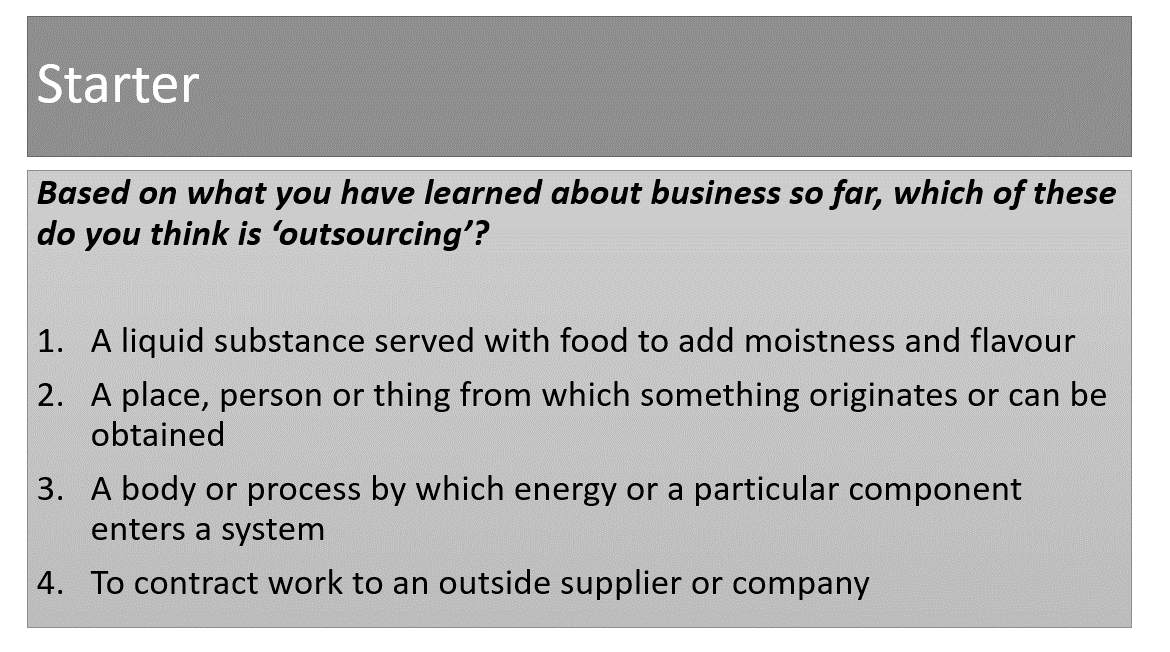


L3 Business Taster

Production

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_



MY ANSWER \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

HIGHLIGHT THESE WHEN YOU SEE THEM IN A VIDEO

* **Quality of Materials**: Pay attention to the raw materials being used. Are they of high quality? Do they seem durable and suitable for the intended purpose?
* **Production Techniques**: Look for the techniques and methods used in production. Are they efficient, innovative, or traditional?
* **Precision and Accuracy**: Notice how precise and accurate the manufacturing process is. Precision is often crucial for ensuring the quality and functionality of the final product.
* **Safety Measures**: Check if the workers follow proper safety protocols. Safety should be a priority in any manufacturing process to prevent accidents and ensure worker well-being.
* **Cleanliness and Hygiene**: Assess the cleanliness of the production environment. A clean and hygienic workspace is essential for maintaining product quality and preventing contamination.
* **Environmental Impact**: Consider the environmental impact of the manufacturing process. Look for sustainable practices and efforts to minimise waste, energy consumption, and pollution.
* **Efficiency and Speed**: Evaluate the efficiency and speed of the production line. A well-optimised process can lead to faster production times and lower costs without sacrificing quality.
* **Attention to Detail**: Notice the attention to detail in the production process. Small details can make a significant difference in the quality and aesthetics of the final product.
* **Customisation Options**: If applicable, see if the manufacturing process allows for customisation or personalization of the products. Flexibility in production can cater to diverse customer needs and preferences.
* **Quality Control Measures**: Look for quality control checkpoints throughout the production process. Quality control ensures that each product meets the specified standards and undergoes thorough inspection before reaching the market.

# Outsourcing: Introduction

## This is where a business function, such as payroll, is contracted out to a third party business

## This third party business may or may not be located abroad

## May be marketing research, legal work, accountancy or even human resources functions can be carried out by outsourced companies

**Would a Barclays bank call centre based in India be an example of outsourcing?**



# Outsourcing: Production

## This means sending some of the production to other companies to complete

## Some motor manufacturers now outsource not only parts but complete assemblies – steering, transmissions, engines, interior assemblies.

