

Operations Management

MGT 314

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Operations Management

MGT 314

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Required Course Materials

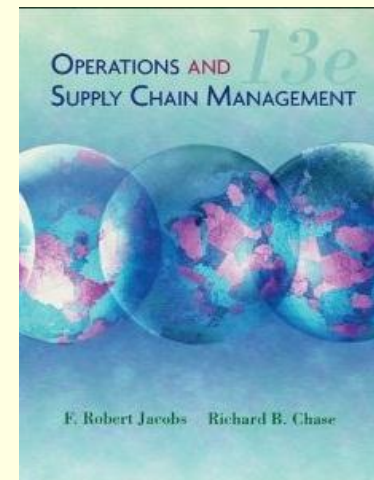
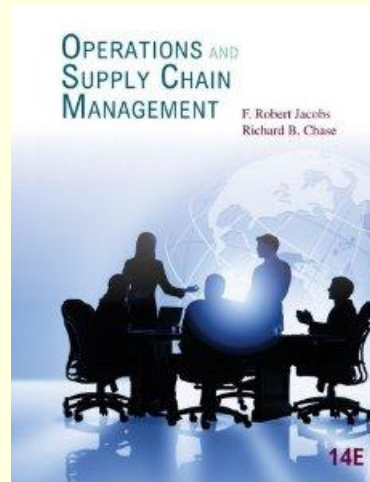
Operations & Supply Chain Management

13th Edition or 14th Edition

Chase, Jacobs, Aquilano

McGraw-Hill Publishers

Microsoft Excel 2013 or 2012



Management

Operations

- MGT 334 Intermediate Statistics
- MGT 415 Quality Management Concepts and Practice
- MGT 425 Operations Research
- MGT 490 Seminar in Organizational Behavior

Human Resource Management

- MGT 410 Compensation Management
- MGT 411 Labor Relations
- ACC 412 Employment Law
- MGT 485 Seminar in Human Resources Management

Small Business Management

- MGT 370 Small Business Management
- MGT 489 Business Consultanship
- MGT 494 Entrepreneurship
- MGT 485 or BMGT 490

Chapter 1

Introduction to Operations Management

OBJECTIVES

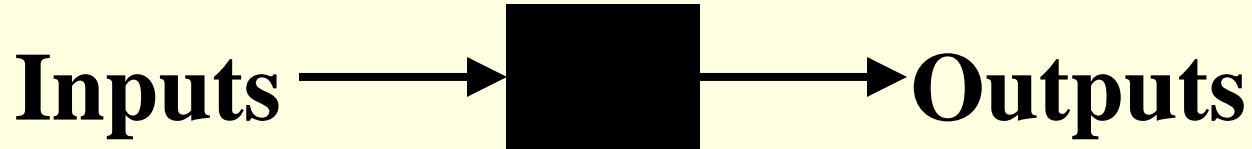
- **Operations Management**
- **Transformation Processes**
- **Operations as a Service**
- **The Importance of Operations Management**
- **Current Issues in OM**

What is Operations Management?

Operations management (OM) is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.

What is a Transformation Process?

A **transformation process** is defined as a user of resources to transform inputs into some desired outputs



Transformations

- Physical--manufacturing
- Locational--transportation
- Exchange--retailing
- Storage--warehousing
- Physiological--health care
- Informational--telecommunications

