

# Operations Management

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# Textbooks

- ❑ Textbook: Jacobs, F. Robert, Chase, Richard B.

**OPERATIONS AND SUPPLY CHAIN**

**MANAGEMENT, 13<sup>th</sup> edition** McGraw-Hill

International, ©2011

- ❑ Reference: Heizer, Jay and Render, Barry

**OPERATIONS MANAGEMENT, 10<sup>th</sup> edition**

Pearson / Prentice Hall, Inc. Company, ©2011

# Introduction to Opeman

# Operations Management

What an organization does to create value for the customer, in the form of goods & services, thru the transformation of inputs into outputs

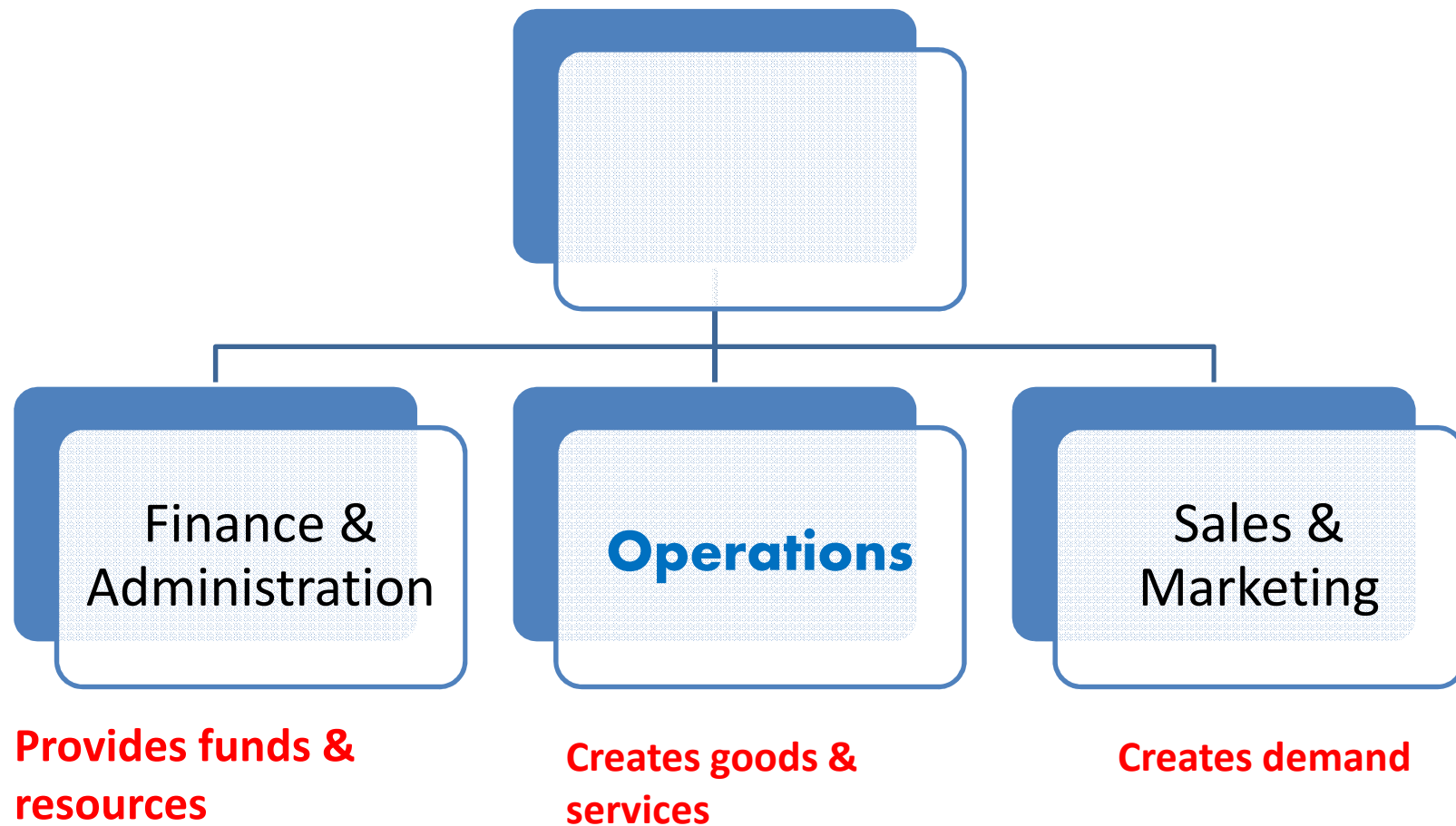


Creating value  
for customer satisfaction

$$\text{Value} = \frac{\text{Function}}{\text{Cost}}$$



# An Organization



# A Transformation

## Creation of Goods & Services





# Characteristics of Goods

- ✓ Tangible product
- ✓ Consistent product definition
- ✓ Production usually separate from consumption
- ✓ Can be inventoried
- ✓ Low customer interaction