## One in five of Europe's cars are sub-assembled in Eastern Europe



**What is the difference between manufacture and assembly?**

# Outsourcing: Payroll

## Payroll includes the payment of wages, salaries, taxes and national insurance contributions which can be beyond the skills of many self employed business owners

## Payroll is the most common task that companies outsource to other businesses who specialise in this task

## For example payroll might be paid weekly or monthly and will involve the completion of the complex HMRC paperwork

**What is HMRC?**

# Outsourcing: IT

## Buying, operating and maintaining IT systems can be easily outsourced

## Hiring IT staff and training employees on new software and hardware can be very costly and time consuming for small and medium sized businesses

## By outsourcing the IT function the business can obtain the latest technology and suitably skilled staff

**What are the drawbacks of outsourcing IT to another company?**

# Outsourcing: Delivery

## Larger businesses might prefer to contract a major delivery firm rather than maintain their own fleet of lorries and vans

## The business can hire the expertise to solve their logistics and distribution problems

## Did you know that the Yodel name is a contraction of the words “your delivery”?

## Can you name at least 3 other delivery companies?

## 1

## 2

## 3

# Use of temporary and part-time employees

## The key to efficient inventory management is to be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ enough with staff to meet changes in demand

## Some changes can be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for and are expected, for example a rise in the number of customers at Christmas

## Some changes are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and so having a flexible workforce is the key to managing demand



# Part-time work

## A part-time worker is someone who works fewer hours than a full-time worker (35 hours a week)

## So a part-timer is someone who works less than 35 hours a week

## Part time workers should get the same benefits as a full-time worker on a pro rata basis

## Example part-time jobs; delivery driver, accountant, graphic designer, shop worker

## Can you think of 3 more part-time jobs?

## 1

## 2

## 3

# Part time work pros and cons

|  |  |
| --- | --- |
| Advantages | Disadvantages |
|  |  |

# Temporary work

## A temporary (temp) job is one where the employer only needs extra staff to cover a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ period

## If you ever had a supply teacher then this was a temporary job

## The business can cover staff \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and keep their costs low

## Temporary staff can be employed directly by the business or can be employed from an agency

|  |  |
| --- | --- |
| Advantages | Disadvantages |
|  |  |

# Producing to order

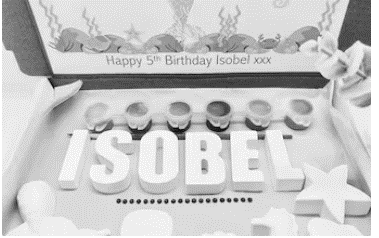
## Producing to order means that the business will only begin production after an order has been received by a customer

## For example a business that sells hand made furniture may wait until a customer agrees a price and a design before they begin production

