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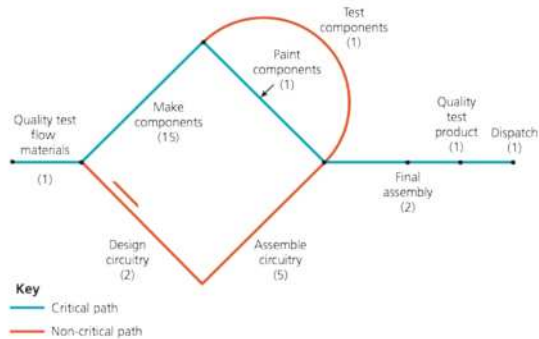
	Good and/or services in different industries
	Good and/or services
Characteristics and features	Two types of businesses 1. Sell goods ● Purchase the inputs for the production process ● Store the inputs for the production process ● Establish facilities (factories) and machinery to make the products ● Store partly completed products, and fully completed products ● Ship the finished products to distribution centres ● Ship the products form distribution centres to retailers ● i.e. LEGO, Samsung 2. Sell services ● Acquire and obtain skilled workers to perform the services ● Provide necessary equipment to workers to deliver services ● i.e. Qantas, doctors, dentists, accountants
	Goods in different industries
Characteristics and features	PINCS Goods (in general) ● Tangible ● Tend to be standardised ● Length of time between production and consumption can be lengthy ● Value can be determined (objective value versus subjective) Standardised goods ● Uniform in quality ● Mass-produced (production-oriented) ● Produced for the mass market ● Assist in achieving objectives of: cost, quality, speed ● Objectives generally not achieved: customisation

	Customised goods ● Vary according to the needs of customers (customer-oriented) ● Assists in achieving objectives: customisation ● Objectives generally not achieved: speed (slow), cost (generally increases) Perishable goods ● Very short lead times, distribution needs to be quick ● Spoilage, storage/refrigeration and quality are important issues Non-perishable goods ● Longer lead times appropriate Intermediate goods ● Processed more than once ● Outputs may become inputs for other goods
	Services in different industries
Characteristics and features	Services ● Intangible ● Exist while they are being performed (although benefit can be longer lasting) ● Are generally customised ● The production and consumption of services are simultaneous ● Value is subjective (depends what the market is prepared to pay - more skill, education, etc, will yield value) ● Businesses can offer self-service ● 'Drip pricing' - additional charges are added during the service ● Important considerations with services include: skills, knowledge, experience, professionalism, quality assurance, etc
Case study 	● Most of Apple's goods are standardised, however, the nature of their products, as well as optional accessories, keeps each product customisable through apps, screen savers and cases

	• Costs may increase (defects-warranty claims, etc) • Decreased speed (objective)if operational processes take longer to meet quality expectations
Case study 	Apple quality • Designed in the USA • High quality, outsourced manufacturers ◦ Foxconn & Pegatron • 90% accuracy ◦ 10% defect rate ◦ Use of service level arrangements with outsourcing • Apple sources the component parts that Foxconn must use in its manufacturing - strict controls to ensure high quality • Rejects products that do not meet quality standards ◦ After the iPhone 5, 2014, had scratches on it, they rejected the order Goods • Quality inputs ◦ Sapphire glass ◦ Aluminium ◦ Cameras ◦ Battery • Innovative design ◦ Sleek ◦ Glass front • Fit for purpose ◦ Does what it is designed to do ■ Responds to customer service • Durability ◦ Reliable & long lasting ■ 2 year warranty ◦ Easy to maintain & repair ■ Genius grove Services • Professionalism

	Negatives • Cost incurred to comply with the policy • Difficulty keeping up to date with new/changing policies (particularly for T&C's)
Case study 	• Apple/Foxconn continually reviews operations/makes amendments to new changes in gov. policy/legal regulation • Political influences and agendas (changes in policy depending on govt.) i.e. US & China relations are strained and this is impacting Apple's operations capacity in China
	Legal regulation
Definition	Legal regulation refers to laws that have been passed by the government and that a business must comply with
Characteristics and features	• Compliance costs: the expenses incurred by the business to comply with the law • Examples of legal regulations impacting on operations management CEWF • WHS act 2011 (NSW) ○ Safety training ○ Protective clothing ○ Appropriate procedures in relation to the handling of chemicals ○ Safe operating of machinery ○ Establish a WHS committee • Environmental & biodiversity conservation act 1999 ○ States that hazardous waste, chemicals and fuels must not enter the environment ○ Sets in place standards for waste management and influences how and where firms can acquire natural resources for the production process