# Characteristics of Service



- ✓ Intangible product
- ✓ Produced and consumed at same time
- ✓ Often unique
- ✓ High customer interaction
- ✓ Inconsistent product definition
- ✓ Often knowledge-based
- ✓ Frequently dispersed

## **For survival & growth of the business.....**

- Develop profitable products &/or services
- Capture a solid footing in one's market
- Acquire & develop excellent management abilities
- Maintain a strong drive for improvement and innovation

## **Our Corporate Social Responsibility.....**

- Create safe, good quality goods & services
- Provide a safe workplace
- Contribute to a clean environment
- Honor commitments to the community

## Major Obstacles to avoid.....

- Waste
- Unsteadiness
- Excesses

## Typical signs of a company on the decline.....

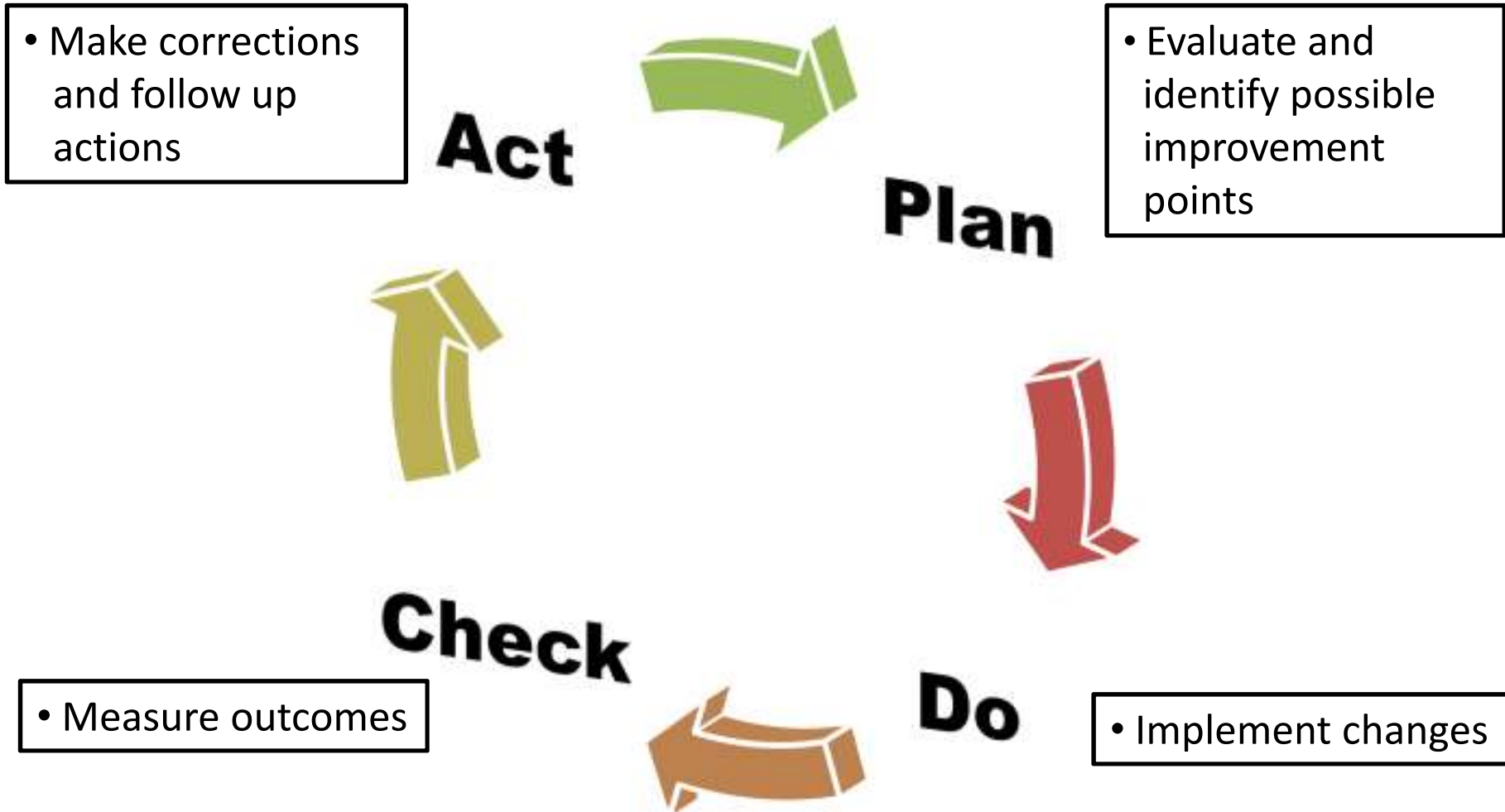
- Employees do not greet guests or even one another
- Work place and toilets are not clean and orderly
- Employees do not come to work on time

