## IB Business Management – Operations Management5.2 Operations Methods – Features of Production Methods



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## MAIN FEATURES OF THE DIFFERENT PRODUCTION METHODS

	Job	Batch	Flow/Mass	Mass customisation
Main feature	Single one-off items	<ul> <li>Group of identical products pass through each stage together</li> </ul>	<ul> <li>Mass production of standardised products</li> </ul>	• The use of flexible computer-aided production systems to produce items that meet individual customer requirements at mass production cost levels.
Essential requirements	<ul> <li>Highly skilled workforce</li> </ul>	<ul> <li>Labour and machines must be flexible to switch to making batches of other designs</li> </ul>	<ul> <li>Specialised, often expensive, capital equipment - but can be very efficient</li> <li>High steady demand for standardised products</li> </ul>	<ul> <li>Well-trained and multi-skilled workforce using specialised manufacturing equipment controlled by IT systems, especially IA and big data</li> </ul>

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## 5.2 Operations Methods – Features of Production Methods

				<ul> <li>High steady demand for customised products</li> </ul>
Main advantages	<ul> <li>Able to undertake specialist projects or jobs, often with high value added</li> <li>High levels of worker motivation</li> </ul>	<ul> <li>Some         economies of         scale</li> <li>Faster         production         with lower unit         costs than job         production</li> <li>Some flexibility         in design of         product in         each batch</li> </ul>	<ul> <li>Low unit costs due to the constant working of machines, high labour productivity and economies of scale</li> <li>JIT stock management easier to apply than with other methods</li> </ul>	<ul> <li>Higher profits as companies can charge a premium for their products.</li> <li>Improved customer satisfaction.</li> <li>Reduced customer churn.</li> <li>Streamlined production.</li> <li>Improved inventory management.</li> </ul>
Main limitations	<ul> <li>High unit production costs</li> <li>Time consuming</li> <li>Wide range of tools and equipment needed</li> </ul>	<ul> <li>High levels of stocks at each production stage</li> <li>Unit costs likely to be higher than with flow production</li> </ul>	<ul> <li>Inflexible - often very difficult and time consuming to switch from one type of product to another</li> <li>Expensive to set up flow-line machinery and each section needs to be carefully synchronised</li> </ul>	<ul> <li>Impossible to build up stock ahead of time.</li> <li>Forecasting trends/spikes in sales more difficult due to wide range of options.</li> <li>Difficult to plan for surge in product demand.</li> <li>Affects the flow of supply chains with 3rd party business partners.</li> </ul>