## Also known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

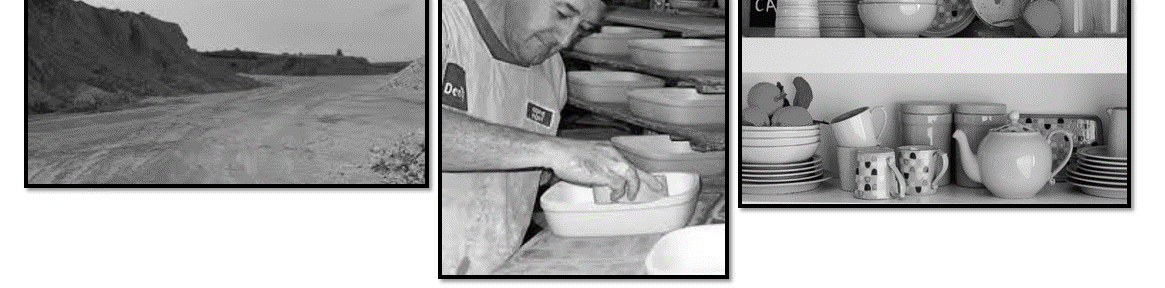
# Producing to order pros and cons

|  |  |
| --- | --- |
| Advantages | Disadvantages |
|  |  |

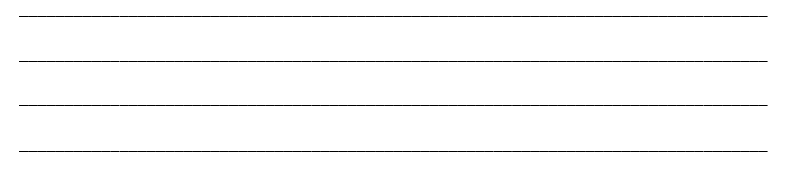


# Definition: Inventory

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_



# Definition: Lead time

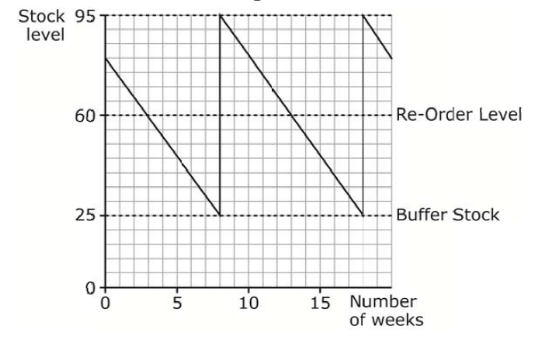


# Definition: Inventory control charts

## Inventory control can be carried out by using a chart such as this one

## This chart is also known as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ if you are looking for examples online or in text books

## You do not have to draw one in an exam but you will need to be able to make \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or draw conclusions from one



# Step 1: Theory behind the inventory control chart

## A business will need to order more inventory when they run out, but they should order long before they run out, for example in a pet shop would order cat food

## The goods will come from the supplier but may not turn up for a few weeks, this is lead time

## Business needs to plan carefully to make sure that they don’t run out of goods which is called a inventory-out

**What happens if the business runs out of inventory?**

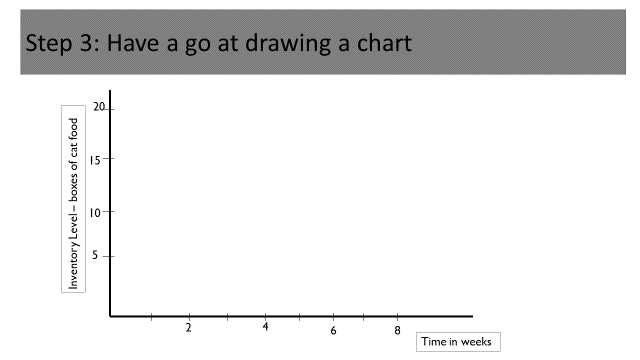
# Step 2: Understand about holding inventory

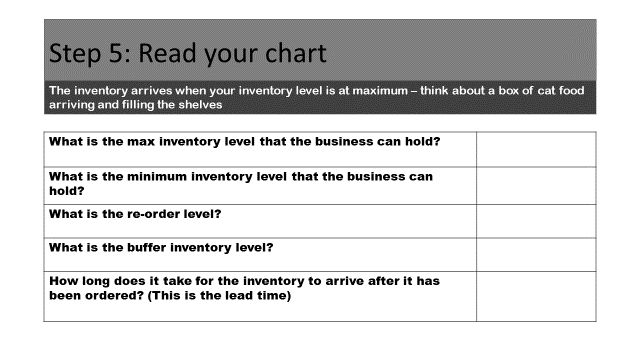
## Keeping large amounts of inventory is expensive and adds to the cost of a business which will reduce profits e.g. extra storage, insurance, etc.

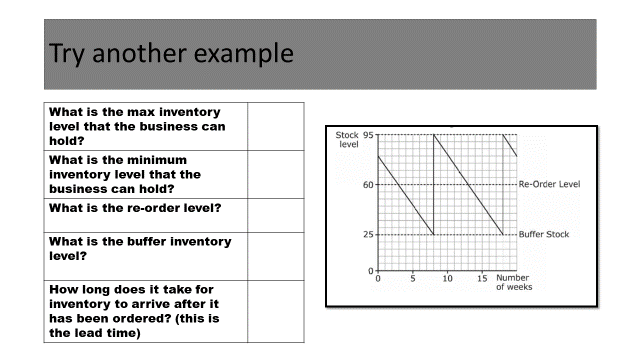
## A business can be left with lots of unwanted inventory e.g. cat food that is out-of-date

## Makes it more difficult to compete on price due to inventory holding costs

**Can you explain how this would have an impact on profitability?**







# Lead time

## The lead time is the time it takes from the moment it is ordered to the customer getting it

## For example this Mug is on Etsy, and can be personalised. It takes 11 days from date of order to the customer receiving the mug.

