

What is the goal of operations management



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Operations management is the term used for the activities which produce and deliver products and services. All types of organization must carry out operations management because all organizations produce some mixture of products and services. Operations management is an important factor in any organization. The decision the organisation makes have a major impact on the cost of producing products or services and its delivery which accounts for the revenue coming into the organization. Be it the manufacturing, retail or services sectors such as IT, finance logistics, transportation, health care or public utility or educational, the service delivery pipelines must be carefully designed, resourced and managed effectively and efficiently. The effectiveness of the system is determined by the success with which various subsystems and components interact with each other and with the environment in which the organization operates.

At the heart of successful management is the ability to draw upon the resources of many disciplines and integrate relevant principles and background information in order to define and analyze a problem. Once defined, the manager must identify alternative possible solutions, evaluate these in terms of the broader goals and values of the organization, implement the apparently dominant solution, and finally, assess the actual consequences of the solution for the effectiveness of the organization.

Operations management focuses on carefully managing the processes to produce / distribute products and services. Operations management relates to all operations within the organization. Related activities includes the following :

Managing purchases

Inventory control

Quality control

Manufacturing

Logistics and Evaluations

Customer Services

The nature of how operations management is carried out in a organization depend very much on the nature of products or services in the organization, for example - retail, wholesale etc. By analyzing the above mentioned descriptions, we can say that Operations management involves the systematic direction and control of the processes that transform resources (inputs) into finished goods or services for customers or clients (outputs).

History of Operations Management

The origins of operations management can be traced back through cultural changes of the 18th, 19th and 20th centuries. Until the end of the 18th century, agriculture was the predominant industry in every country. The invention of the steam engine and Eli Whitney's concept of standardized parts paved the way for the Industrial Revolution with its large manufacturing facilities powered by steam or water. As a result number of countries evolved from an agricultural economy to an industrial economy. But for a time, manufacturing was more of an art than a science. The Industrial Revolution advanced further with the development of the gasoline

engine and electricity in the 1800s. Other industries emerged and along with them new factories came into being. By the middle of 1800's. the old cottage system of production had been laced by the factory system. As days went by, production capacities expanded , demand for capital grew and labor became highly dependent on jobs.

The introduction of Taylor's method of scientific management and Henry Ford's moving assembly line brought the world into an age where management was predominantly centered on the production of goods. At the commencement of the 20th century, the one element that was missing was a management - the ability to develop and use the existing facilities to produce on a large scale to meet massive markets of today.

Responsibilities of an Operations Manager

Operations Manager's plans, organize, lead and control the production and delivery of products and services as needed to keep external paying customers satisfied. The responsibilities of operations managers can be classified into the following :

Direct Responsibilities - the activities which are directly related to producing and delivering products and services like managing the operations process, embracing design, planning, control, performance improvement, and operations strategy

Indirect Responsibilities - the activities involved in interfacing with other parts of the organization such as interacting with those managers in other functional areas within the organization whose roles have an impact on

operations. Indirect responsibilities also include other functions like marketing, finance, accounting, personnel and engineering.

Broad Responsibilities – a wider set of tasks that involve scanning the business, social and political environment in which the organization exists in order to understand its context.

Decision making is a central role of all operations managers. Decisions need to be made in:

designing the operations system

managing the operations system

Improving the operations system.

The five main kinds of decision in each of these relate to:

the processes by which goods and services are produced

the quality of goods or services

the quantity of goods or services (the capacity of operations)

the stock of materials (inventory) needed to produce goods or services

The management of human resources.

Operations Management Issue – Hewlett-Packard

HP is a technology company that operates in more than 170 countries around the world. HP explores how technology and services can help people and companies address their problems and challenges, and realize their

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possibilities, aspirations and dreams. HP applies new thinking and ideas to create more simple, valuable and trusted experiences with technology, continuously improving the way our customers live and work.

