regard first of all the paper explains the importance of operation management for an organization and then discusses and identifies the core issues and problems related with this important discipline of business management. In the light of the research work contributed by different social scientists and experts of the field, the paper also proposes some suggestions with the intention to bring out the solution to the problems and issues raised in the paper.

### Operations Management – Importance for Businesses

Operations Management is an important area of business management that involves the management of each and every step in providing a good and

service. Over the last few decades there is considerable increase in the awareness and recognition of the importance of this business discipline and the organizations have now realized that they have to focus on better operations management in order to successfully conduct their business and compete with others in the market. The significant rise in the foreign competition, increased accessibility of the consumers towards different goods and services, shorter products with service life style, more educated as well as quality conscious consumers and the emergence of new communication and manufacturing technologies are the important factors that have played the major role in determining the importance of operations management for a business. These factors have also built a pressure on the organizations that in order to align their businesses with the rapid and revolutionary changes occurring in the market, they have to improve their productivity through effective operations management so that they can satisfy the rising demands of the consumers by providing them broad array of high quality products and services.

Due to advancement in information and communication technology the consumers now have greater access to the services and products produced in different parts of the world and even if they can not make any purchase, they can secure lot of information about the availability of different features and facilities in different products and services. Due to this awareness there is considerable increase in the demands and expectations of the consumers and now the companies have great challenge in front of them that they have to meet the demands of well aware consumers who have lot of options in

front of them regarding the selection of good and services. In such situation the companies can grab the attention and maintain the loyalty of the consumers only by proving them high quality products and services and all this is possible only through effective, efficient and strategic operations management. Thus it can be said that globalization has significantly contributed towards recognising the importance of operations management for the businesses and most of the organizations now believe that they can use operations management as a competitive weapon that can strengthen them in the highly competitive market place of today.

Based of the above mentioned factor, Operations management has secured an equally important position in the organizations like finance and marketing and the management of the businesses now emphasis more and more on operations management because they are aware of the fact that to achieve the key objectives of the organization and the overall corporate strategy they need strong support from operations management and in case of failure in managing the operating, it will be not only difficult but even impossible to them to meet the organizational objectives and increase profitability. In this scenario the operations managers have to perform a very responsible job for the organization because they have to play a strategic and tactical role to assure the satisfaction and loyalty of the consumers and at the same time they also have to work to take their firm at a better position as compared with the market competitors by guarantying high quality of goods and services.

### Critical Issues in Operations Management

There are some very critical issues that come under the discipline of operations management and the people responsible for the management of the operations of the business are liable to perform the responsibility of assuring the quality by conducting proper quality control, capacity planning to ensure flow of inputs and outputs from the operations place, material planning to assure the quality of the finished product, purchasing the required outputs at required time and scheduling all the activities related with the production process so that the company can produce the goods or service at right time while maintaining the specific standard of the company.

The operations managers have to deal with number of important issues during their work for example they have to determine they what input will enter the operating system and in this regard they have to make major decision regarding the type, nature and number of equipments, numbers and skilled level of the work force, tools, facilities, quality and quantity of material, technology, devices and information. Along with making the decision about the above mentioned factors, the operations managers also have to decide the way through which all of these inputs can be obtained to use in the operating system and what would be the best possible and suitable way of utilizing all of these inputs so that they can maintain their standard and can also satisfy the requirements of the competitive market place. At present different techniques and concepts are being applied and implemented in other business management areas as well such as human resource management and marketing etc. (Raturi et al, 2005)

In today's competitive market place there are some major issues in operations management. The operations manager have to design such strategies that can reduce the development and manufacturing time of the goods and services so that the company can get more time to concentrate on related matters. At the same time the operations manager also have to achieve and sustain high quality in the manufacturing of the products and services by controlling the cost of production.

In operations management, the businesses are mainly concerned with two types of issues; the long term management of operations and the intermediate term management of the business operations. In the long term operations management the managers have to develop a strategic approach towards the operational system of the company and they have to make some very fundamental decisions related with the products and services production of the company. For long term operations management the company has to decide what products or service they will produce, what would be the procedure used and machinery, tools, technologies used in the manufacturing of the product, what will be the place where the entire production will be done and how much quantity of the products and service will be made by the company. Thus in the long term, the management is concerned with the issues of selecting the service or product for the development, process and layout decisions regarding the product and service, the location of the site and the capacity or quantity of manufacturing product and service.

In intermediate term the operations managers have to take some tactical decision related with the operational system of the company. The operations managers have to concentrate towards the issues associated with the efficient scheduling and arrangement of the input including material and workforce in the operations system in such a way that these input can be effectively used in producing the products and services of the quantity and quality that is decided by the management during the long term operations management decisions. To attain this objective the operations manager have to decide the material quantity and number of the employees and their skills level required for the production of product and services, the time of making the input available in the operations system and the management of the time table for the workforce so that the targeted amount of products and services can be produced within the estimated time. Thus the intermediate level operations management is to focus on the issues like deciding the employee level, inventory level and capacity.