## The lead time is 11 days.

## What are the benefits to a business of a short lead time from their supplier?

# Buffer levels of inventory

## A buffer is inventory which are held in case there is unforeseen rise in demand or a problem with supply

## A business will keep buffers to make sure that production is not stopped and that customers are kept happy with supply dates being met

## Some goods cannot hold buffers due to perishability (it goes off like milk)

# Buffer level of inventory pros and cons

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * Holding a buffer means that a business can easily respond to changes in consumer demands and improves their flexibility * Holding a buffer means that if the suppliers cannot deliver on time that production will not be affected | * The cost of storage is high, a business will need to pay for premises, staff and security of the inventory * This can tie up the working capital of a business |

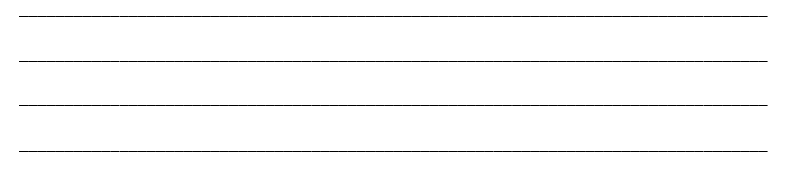
# Re-order levels and quantities

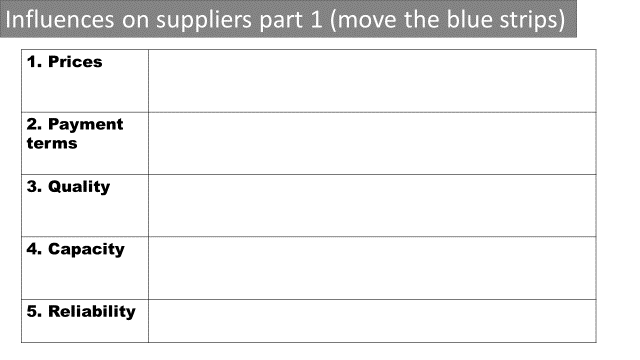
## The reorder-level is the amount of products on a shelf in a business that will trigger an order.

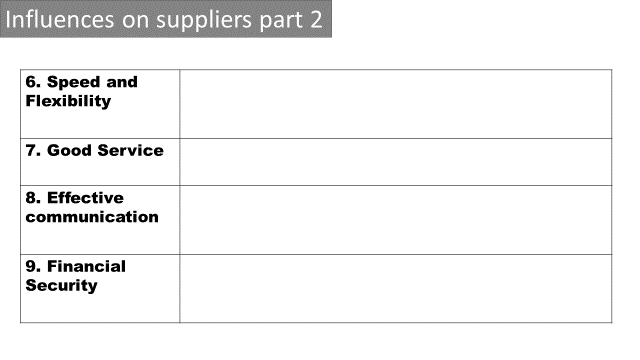
## In the cat food example in the pet shop, when the owner sees there are only 5 boxes of cat food left they may put an order in

## \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

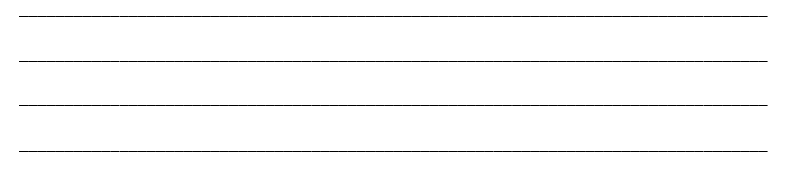
# Definition: Supplier







# Definition: Supply chain



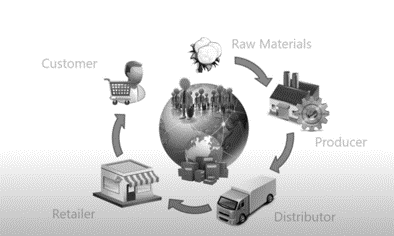
# Efficient supply chain management

## Efficient \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ management will seek to get the right goods, to the business at the right time, at the right price

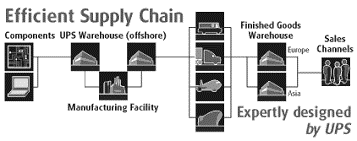
## Deliveries \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on time will mean loyal customers

## Goods that are fair trade or sustainable will mean good \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the company

## Getting supply chain management right means no stock-outs and happy customers



# The value of an efficient supply chain



* Efficient supply chain management can result in helping the business to be more competitive through having lower costs but better quality products:

A

B

C