# Operations management is managing for desired outcomes

IPO Model

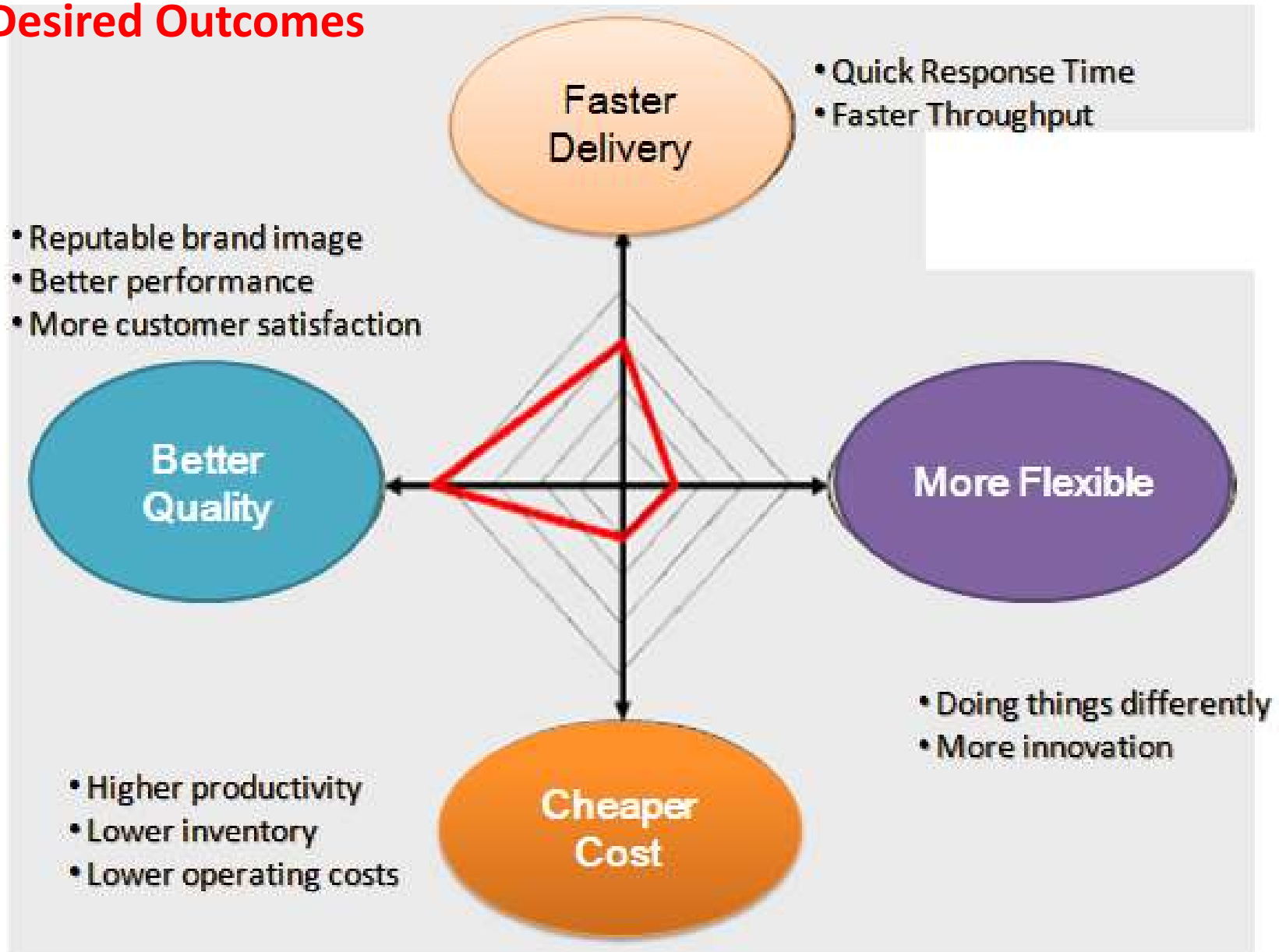


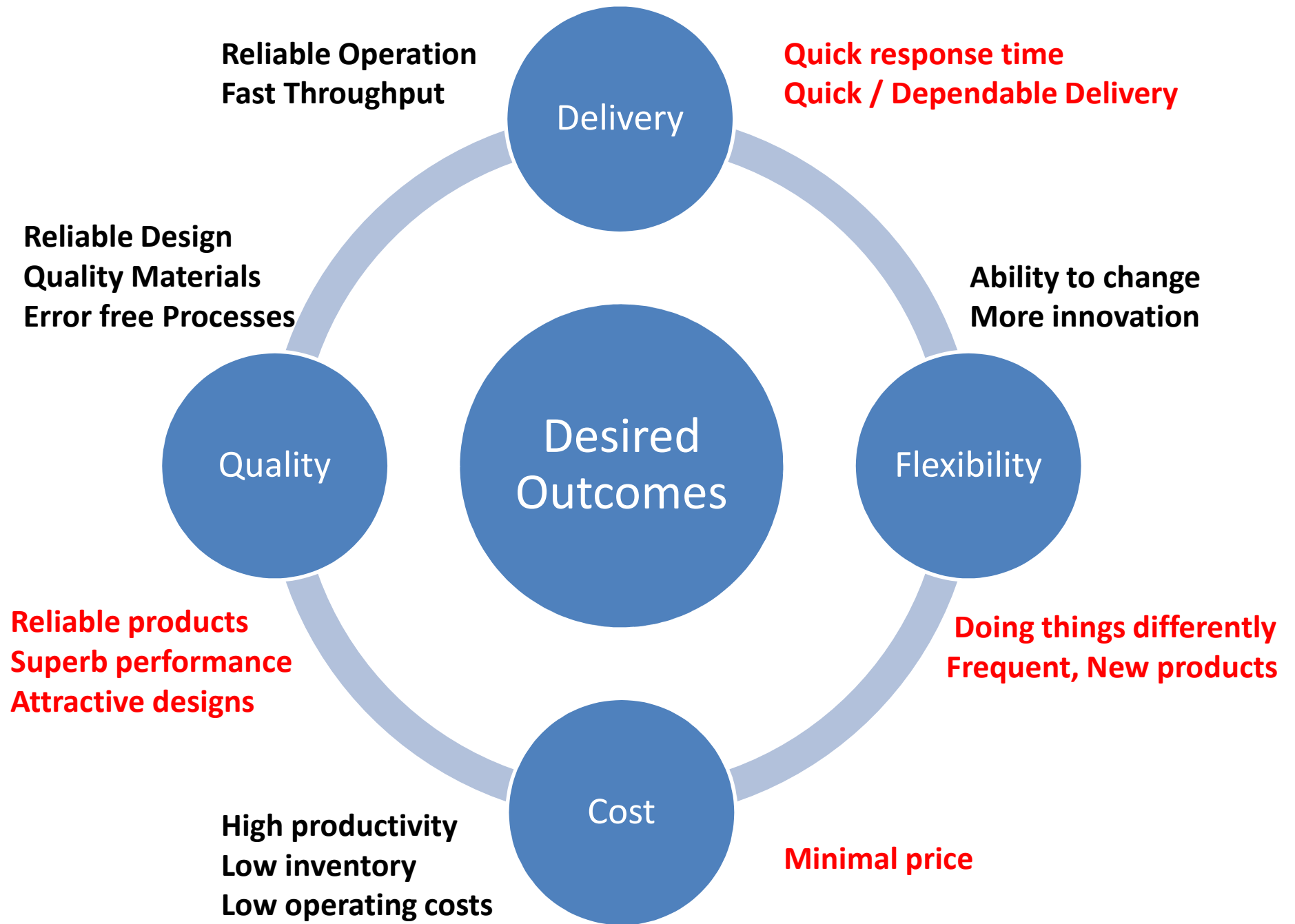
# Managing for desired outcomes





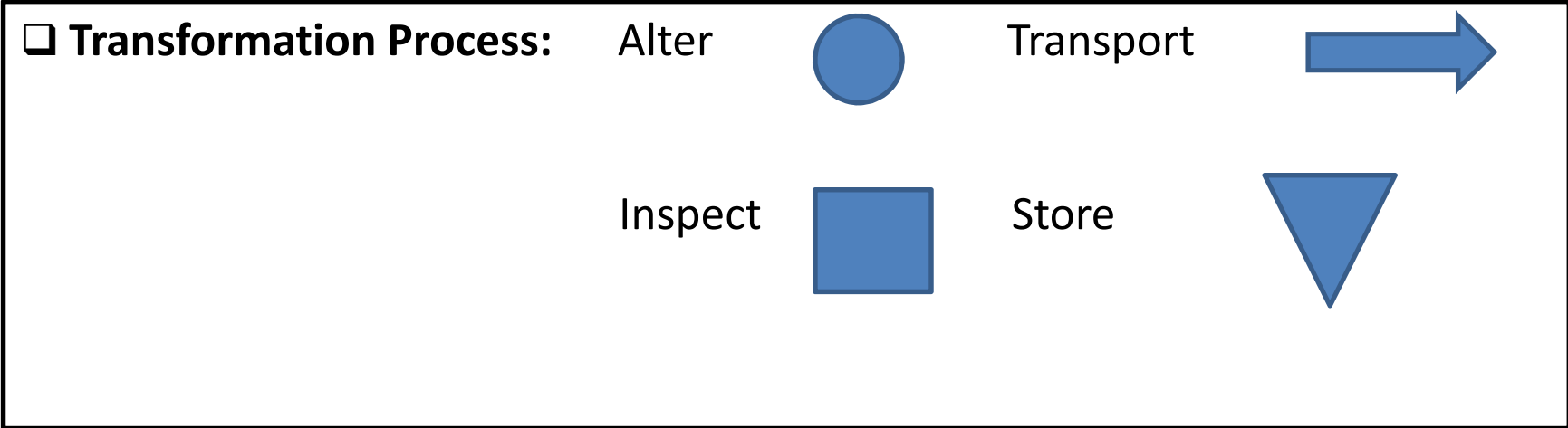
## Desired Outcomes





# Manage Operations for **Better / Faster / Cheaper / Different** Goods & Services

**Inputs:** Primary input ..... customer / materials  
Resources.....4Ms  
[ Man Material Machine Method]



**Desired Outcome:**

3Ts	Q - Quality	(Better)
Task completion	C - Cost	(Cheaper)
Treatment	D - Delivery	(Faster)
Tangibles	F - Flexibility	(Different)

# IPO model for an appliance store

<b>(3) Inputs 4Ms</b>	<b>(2) Transformation Process Alter/Inspect/Transport/Store</b>	<b>(1) Desired Outcomes 3Ts / QCDF</b>
<ul style="list-style-type: none"> <li>▪ Courteous &amp; knowledgeable staff</li> <li>▪ Up to date brochures</li> <li>▪ Actual unit on display</li> </ul>	