The Hewlett-Packard Company (HP) was founded in 1939 by William Hewlett and David Packard. Today, the company's mission is to create information products that accelerate the advancement of knowledge and fundamentally improve effectiveness of people and organization. The company's first product, built in a Palo Alto garage, was an audio oscillator -an electronic test instrument used by sound engineers. One of HP's first customers was Walt Disney Studios, which purchased eight oscillators to develop and test an innovative sound system for the movie Fantasia. HP becomes a major player in the computer industry in the 1980s with a full range of computers, from desktop machines to portables to powerful minicomputers. HP also made its entry into the printer market with the launch of inkjet printers and laser printers that connect to personal computers. The quality and reliability of HP's printers make HP a highly recognizable brand by both consumers and businesses.

Operational Issue of HP – Toner Cartridge Problem

Hewlett-Packard is proud of its reputation for high-quality products and services. In the 1990's, the Hewlett Packard toner and ink cartridges division was experiencing a problem with the number of faulty defective toner cartridges being returned by customers. About 2000 of these were being returned every month. The operations team decided to investigate the issue and handed over the case to the UK Hewlett Packard quality department. The team suspected that not all the returns were actually the result of a

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faulty product, which is why the team decided to investigate the problem. The Hewlett Packard team decided to use cause-effect diagrams to try and identify the source of the problem. Three major operational problems were identified.

First, some users were not as familiar as they should have been with the correct method of loading the cartridge into the printer, or in being able to solve their own minor printing problems.

Second, some of the dealers were also unaware of how to sort out minor problems. They were lacking in technical expertise and were unable to offer the customer the level of support needed to resolve any minor problems.

Third, there was clearly some abuse of Hewlett-Packard's 'no-questions-asked' returns policy. Empty toner cartridges were being sent to unauthorized refilling companies who would sell the refilled cartridges at reduced prices. Some cartridges were being refilled up to five times and were understandably wearing out. Furthermore, the toner in the refilled cartridges was not up to Hewlett-Packard's high quality standards.

Theoretical Approach of Analyzing HP Toner Cartridge Problem :

Fishbone theory (Cause Effect Diagram) can be used to analyze the problem in a theoretical way.

From the above HP Toner Cause Effect Diagram, we can classify that the Cartridge Returns is the Effect of the diagram and the causes can be subdivided into the following :

Man Power

Customers and Dealers:- The HP Investigation team discovered that the customers were having difficulties in inserting the cartridge into the printer in the correct manner. It's a common fact that not all customers are technically sound and as a result of this product errors could happen while trying to insert the toners/cartridges. Customers who purchased the cartridges from dealers rather than directly from HP were not technically qualified to resolve minor issues which would have prevented the stock from being returned to HP for replacement. Dealers were not able to provide the customers with the professional level of support needed and often blamed the product as faulty.

Training :- HP should have provided the dealers with enough product support and training so that minor issues can be eradicated at the start. Failure in providing the dealers with product training could adversely affect the goodwill of HP. A product can be solved successfully only if the sales and after sales support is maintained in a professional manner.

Designers :- Product designers should take into consideration the customers and dealers too as designing a complicated product (cartridge/toner) will make product installation complicated and if the company lacks resources for providing product training, it will cause product sales to drop. Customers always want things to be easy and less complicated. Special tamper-proof seal on the toner cartridge will prevent it from being re-filled or modified by unauthorized dealers.

Material

Non genuine HP compatible cartridges that are made by unauthorized companies are being bought by customers for a cheaper price and used on genuine HP printers. As a result this causes damage to the printer head in the long run.

Empty HP cartridges are sent to unauthorized refilling centers by the customers and these cartridges are being refilled more than five times with low quality ink, toner and other parts. This in turn will cause damage to the cartridge and printer.

Machinery

Using Non HP Printer accessories such as print cartridges or toners may cause deterioration in print output quality. The usage of printers without proper maintenance causes faint print and blotchy. This will create doubts in customers that there are issues with the actual HP hardware and often the product is returned to HP.

Methods

Policy – HP's 'no-questions-asked' returns policy is encouraging the customers to return their cartridges even though the damage was caused by the customer or the dealer. It was discovered that Empty toner cartridges were being send to unauthorized refilling companies which used cheap quality refilling ink and techniques which in turn damaged the product. HP's 'no-questions-asked' should be updated to mention that once the toner cartridge has been modified or re-filled by outside unauthorized dealers, no replacement would be provided.