

Assessment of the operation performance objectives



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A company should be concerned to satisfy its customers' requirements for fast and dependable services at reasonable price, as well as helping its own suppliers to improve services they offer. There are five basic performance objectives and they apply to all types of operation:

Quality

Speed

Dependability

Flexibility

Cost

Flow of flowers in VBA Operations and Critical Points

It starts from the seller's section, here the flowers are received and kept in cold storage area and it moved to auction.

Next it moves to the buyers section, the area for preparing and packing flowers for shipment. They pack the flowers and moved for to the auction area. With lot of manpower they handle the flowers and plants for packing and moving to the auction area.

Once they reached the auction area, flowers are brought into standard container. They packed each flower with a reference number. Then flowers are arranged by its category and placed into different halls for auction.

Once the auction done by the buyers for the flowers, lots are distributed on the trolleys to the appropriate packing and loading Ares.

Critical Point in this Flow

After moving flowers from the seller's section to the buyers sections, and moved from the auction area to the destination, it is critical to preserve the freshness of the flower. Another important critical to take care of the bidding price and flower. The first bidder to press desk operation stops the clock and become buyer of the lot. VBA have to take care of two or more bidder pressed desk operation at the same time.

Scientific Management relates to Modern Job Method Design

To avoid manual things which lead to error, it is resulted in information processing technology. Job Method Design is used in VBA with its useful features such as task simplification, automation, specialized tools and procedures.

This approach stems from the scientific management school of thought, time and motion study and work simplification and specialization. Its primary scientific basis is classic industrial engineering. Jobs high in mechanistic features can be staffed by almost anyone and training time is typically very short. Because mental demands are minimal, stress and overload are unlikely. Errors are less common because mistakes are less likely to occur.

Measuring Performance

Performance in VBA can be measured based on each Performance Objectives.

Quality

Speed

Dependability

Flexibility

Cost

Doing things right by providing error free goods and services, which will satisfy the customers, is known as ' quality'. VBA operations have to export their flowers to be perishable and so they made the quality inspection by VBA staff and kept in cool storage place.

Performance objective speed means doing fast, it means to minimize the time between the order and the availability of the product or service that gives the customer speed advantage. VBA are focused operations to reduce difficulty by having ten thousand people to work at the center to handle seventeen million flowers and two million plants by their information processing technology.

To do the things in time for customers to receive their goods or services when they are promised this performance objective known as dependability. In VBA everything tiered to the auction computer so that each buyer can have uninterrupted view of the flower and price.

A clear result of responding to a dynamic environment is that organization change their products and services and changes the way they do business. This performance objective is known as ' flexibility'. The whole bidding process by VBA including processing time takes only a few seconds and the

lots are distributed on the trolleys to the appropriate packing and loading Ares.

Companies compete with prices is ' cost'. Low price is a universal attractive objective to customers, which can be achieved by producing goods at lower costs. In order to ' do things cheaply'. The high level of computerization and automation of material flow allow VBA to operate with low cost at high speed and dependability.

Business Process Engineering fits into the Improvement Activity

The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed” encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions.

BPR, if implemented properly, can give huge returns. BPR has helped giants like Procter and Gamble Corporation and General Motors Corporation succeed after financial drawbacks due to competition. It helped American Airlines somewhat get back on track from the bad debt that is currently haunting their business practice. BPR is about the proper method of implementation

Example

General Motors Corporation

General Motors Corporation implemented a 3-year plan to consolidate their multiple desktop systems into one. It is known internally as “ Consistent Office Environment” (Booker, 1994). This reengineering process involved replacing the numerous brands of desktop systems, network operating systems and application development tools into a more manageable number of vendors and technology platforms. According to Donald G. Hedeem, director of desktops and deployment at GM and manager of the upgrade program, he says that the process “ lays the foundation for the implementation of a common business communication strategy across General Motors.” [12] Lotus Development Corporation and Hewlett-Packard Development Company, formerly Compaq Computer Corporation, received the single largest non-government sales ever from General Motors Corporation. GM also planned to use Novell NetWare as a security client, Microsoft Office and Hewlett-Packard printers. According to Donald G. Hedeem, this saved GM 10% to 25% on support costs, 3% to 5% on hardware, 40% to 60% on software licensing fees, and increased efficiency by overcoming incompatibility issues by using just one platform across the entire company

Cause of failures and Prevention

Corporate failure models can be broadly divided into two groups: quantitative models, which are based largely on published financial information; and qualitative models, which are based on an internal assessment of the company concerned. Both types attempt to identify

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characteristics, whether financial or non-financial, which can then be used to distinguish between surviving and failing companies.