System

Primary Inputs

Resources

Primary Transformation

Typical Desired Output

Hospital

Patients

MDs, nurses, medical supplies, equipment

Health care, physiological

Healthy Individuals

System

Primary Inputs

Resources

Primary Transformation

Typical Desired Output

University

High School Graduates

Professors, library, classrooms, dorms

Imparting knowledge and skills

Educated Individuals

System

Restaurant

Primary Inputs

Resources

Primary Transformation

Typical Desired Output

Hungry customers

Food, chef, waiters, ambiance

Well-prepared, well-served food; pleasant experience

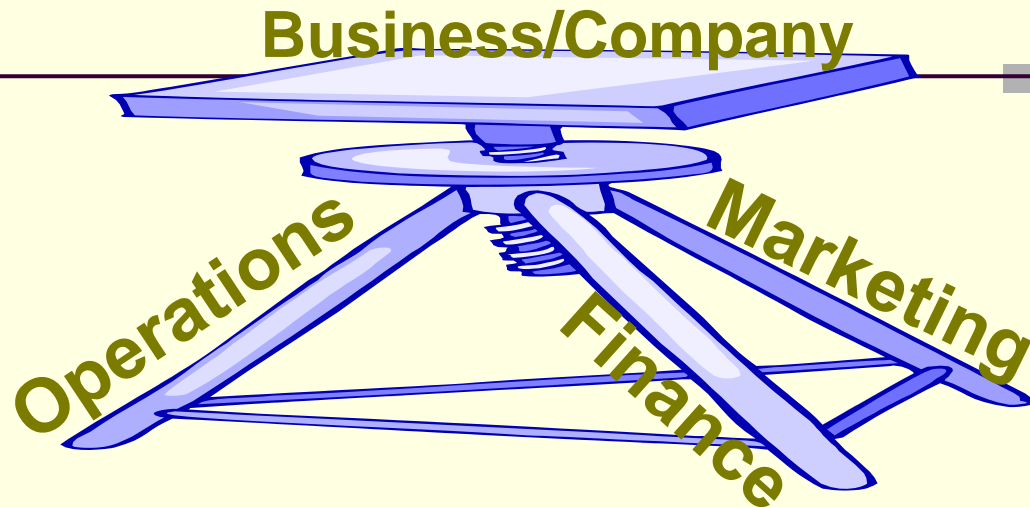
Satisfied Customers

What is a Service and What is a Good?

- **“If you drop it on your foot, it won’t hurt you.”
(Good or service?)**

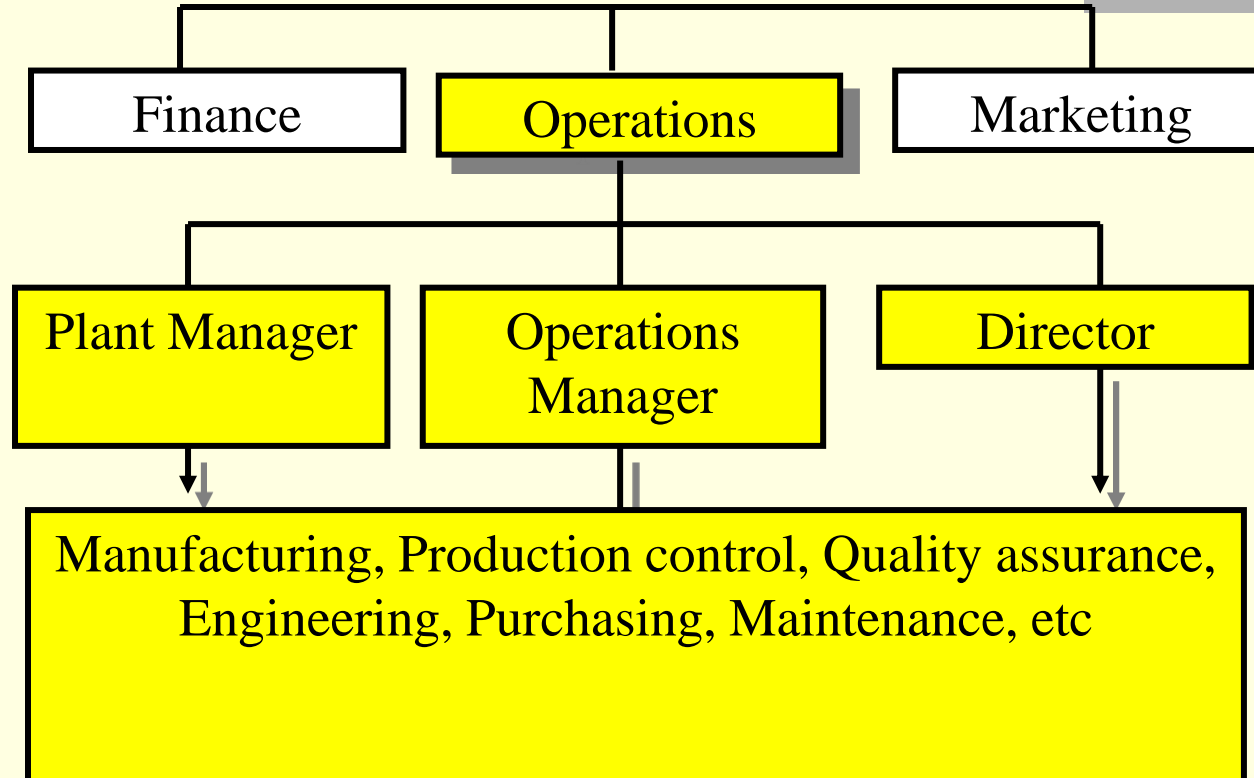
- **“Services never include goods and goods never
include services.” (True or false?)**

The Importance of Operations Management



Synergies must exist with other functional areas of the organization. Operations account for 60-80% of the direct expenses that burden a firm's profit.

