

Operations management in business business essay

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Operations Management in Business.

Before starting, it is essential to clearly understand and have in mind what is operations management. In a company, operations management corresponds to activities linked to the conversion of raw materials and labour into manufactured goods and/or services which are desired to be sold (on the market). Thus, the objective is to transform inputs into outputs in the most efficient and effective way, then to create value and reach the highest operating profit possible for the company. Moreover, according to the business logic, it is important to notice that 5 main objectives have been defined by operations management teams concerning any product itself and its production process, which are:-Quality: it is the fact of doing things correctly (with good material), and without error. Indeed, the product must fit to its purpose and requirements. This objective will permit to the organisation to reduce their costs and increase its dependability. The quality of a product can be measured by the feedback of the customers.-On time: it consists in doing things fast to deliver products on time or even to reduce their delivery time (by eliminating the wasted time in process). It can be a competitive advantage for the company as it will contribute to the level of satisfaction of the clients.-Cost: it corresponds to reduce production's costs to make the goods or services' price fit to the concerned market (not to expensive). When buying a product, the customer's choice can be influenced by its price.-Flexibility: it concerns the fact of being able to respond and meet quickly (at lowest costs) to changing variables, vision, demand (volume), and needs of customers. This factor will allow the enterprise to

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gain time in their response, and easily introduce new products on the market.-Within law: it is the fact of launching products that meet the law requirements, and keep promises with clients and suppliers. This will give an image of stability to the company. In this assignment, we are going to study a worldwide fast food restaurant chain called "Subway". In fact, Subway was founded in 1965 by Fred DeLuca and Peter Buck; the first store was opened in Bridgeport, Connecticut, USA. The franchise is famous for its affordable, delicious, low-calories sandwiches; and also known as the world's largest submarine sandwich chain with approximately 38, 000 locations in 102 countries (around 350 000 employees). Nowadays, the head office of this multi-national firm is situated in Milford, Connecticut, USA. a) In fact, if Subway has such a large clientele it is because they have been able to manage to have a wide range of products. For instance, we can distinguish various sandwiches, soups, breakfast meals, breads, smoothies, sauces, salads, pizzas and cookies. However, we are now going to see how those products are generated. The production of goods corresponds to the "transformation process" which is composed of inputs, transforming resources and outputs. In our case, the inputs are all the raw materials used to prepare the meal, such as bread, ham, cheese, chicken, salads, beverages, furniture, etc... The transforming resources are things that are essential and act upon the conversion of raw materials into finished goods. Therefore, at Subway, those resources correspond to facilities such as the building, kitchen equipment, and the working staff, etc... Finally, the outputs concern everything which is sold to consumers such as all the prepared products mentioned above that they do actually sell. Subway's particularity

is that they make the exact sandwich the customer wants at the time he orders it. Moreover, those products can be delivered in two different ways to customers. First, they can be delivered directly to the customer (in hand) if he is in the restaurant. But also, at the customer's place if he has ordered by telephone or via internet. b) In a company, operations management activities are supervised by operations managers. Consequently, they have to design and supervise the production system to ensure that all operations are realised efficiently (using as few resources as needed), and effectively (satisfying the consumer's wants). In fact this is an essential task for operations managers as it will allow the firm to reduce its costs, increase its revenue, reduce its amount of investment and provide a basis for future innovations. To sum up, it will add value for the clients, contribute to the company's competitiveness, and make it more profitable. Operations management of Subway is one of the factors of their worldwide success. As we already said, Subway is a franchise, and has many restaurants around the globe. Thus, to ensure that the brand is well represented everywhere the company have put in place a corporate operations management. It means that all restaurants have rules, regulations, directives, guidelines and procedures to respect (generally designed and fixed by the head office). Indeed, all outlets are obliged to advertise the brand, its logo, and the special deals that are currently running. In addition, the operations managers of each store need to control the supplies to make sure that there is enough ingredients, furniture, etc... Also, they need to ensure that all ingredients are always fresh, and kept at proper temperature (to preserve the quality of their products). Moreover, operations managers have to