#### Common Problems faced by Organizations in Operations Management

There are some major problems that are faced by the businesses while managing the operations due to some fault in their strategies and planning related with the operations management. An important function of operations management is to reduce the operational cost and increase the operational efficiency and quality however some companies fail to reduce the cost of the production and as a result the consumer price of their product is very high and on economical basis some of the consumer start preferring other brands over the company's product. This is a problematic situation for



the businesses because this led to decline in their sales and profit and it is one of the major flaws of the strategies and planning of the operations manager that they fail to satisfy the consumers by providing them acceptable quality at acceptable prices. (Krajewski et al, 1993)

It is generally observed that despite providing adequate input to the manufacturing system, the businesses still fail to achieve their goals and their position in the market place is also badly effected. This is because the work force is not motivated enough to play positive role in the production process or the departments of the business done have effective coordination among them and they do not support the decisions taken by each other. This situation brings many problems for the operations managers and for the success of a business it is very necessary that all of these problems must be solved by the management and there should be effective and successful management of the operations system of the business. (Krajewski et al, 1993)

#### Proposed Solutions to the Identified Problems

The above discussion revealed that there are some important issues in operations management that must be dealt in effective manner to assure the successful achievement of the organizational objective and the operations manager often face problems in effectively managing these matters. There is very crucial importance of the fact that the businesses must know that how can they manage their operations in most effective manner and what are the steps and strategies that must be taken for effective operations management. In this regard the social scientists and experts have carried

out several research studies to bring out the solutions to this problem and there are many solutions proposed by the researchers that assist the businesses by providing some guidelines for better operations management.

Anupindi et al (2006) pointed out that in order to effectively handle the common problems arise in the operations management, it is very essential that the operations manager must possess the skills and qualities to deal with the matters related with the operations management. The researchers explained that the operations manager has the leading role in determining the successful management of the operations system of the business so it is very imperative that the operations manager must have adequate knowledge of all the technologies, technicalities and methodologies related with his relevant industry so that he can manage the matters related with the production of the products in suitable manner. In addition to this the operations managers must possess good interpersonal skills and he must keep him familiar with all the functional areas of the businesses so that the decision he made will not collide with any other business strategy.

Sean Naughton (2002) also put forward some ways to deal with the problems of operations management. He explains that the interpersonal skills of the operations manager are very important because he must have the ability to communicate and coordinate with all the related people of the organization so that he can effectively motivate people to work efficiently in a disciplinary manner and accomplish the goals while maintaining the high standards of quality.

Raturi et al (2005) suggested some ways to encounter with the critical issues of operation management and revealed that the operations managers also have to look for new ways through which the operation systems can be improved. In this regard they must integrate new technologies, techniques and control system in the manufacturing process so that the operations system can be updated with the advancements of technologies. The management also has to design the recruitment and selection policy of the company based on merit and high skilled criterion so that qualified and skilled managers and employees will enter the firm and take efficient role in the manufacturing and production process. James M. Willson (1995) explains that the coordination and communication links with all the other departments of the organization and the suppliers and clients should also managed in effective manner so that all the departments and related organizations can play a supportive role in achieving the strategic goals of the organization.

### Conclusion

The paper was mainly intended to through light on the importance of operations management for the business and the main problems and core issues within this business discipline are also identified to find the ways towards the solutions of the problems in the light of research studies conducted by different social scientist. The above discussion revealed that operations management is an important field for the business managers because in the highly competitive and technological advanced market place of today the businesses are required to be more updated. The consumers are

getting more aware and highly demanding regarding the quality of the products and services and the businesses on the other hand are facing great challenges in form of increasing competition due to globalization. Thus in this situation operations management is the strategic tool that can assist the businesses in meeting the consumer demands and achieving their organizational objectives. However there are some critical issues that must be kept in consideration by the management for the effective management of the operations because the businesses often face problems in managing their operations due to number of reasons like lack of coordination between departments, lack of motivation of employees and failure in production cost control.

In this regard the paper suggests that the operations manager has the vital role to play in this scenario so the business must select the operations manager for the company who is fully aware of the technicalities of the relevant field and also possess excellent interpersonal skills so that he can make develop good coordination and communication skills with all the departments of the organization and related people and can also motivate the employee to give their best. Thus the discussion can be summarized in to the conclusion that the skills, qualifications, knowledge, experience, strategic planning and interpersonal communication abilities of the operations manager plays the fundamental role in facing and coping up with all the critical issues and problems that the businesses often face in operations management.

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