OM in the Organization Chart



OM Time Horizons

- Strategic decisions
 - Capacity, New facilities/locations
- Tactical decisions
 - What quantity of labor and raw materials are needed? When needed?
- Operational planning and control decisions
 - Task assignment, job scheduling

Basic Concepts of Decision Making

- Efficiency
 - doing something at the lowest possible cost.
“maximum output for minimum input”
- Effectiveness
 - Doing the right things to create the most value for the company
- Value – best quality for the price (quality/price)

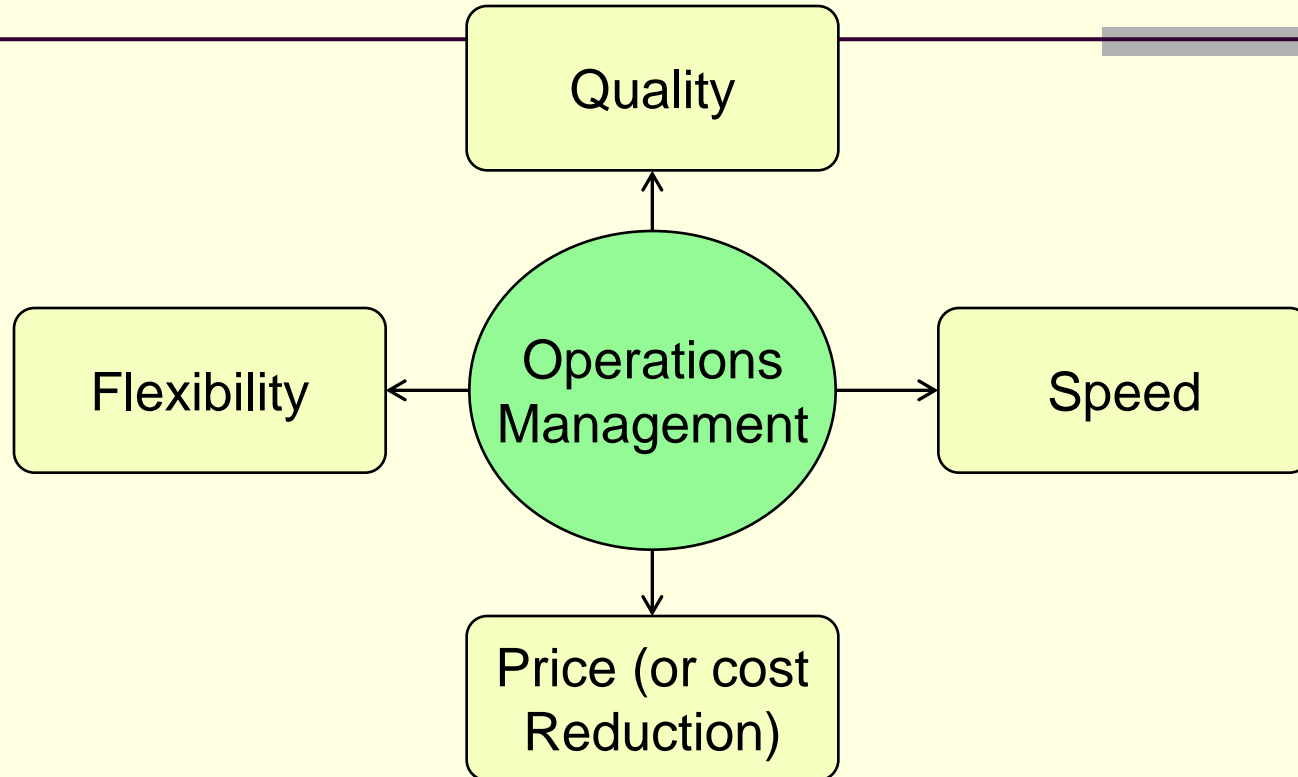
Basic Concepts of Decision Making

- Who determines quality?
 - The customer
- The perception of value is in the eyes of?
 - The customer
- Does price have to be low for value to be high?
 - No! BMW, Rolex, Harley Davidson, iPhone

Core Services *Defined*

Core services are basic things that customers want from products they purchase.