	Corporate social responsibility
Definition	CSR refers to open and accountable business actions that are ethical and demonstrate respect to society and environment
Characteristics and features	• CSR involves more than just legal compliance • CSR is closely linked with 'ethical responsibility' and is often referred to as 'the triple bottom line' performance (financial, social and environment) • CSR is also concerned with sustainable development <u>How to demonstrate CSR & measure the effectiveness of CSR</u> • Trends of the business' actions is fulfilling and surpassing societal expectations • Transparency, reporting and accuracy of key concerns of a business' operations, the use of audits and publications/reports • Benchmarking against / ending CSR businesses ISO 26000 (social responsibility of a business) adherence, in 7 key areas ATE - 4Rs (Iish) • Accountability • Transparency • Ethical behaviour • Respect for the law • Respect for international norms of behaviour • Respect for stakeholder interest • Respect for human rights

	Negative • They do not necessarily show the relationship and interdependence between business activities • Do not show the most efficient way to complete a project (negative impact on speed objective)
	Critical path analysis
Definition	Critical path analysis shows what activities need to be performed, the order they need to be completed in and the time each activity will take
Characteristics and features	• A critical path analysis is constructed to determine the shortest time it takes to complete all activities in a project • Each activity in the CPA must be completed • The different paths are because some activities can be completed simultaneously Note: • When determining the critical path (i.e. on a diagram) it is actually the path that takes the longest (this is the minimum time needed to complete the transformation process). The other paths which are shorter in time would be completed during this • Put simply, the shortest time to complete a project is the longest path in the critical path analysis  Key — Critical path — Non-critical path

	○ Redesign of facility layout ○ Incorporation of new technology to address issues ○ Hiring of specialist staff ○ Sourcing better quality inputs/materials ○ Utilising CPA/Gantt charts to address efficiency/speed issues
Effects and implications	Advantages ● Corrective actions allows the business to improve its operational process (e.g. redesigning manufacturing layout or adjusting the level of technology in order to correct the problem) ● Corrective actions ensures the business is on track to achieve its performance & financial objectives Disadvantages ● Costly & time-consuming (e.g. 'down-time') to engage in corrective actions
Case study 	● Measures inventory turnover rate/production volume in order to take corrective action ● 2018, inventory turnover rate was 6 days ● Identified three unnecessary transport costs with distributing iPhone globally (airfreight) - packaging weight made up 70-80% of finished product weight ● 2018, took corrective action by increasing production volume by manufacturing 540000 iPhones/day ● Efforts made to decrease inventory turnover rates by 30%, which was almost achieved within year (4.4 days) by increasing the frequency of distributing orders. ● Capitalising on EoS/dual supplier engagement assisted reducing costs P/U (iPhones) which influenced \$59b NP
	Improvement
Definition	Improvement refers to the systematic processes, strategy and business culture used to improve product quality, efficiency and achieve key performance objectives

	Disadvantages Efficient methods of transportation in the logistical process (e.g. AWT's & air freight) are expensive (cost objective)
Case study 	- Apple has 5 distribution centres only, far fewer than their competitors - Pre-buys airspace and freight in anticipation for demand (costs) - Bulk purchasing of air freight reduces costs for Apple - Uses FedEx to ensure careful handling of fragile products (quality, dependability) - Use of air rather than sea, while more expensive, is balanced by the speed in which products are delivered (at most it takes 56 hours for products to be sent to a distribution centre) (Speed) - From a distribution centre a product can be sent to any of Apple's 510 stores in under 5 days, the fastest of any consumer electronics company (Speed)
	E-Commerce
Definition	E-commerce refers to the buying and selling of goods and services via the internet
Characteristics and features	- E-procurement - An electronic online order system used to manage supply levels by allowing a businesses suppliers to access their current supply levels - When stock levels fall to a predetermined level, the supplier will automatically supply a certain quantity to the business - This requires a business-to-business (B2B) arrangement between the business & Supplier - Business's can also sell their products to consumers over the internet (B2C)
Effects and implications	Advantages

	○ Refers to management techniques intended to improve business processes by reducing the probability of errors and defects ○ Has five steps: define, measure, analyse, improve & control Total quality management ● Refers to managing the total business and making every employee responsible for providing high quality products to customers ● This involves benchmarking, employee empowerment and involvement, continuous improvement and a customer oriented approach Other quality improvement strategies include ● Training programs (interdependence with HR) ● Employee/corporate think tanks - problem solving technique ● Time and motions studies - a procedure in which the efficiency of an operation process is evaluated ● Surveys - customer insights ● Cross-functional teams (CFTs) - group of employees with different areas of functional expertise working together to solve a problem/works towards a common goal ● Quality circles - a group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work (operational) related problems
Effects and implications	Advantages ● Improves quality in design ● Decreased levels of defects ● Decreased wastage/costs ● Reduced levels of variance in the final output ● Increased dependability ● Increased customer satisfaction (interdependence with marketing) ● Decreased warranty claims/costs (interdependence with marketing) ● Strengthened competitive position Disadvantages