<p>Sales staff orients customer on features of appliance using actual unit &amp; brochures</p>	<p>Better customer understanding of product functions and price</p>
<ul style="list-style-type: none"> <li>▪ Efficient clean up crew</li> <li>▪ Good store layout</li> <li>▪ Good A/C maintenance</li> </ul>	<p>Store area kept clean Provision of refreshments Proper store temperature</p>	<p>Better store ambience conducive to customer purchase</p>
<ul style="list-style-type: none"> <li>▪ Complete display line-up</li> <li>▪ Units available in warehouse</li> <li>▪ Efficient storage control</li> </ul>	<p>Warehouse staff immediately provides unit to sales staff</p>	<p>Faster provision of unit requested by customer</p>
<ul style="list-style-type: none"> <li>▪ Volume purchase</li> <li>▪ Good store location</li> <li>▪ Computerized system</li> </ul>	<p>Products obtained cheaper Logistics streamlined Minimal inventory kept</p>	<p>Cheaper products available to consumer</p>



## Some Examples.....

### a) Quality thru TQM (Total Quality Management)

- elimination of wasteful activities
- participation of small groups (QCC)
- continuous improvement mindset (Kaizen)

### b) Cost Improvement

- routine maintenance by direct workers thru TPM (Total Productive Maintenance)
- Value Analysis & Value Engineering
- Centralized material e- procurement

- c) Delivery reliability thru JIT (Just- In- Time)
  - elimination of non-added value
  - lead time and lot size reduction
  - Kanban system together with suppliers
  
- d) Flexibility in product development & product assembly
  - active involvement of suppliers in product development
  - mixed model assembly line system

# Corporate Structure

Management's  
main focus



Input  
Resources

**Man \_ Material \_  
Machine \_ Method**



# Operations & Supply Chain Management