Core Services Performance Objectives



Mass customization

K-SWISS **MY K-SWISS**
MEN'S GHENT

SHOE BACKGROUND COLOR

SELECT A U.S. SIZE

CHOOSE YOUR

- Base Color
- Outsole :
- Stripe Color
- Overlay Color
- Shield Color
- Laces Color

PERSONALIZATION

ID Color :

GOLOPERS
(8 Characters Max)

Personalizations

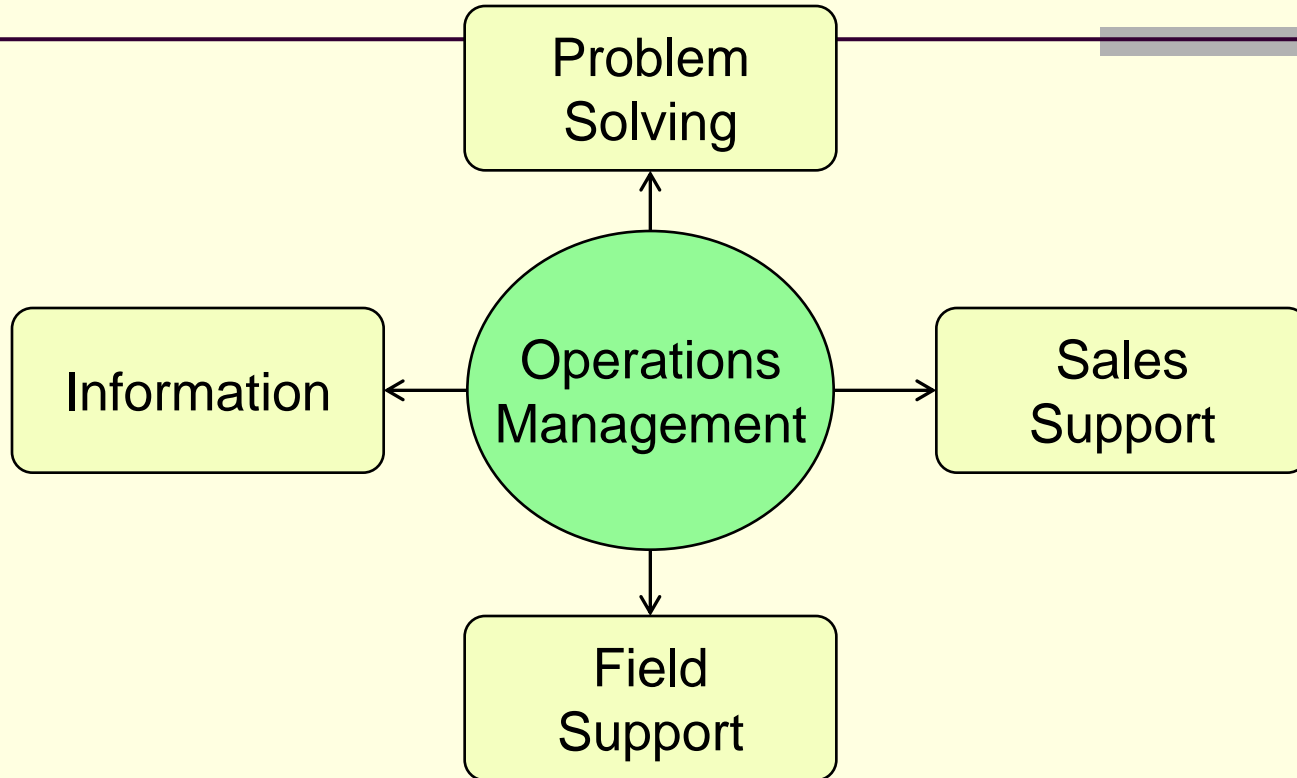
VIEWS

CREATE A NEW | VIEW MY DESIGN | PRINT | SEND TO A FRIEND

Value-added Services *Defined*

Value-added services differentiate the organization from competitors and build relationships that bind customers to the firm in a positive way

Value-Added Service Categories



Supply Chain Management

- A total system approach to managing the flow of information, materials, and services from raw material suppliers through factories and warehouses to the end consumer.

Current Issues in OM

- **Coordinate the relationships between mutually supportive but separate organizations. (outsourcing)**
- **Optimizing global supplier, production, and distribution networks.**
- **Increased co-production of goods and services**

Current Issues in OM (continued)

- **Managing the customers experience during the service encounter (call center limbo)**
- **Raising the awareness of operations as a significant competitive weapon**

Questions?