

Weeks 13 & 14

■ Operation and Value Chain Management

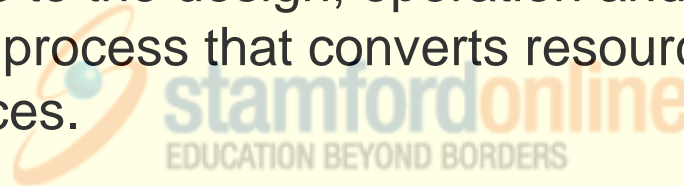
Topic Outline:

1. What is operation management?
2. Value Chain Management
3. Current Issues in Operation Management



What is Operation Management?

The term refers to the design, operation and control of the transformation process that converts resources into finished goods or services.



The Operations System

Inputs → Transformation → Outputs

People
Technology
Capital
Equipment
Materials
Information

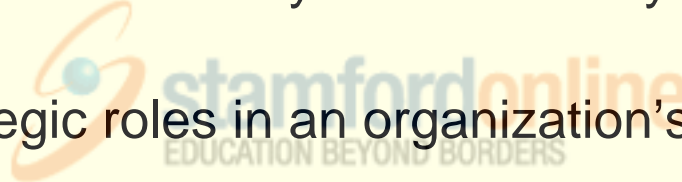


Goods
Services

Why is Operation Management important?

THREE REASONS:

1. It encompasses both services and manufacturing.
2. It is important in efficiently and effectively managing productivity.
3. It plays strategic roles in an organization's competitive success.



Services and Manufacturing

Manufacturing Organizations – Organizations that produce physical goods.

Services Organizations – Organizations that produce nonphysical outputs in the form of services.

Managing Productivity

Productivity – the overall output of goods or services produced divided by the inputs needed to generate the output.



Strategic Role of Operations Management

Successful organizational performance moves towards managing their operations from a value chain perspective.

The concept of value chain management is transforming operation management strategies into finely tuned models of efficiency and effectiveness to be strategically positioned to exploit competitive opportunities as they arise.

What is value change management?

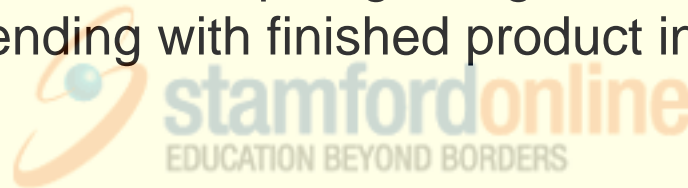
Value – The performance characteristics, features and attributes, and any other aspects of goods and services for which customers are willing to give up resources.



What is value change management?

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Value chain – The entire series of organizational work activities that add value at each step beginning with the processing of raw materials and ending with finished product in the hands of end users.



What is Value Change Management

Value Change Management – The process of managing the entire sequence of integrated activities and information about product flows along the entire value chain.



Requirement for Value Chain Management

SIX Requirements:

1. Organizational culture and attitude
2. Employees
3. Leadership
4. Coordination and collaboration
5. Technology investment
6. Processes



Obstacles to Value Chain Management

1. Organizational barriers – refuse or reluctant to share information.
2. People – unwavering commitment.
3. Cultural attitudes - unsupportive especially trust and control.
4. Required capabilities – need coordination and collaboration – the ability to configure products to satisfy customer needs.



Current Issues In Operation Management

1. Technology Role In Manufacturing
2. Quality Initiatives
3. Planning for Quality
4. Organizing and Leading for Quality
5. Controlling for quality
6. Quality Goals – ISO 9000

ISO 9000

A series of international quality management standards that set uniform guidelines for processes to ensure the products conform to customer requirements.

