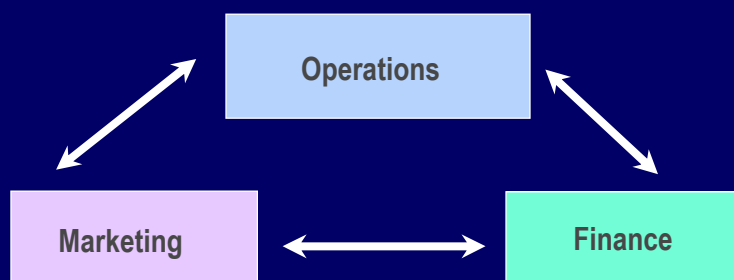


# Operations As A Competitive Weapon

1

## Operations As A Basic Function



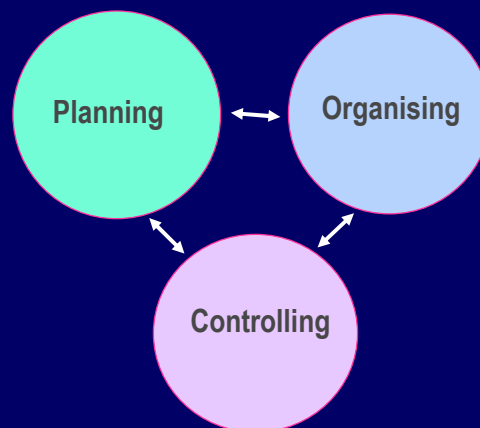
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## Definition of Operations Management

Operations Management is the process of planning, organising and controlling value added transformation process to meet the goals of an organisation.

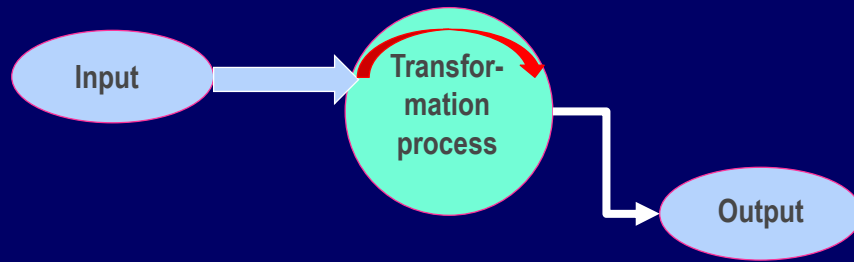
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## General Model of Managing Operations



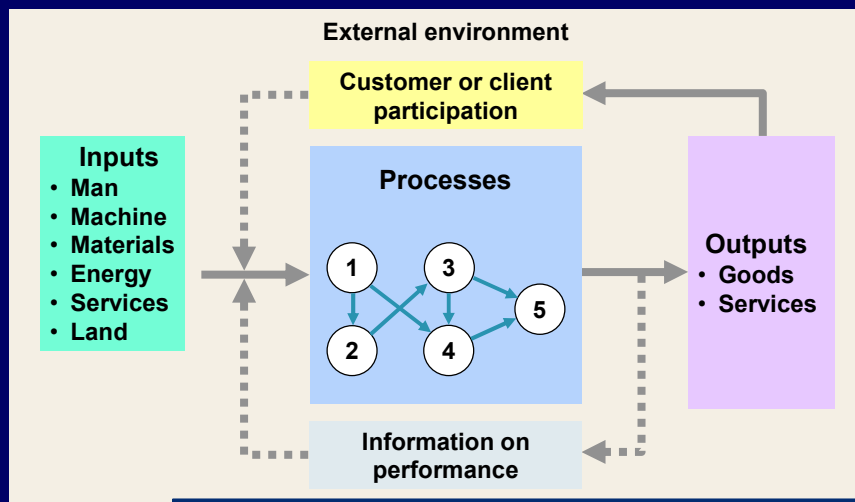
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# System's view of Operations



5

# Managing Transformation



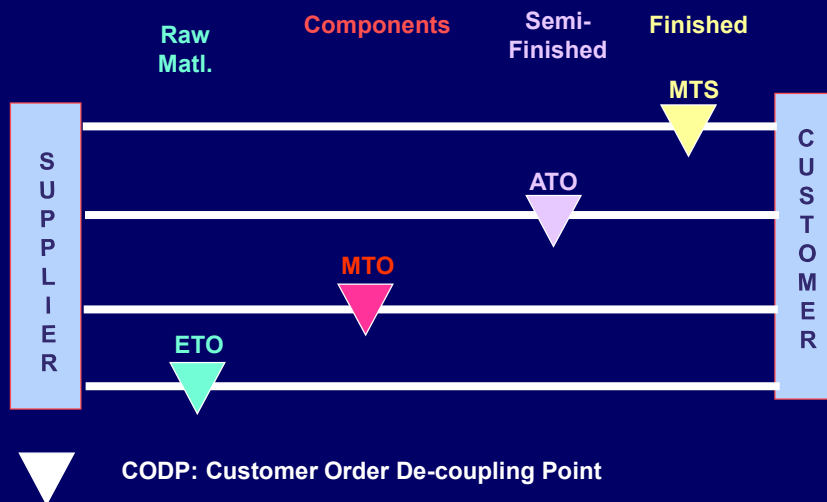
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# Manufacturing Strategies

