

27.19: Putting It Together- Managing Processes

Synthesis

In this module you were given an overview of and insight into the world of operations management and the key role it plays in delivering high-quality goods and services to customers. We can sum up operations management by saying that it's the functional area within organizations that makes sure that the right customer gets the right product at the right time for the right price in a form that meets the customer's quality expectations. It's a pretty tall order, and it requires operations managers to be involved in *every* facet of the business process.

Regardless of how much market demand there is for a given product, good, or service, if the organization cannot consistently deliver it, then consumers will either find a substitute or simply do without. Consider the following examples, and you'll begin to register the impact of poor operations management:

Have you ever . . .

- Left a restaurant because the wait was too long or the service too slow?
- Returned an item to the store because it was defective or broke shortly after you bought it?
- Stayed in a hotel and vowed never to go there again because the hot water didn't work or the room wasn't clean?
- Attended a Thanksgiving dinner where the turkey was bone dry and the sweet potato pie was crunchy?

Doing something a little inefficiently one time is no big deal, but when you do something inefficiently over and over, hundreds or even millions of times per year, even little mistakes can add up to incredible waste. Mistakes in an operation that result in defective products, even if they represent only **1 percent** of total output, can alienate millions of customers. Similarly, if poorly designed operations result in habitually serving customers late, a company will eventually lose customers to better-functioning competitors.

As you can see, breakdowns in operations management can be very disappointing to the consumer and costly to the organization!

Summary

In this module you learned about how operations management contributes to organizational success in business. Below is a summary of the key points covered.

Operations Management

Operations management is responsible for all the activities involved in transforming a concept into a finished product or service. Included in these activities are planning and controlling the systems that produce these goods and services.

Production Processes

Operations management includes decisions about the way in which production will proceed. Common production processes include project-based, batch, mass, and continuous production.

The layout of a facility is most often determined by the product being manufactured. The four types of facility layouts are process, product, cellular, and fixed position.

Mining, Warehousing, and Sharing Data

Many aspects of business operations rely on data and information to inform their decisions. Today's companies have sophisticated tools for mining, warehousing, and sharing data on everything from customers to inventory and sales.

Production Planning

Depending on the product being manufactured, operations planning needs to decide where the facility will be located, how the facility will be organized, and the materials needed for production. Another major part of operations planning is scheduling the various activities that go into the production process. Three tools that are used by operations managers to ensure that projects and tasks are completed on time are the Gantt, PERT, and the critical path method.

New Technologies

Just as technology has revolutionized the average home, it has also transformed the way products are manufactured. Using technologies such as CAD (computer-aided design), CAM (computer-aided manufacturing), CIM (computer-integrated manufacturing), flexible manufacturing, and 3D printing, companies are able to manufacture products faster and more efficiently.

Supply Chain Management and Logistics

Supply chain management refers to the management activities that maximize customer value and allow the company to gain a competitive advantage. It represents a conscious effort among firms to work in the most efficient ways possible. Supply chain activities cover everything from product development, sourcing of materials, actual production, and transportation logistics.

Quality Assurance

The cost of poor quality can range from a small refund to a single, dissatisfied customer to global product recalls. In order to ensure that their products, goods, and services meet consumer quality standards, companies can employ quality-control techniques such as SPC, benchmarking, lean manufacturing, and Six Sigma. They can also seek certification through national and international quality-assurance organizations.

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