Quantitative models identify financial ratios with values which differ markedly between surviving and failing companies, and which can subsequently be used to identify companies which exhibit the features of previously failing companies. Commonly-accepted financial indicators of impending failure include: low profitability related to assets and commitments low equity returns, both dividend and capital poor liquidity high gearing high variability of income.

Many other lists of symptoms of failure exist. For example, there is a list of 65 reasons on the UK Insolvency website which include: 1 Failure to focus on a specific market because of poor research. 2 Failure to control cash by carrying too much stock, paying suppliers too promptly, and allowing customers too long to pay. 3 Failure to control costs ruthlessly. 4 Failure to adapt your product to meet customer needs. 5 Failure to carry out decent market research. 6 Failure to build a team that is compatible and has the skills to finance, produce, sell, and market. Failure to pay taxes (insurances and VAT). 8 Failure of businesses' need to grow. Merely attempting stability or having even less ambitious objectives, businesses which did not try to grow didn't survive

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Changes affecting customer services, efficiencies in operations and improvement in stakeholder value

PARTNERSHIP BETWEEN PRODUCTION AND DISTRIBUTION SPECIALISTS

What is so difficult with the split between production and distribution specialists? It is to accommodate the variety of business situations likely to happen. There is no standard way to cooperate between a financial services producer and a distributor and there will not be any before long due to the fragmentation of the banking industry.

It means that each couple of partners to- be will have to find and negotiate its own answers – reflecting the power relationship as well as both specific strategies – to the basic questions: Under what brand and what packaging are the services sold to the end customer? How are determined the service prices? Who does prepare, print and send the invoices? What are the roles vis-à-vis the contract? Who does sign? Who does endorse the commitments to the customer? To the legal obligations? Who does carry the risks a priori? A posteriori? Who does manage the disputes, claims, litigations? Who does book the accounts? Who does manage the reporting to the regulators? Who may access and use the clients information files? How is organized the after sales service to clients? Who is accountable for the reporting to the clients? How are designed the processes to combine the client orientation with the product expertise? What are the incentives pushing both parties to enhance the global performance? The security? The IT efficiency? How are determined the earnings of both parties?

In order to get the best result out of this discussion, a bank will have to be as flexible as possible in its ability to accommodate a variety of interactions with its partner's IS. Let us take some examples.

In the case of a "brokerage" partnership (where the bank does not play an important role in the contract management after the sale) as many banks have built for instance with insurance companies:

The production specialist (e. g. insurance) will supply high level services: a full portal or at least application services supporting complete processes (sales...) to be integrated in the portal of the distribution specialist,

Conversely, the distribution specialist will supply lower level services such as objects (addresses...) or data flows (contracts inputs).

In the case of a "outsourcing" partnership (where the production specialist is more an outsourcer of data processing and back-office processes) as many banks have built for instance with joint ventures set up as shared service providers with competitors:

The production specialist will rather supply functional services (scoring, etc.) to be orchestrated within the processes of the distribution specialist, access to simple objects (pending orders, etc.) or even data flows (reporting),

The distribution specialist will supply higher level functions than in the first case (pricing decision, risk analysis...).

A Capacity planning

Capacity planning is the process of determining the production capacity needed by an organization to meet changing demands for its products.[1] In the context of capacity planning, “ capacity” is the maximum amount of work that an organization is capable of completing in a given period of time. the phrase is also used in business computing as a synonym for Capacity Management

A discrepancy between the capacity of an organization and the demands of its customers results in inefficiency, either in under-utilized resources or unfulfilled customers. The goal of capacity planning is to minimize this discrepancy. Demand for an organization’s capacity varies based on changes in production output, such as increasing or decreasing the production quantity of an existing product, or producing new products. Better utilization of existing capacity can be accomplished through improvements in overall equipment effectiveness (OEE). Capacity can be increased through introducing new techniques, equipment and materials, increasing the number of workers or machines, increasing the number of shifts, or acquiring `additional production facility ies.

Capacity is calculated: (number of machines or workers) \times (number of shifts) \times (utilization) \times (efficiency).

The broad classes of capacity planning are lead strategy, lag strategy, and match strategy.

Capacity planning is long-term decision that establishes a firms’ overall level of resources. It extends over time horizon long enough to obtain resources.
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Capacity decisions affect the production lead time, customer responsiveness, operating cost and company ability to compete. Inadequate capacity planning can lead to the loss of the customer and business. Excess capacity can drain the company's resources and prevent investments into more lucrative ventures. The question of when capacity should be increased and by how much are the critical decisions.