- Make to Stock (MTS)
- Assemble to Order (ATO)
- Make to Order (MTO)
- Engineer to Order (ETO)

7

# Manufacturing Strategies



8

## Current Issues

- Speeding up the time it takes to get new products into production.
- Developing flexible production systems to enable mass customisation of products and services.
- Managing global production networks.
- Developing and integrating new production technologies into existing production systems.

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## Current Issues

- Achieving high quality quickly and keeping it up in the face of restructuring.
- Managing a diverse workforce.
- Conforming to environmental constraints, ethical standards, and government regulations.

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# Operations Strategy

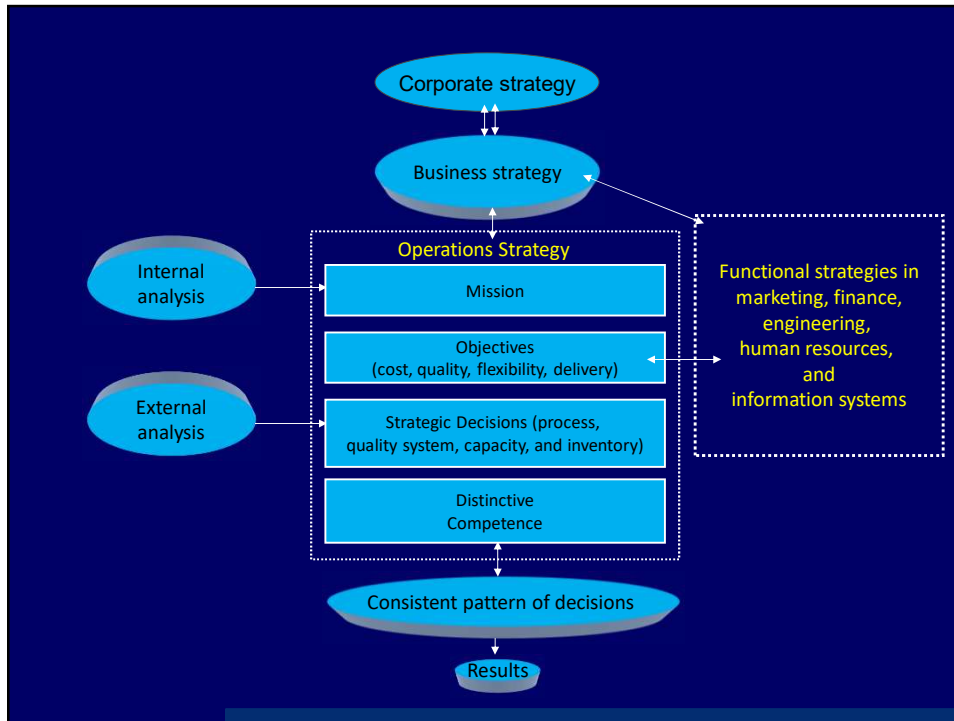
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## Operations Strategy

*“A consistent pattern of business decisions for operations and the associated supply chain ...*

*... that are linked to the business strategy and other functional strategies, leading to a competitive advantage for the firm.”*

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## Operations Strategic Objectives

- Cost – resources used
- Quality – conformance to customer expectations
- Delivery – quickly and on time
- Flexibility – ability to rapidly change operations

How does a firm use these objectives to gain a competitive advantage?

What trade-offs exist among the objectives?

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## Distinctive Competence

- *Something an organization does better than any competing organization that adds value for the customer.*
- *Examples: patents, proprietary technology, operations innovations*

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## McDonald's Operations Strategy

- First restaurant started in 1955 by Ray Kroc in Des Plaines, Illinois, USA
- Mission: *fast product/service, consistent quality, low cost, clean/friendly environment*
- Operations Objectives: *cost, quality, delivery and service*
- Strategic decisions: *process, quality, capacity, inventory*
- Distinctive Competence: *today - continuous improvement of the transformation system, and brand (originally: unique service/supply chain)*

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## McDonald's Operations Strategy

- Service system was designed on the idea of a very limited menu and fast production of standardized food and service with convenience and low price
- Operation strategy:

*“to provide a unique service operation and a supply chain that would provide fast food to customers in clean environment at low prices”*