evaluate the staffs to see if they are qualified and trained enough to establish an efficient system of taking orders, making sandwiches and cashing out customers. Finally, someone needs to be in the restaurant during all shifts to keep the whole restaurant clean and tidy. Concerning the transformation process, to be able to match supply with demand, Subway's staffs process only one customer at a time. In fact, each employee performs a specific task in a specific order. It means that team members will assemble parts of the sandwich passing it from one to another along the serving line. This technique will allow the restaurant to reduce, or avoid completely overproduction, therefore face the fluctuation and uncertainty of demand, and increase its flexibility. Moreover, we can notice that generally the ingredients to make all the products must be prepared beforehand, and placed in the order in which the product is prepared. This is made to eliminate wasted time in the production process. In addition, some inventories are kited for accuracy and efficiency. This will permit to Subway to produce the same size sandwich or pizza (for instance) every time, and in every restaurant. Also, it will certainly help operations managers to control inventory (knowing how much is consumed for each product), and to design a simple replenishment scheme. To finish with, at Subway, operations managers can evaluate the performances of the workforce by counting the number of outputs; but also thought the customers' feedback. c) Operations managers are responsible of the success or non-success of their outlet. At Subway, their main goal consists in being able to balance and manage all costs and revenues of the outlet to make sure that the organisation's goals are met. To do so they use several methods and have different tasks to

accomplish. First of all, to maximize the productivity and efficiency of their restaurant, the franchise tries to introduce the latest technologies in their system process (production and sales). By doing this, Subway has a competitive advantage compared to their competitors. Therefore, each operations managers of an outlet have the responsibility to adjust the mix of inputs and new technologies to achieve the required output (in term of quality), while managing also the transforming resources. Secondly, operations managers are responsible of designing, improving and implementing procedures and policies in the system process in order to improve the store's effectiveness and efficiency. Moreover, operations managers have the mission to set the staffing requirements and objectives (they delegate work duties). Consequently, they need to evaluate the workforce to know if trainings must be organised (to maximize their potential). They are in charge of hiring new employees too (if necessary), in order to match the supply with the demand (that might increase). Also, operations managers have the task to monitor and assist employees with work progress. In addition, operations managers need to communicate with the workforce, to know if there are specific intern problems to solve. At the same time they also communicate with clients to have a feedback on their satisfaction levels, to know if there are things to improve (concerning the product or the service). All this will determine if business meetings have to be organised. Another task of operations managers is to manage inventory, to make sure that there is the right amount of raw materials, furniture, etc... This task will allow them to see if extra costs that can be eliminated in order to maximize the restaurant's profits.

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-Board: the actioners decide of the firm's strategy-CEO: make sure that the strategy is applied in all the company-Managing Director: manage the line management team (HR, operations, logistics, finance) and report to the CEO-Restaurant manager: responsible of the performance of his restaurant-Supervisor: help and assist the restaurant manager-Cook team: prepare the products (sandwiches, soup, pizzas, etc...)-Casher: take orders and delivers the product to the client (when paid)-Guard / maintenance: ensure that restaurant is clean and that there is no problemed) The system theory corresponds to the fact of viewing a company as a system composed of interdependent parts. Indeed, each part will have specific functions and responsibilities which will affect the others. However, it will be crucial for operations managers to understand the interdependence of each part of the organization. This will allow them to assess their company's interaction with the larger environment and meet its objectives. In fact, at Subway we can denote 6 types of systems:-The open system corresponds to the marketing department as it always interacts with its environment and surroundings. Thus, it may change in response to customers' feedback, suppliers' feedback, or distributors' feedback.-The closed system corresponds to the production department because it has no interaction with its surroundings and external environment (it is isolated). Therefore, it doesn't need to adapt to suppliers, competitors, governmental regulators, etc...-The probabilistic system corresponds to the sales department as it is a system where occurrence of outcomes can't be exactly predicted. However, the probability of those outcomes is known. Consequently, the results of this department

will often vary (depending on the market demand and competition).-The deterministic system corresponds to the IT department because everything can be predicted with certainty. Thus, occurrence of any event or interaction is known, and the consequences of changes of variables are perfectly predicted.-A subsystem is a system which is smaller, interconnected with others, and performs an important task for a larger system (it is part of it). For instance, we can mention the project groups.-An interface represents every point where multiple systems meet, communicate, share and interact. They are crucial in the development of collaborative processes in the business.