Capacity planning and control is an issue which every operation is faced with. Furthermore it is an activity which can profoundly affect the efficiency and effectiveness of the operation. Capacity planning and control is concerned with making sure there is some kind of balance between the demand placed on an operation and its ability to satisfy that demand. If an operation has too much capacity at any point in time it will be underutilizing its resources, paying out for machinery and facilities and often paying its staff but, because demand is lower than capacity, its costs are spread over too few customers. Therefore its costs per customer will be high. If it has too little capacity, its costs will be low (because its facilities will be fully utilized) but its customer service will be poor because it is either turning customers away or making them wait for their products and services. This will potentially undermine the company's success in the future. Therefore there are serious consequences of getting the balance between demand and capacity wrong

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(Antti Tenhiälä, 2008) The different planning methods are by no means mutually exclusive (Meal, 1984). However, a concept called bottom-up re-

planning helps to define the main method of capacity planning (Fransoo & Wiers, forthcoming; Vollmann et al., 2005). It is the method that is used to ensure the feasibility of master production schedules. The variance in the sophistication of the main methods is interesting because the more advanced methods specifically aim to improve operational performance by reducing errors in planning. Some studies, which have focused on non-systematic methods, RCCP, and CRP, have provided preliminary evidence of the more advanced methods' benefits (Sheu & Wacker, 2001; Wacker & Sheu, 2006). Including the finite loading techniques in the comparisons is important because a lot of efforts have been put in their development during the last two decades (Kouvelis et al., 2005). The use of progressive methods would be well justified if there was evidence on the relationship between the accuracy of the planning methods and performance. Hence, the following hypothesis is formulated:

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Globalization refers to the process of integration across societies and economies. The phenomenon encompasses the flow of products, services, labor, finance, information, and ideas moving across national borders. The frequency and intensity of the flows relate to the upward or downward direction of globalization as a trend.

Business operations are those ongoing recurring activities involved in the running of a business for the purpose of producing value for the stakeholders. They are contrasted with project management, and consist of business processes.

The outcome of business operations is the harvesting of value from assets owned by a business. Assets can be either physical or intangible. An example of value derived from a physical asset like a building is rent. An example of value derived from an intangible asset like an idea is a royalty. The effort involved in “ harvesting” this value is what constitutes business operations.

Business operations encompasses three fundamental management imperatives that collectively aim to maximize value harvested from business assets (this has often been referred to as “ sweating the assets”):

Generate recurring income.

Increase the value of the business assets.

Secure the income and value of the business.

All three imperatives are mutually dependent. The following basic tenets illustrate this interdependency:

The more recurring income an asset generates, the more valuable it becomes. For example, the products that sell at the highest volumes and prices are usually considered to be the most valuable products in a business’s product portfolio.

The more valuable a product becomes the more recurring income it generates. For example, a luxury car can be leased out at a higher rate than a normal car.

The intrinsic value and income-generating potential of an asset cannot be realized without a way to secure it. For example, petroleum deposits are worthless unless processes and equipment are developed and employed to extract, refine, and distribute it profitably.

Globalization has a huge impact on business operations

The extent of globalization unfolds in an uneven fashion to the degree that the question is raised whether international trade is more focused on regional rather than global integration. Trading blocs, such as the North American Free Trade Agreement (NAFTA), the European Union (EU), the Asia-Pacific Economic Co-operation (APEC), Mercosur (South American trading bloc), the Association of South East Asian Nations (ASEAN), and the East Africa Community (EAC), support regional cooperation between geographical neighbors.

Georgios Chortareas' and Theodore Pelagidis' research findings on openness and convergence in international trade indicate that intra-regional trade increased more than global trade in most situations. They stated that "... despite the positive international climate resulting from important reductions in transportation costs, the development of new technologies and trade liberalization markets continue to be determined, to a large extent, regionally and nationally..."

Within NAFTA, intra-regional exports rose from 34 percent in the 1980s to more than 56 percent in 2000; exports between Asian country members amounted to 48 percent in 2000; and exports within the EU were sustained at about 62 percent.

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An example of limitations to fair market access for developing countries is that developed countries subsidize agricultural producers with about \$330 billion per year, which creates a significant disadvantage for poorer economies without such subsidies. The impact is exacerbated because 70 percent of the world's poor population lives in rural communities and depends heavily on agriculture. Hence, one of the concerns with uneven distribution of globalization is its impact on poorer economies by perpetuating systems of inequality.