

# Service, services and products: rethinking operations strategy

Business



Rethinking Operations Strategy Introduction Operations management is an important area of management that deals with forecasting, designing, and redesigning business activities in the production of goods and services. This management sector assists the organization to ensure efficient and economic utilization of resources and effective meeting of customer requirements. The operations management has two levels including strategic as well as tactical perspectives. The strategic perspective deals with the design of the system and it is driven by strategy and competitiveness, process selection, and capacity creation. This paper analyzes how the design process is effective and efficient from an operational management perspective. Design of the system Strategy and competitiveness are the most significant components of any system design as they play a remarkable role in determining the efficacy of operations management. Chase, Jacobs, Aquilano, and Agarwal (2006, p. 24) state that the term strategy can be referred to a tool that provides organizations with a plan that makes best use of resources. It also advises management with specified policies and plans for using organizational resources. According to Spring and Araujo (2009), operational efficiency indicates the performance of various tasks better than competitors while operational strategy is a plan for competing in the market place. Generally companies do not establish specific standards to distinguish between operational efficiency and strategy. Operational efficiency indicates the performance of various tasks better than competitors while operational strategy is a plan for competing in the market place. Hence, operational strategy and competitiveness are two interrelated concepts by which the former ensures that all performed tasks were effective and thereby attains

the later. For the effective establishment of operational strategy and competitiveness, it is necessary to consider structural as well as infrastructural elements. The structural elements include facilities, flow of goods, and technology whereas planning and control system, workers, pay, and quality constitute infrastructural components. While dealing with operations strategy, the management must specifically determine the competitive priorities in order to meet the framed long range business plan. As Spring and Araujo (2009) opine, while dealing with operations strategy, the management must specifically determine the competitive priorities in order to meet the framed long range business plan. According to Reid and Sanders (2010), the competitive priorities usually include cost, quality, time, and flexibility. Competing on cost means that offering a product at a lower price relative to the intensity of market competition. In order to compete on quality, the organizational management must take into account major quality dimensions including high performance design and product and service consistency. Similarly, time is one of the most important competition priorities and time related components involve rapid delivery and on-time delivery. Finally, competing on flexibility represents rapid environmental changes of the company and this practice is mainly concerned with product flexibility and volume flexibility (slide 12-16). In total, operational strategy along with competitive priorities contribute to the effective system design of the operations management. Similarly, process selection and capacity planning are two essential components of system design and these concepts are interconnected. “ Process selection is concerned with the development of the process necessary to produce the designed product” (Reid and Sanders,

2010). For the effective management of process selection and capacity creation, a number of input factors including forecasting, product and service design, and technological change are required. These two processes are capable of generating outcomes such as facilities and equipment, layout, and work design. While managing process selection, the management has to consider the variety in products or services which the system needs to be handled, the required level of equipment flexibility, and expected volume of output. The process selection is a complicated task as processes are of different types such as project process, batch process, line process, and continuous process. The management deals with the process selection by focusing on specific considerations. In the opinion of Reid and Sanders (2010), intermittent processes and repetitive process are the crucial parts of process selection. Intermittent processes are mainly intended for the production of a variety of products in lower volumes with varying processing requirements while production of one or few standardized products in high volume is the major purpose of repetitive processes. In short, the process selection will add value to the effectiveness of the system design if it is carried out in a systematic and thoughtful manner. According to Oblitas and Peter (1999, p. 118), capacity creation or capacity development process can also have a great influence on the efficacy of system design. The capacity creation can be carried out through different steps ranging from assessment of capacity assets and needs to monitoring and evaluation of capacity development strategies. Effective capacity creation is very crucial to any organization as this element plays a significant role in planning business expansion. Hence, most business houses have formulated specific policies to

effectively manage the capacity creation process. Conclusion From the above discussion, it is clear that strategic design process is an important element of operations management and it mainly includes different components like strategy and competitiveness, process selection, and capacity creation. The efficacy and efficiency of design process may depend upon the planning and implementation of various driven factors of system design. References Chase, R., Jacobs, F. R., Aquilano, N. J & Agarwal, N. K. (2006). Operations management for competitive advantage. Tata McGraw-Hill Education. Oblitas, K & Peter, R. (1999). Transferring irrigation management to farmers in Andhra Pradesh, India, Volumes 23-449. World Bank Publications. Reid, D & Sanders, N. R. (2010). Operations Management: An integrated approach. 4th Edition, Wiley & Sons. Spring, M & Araujo, L. (2009). " Service, services, and products: Rethinking operations strategy". International Journal of Operations & Production Management. 29 (5). 444-467.