



جامعة بغداد  
كلية الإدارة والاقتصاد  
قسم الإدارة الصناعية

READING IN:

# OPERATIONS MANAGEMENT

## CREATING VALUE ALONG THE SUPPLY CHAIN

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المرحلة الثانية / الكورس الاول

# Introduction to Operations and Supply Chain Management

you will learn about . . .

- The Operations Function

**Operations management** designs, operates, and improves productive systems—systems for getting work done.

The food you eat, the movies you watch, the stores in which you shop, and the books you read are provided to you by the people in operations. Operations managers are found in banks, hospitals, factories, and government. They design systems, ensure quality, produce products, and deliver services. They work with customers and suppliers, the latest technology, and global partners. They solve problems, reengineer processes, innovate, and integrate. Operations is more than planning and controlling; it's doing. Whether it's superior quality, speed-to-market, customization, or low cost, excellence in operations is critical to a firm's success.

**Operations** is often defined as a transformation process. As shown in Figure 1.1, inputs (such as material, machines, labor, management, and capital) are transformed into outputs (goods and services). Requirements and feedback from customers are used to adjust factors in the transformation process, which may in turn alter inputs. In operations management, we try to ensure that the transformation process is performed efficiently and that the output is of greater value than the sum of the inputs. Thus, the role of operations is to create value. The transformation process itself can be viewed as a series of activities along a **value chain** extending from supplier to customer.

The input–transformation–output process is characteristic of a wide variety of operating systems. In an automobile factory, sheet steel is formed into different shapes, painted and finished, and then assembled with thousands of component parts to produce a working automobile. In an aluminum factory, various grades of bauxite are mixed, heated, and cast into ingots of different sizes. In a hospital, patients are helped to become healthier individuals through special care, meals, medication, lab work, and surgical procedures. Obviously, “operations” can take many different forms.



The transformation process can be:

**Physical,**

*as in manufacturing operations;*

**Locational,**

*as in transportation or warehouse operations;*

**Exchange,**

*as in retail operations;*

**Physiological,**

*as in health care;*

**Psychological,**

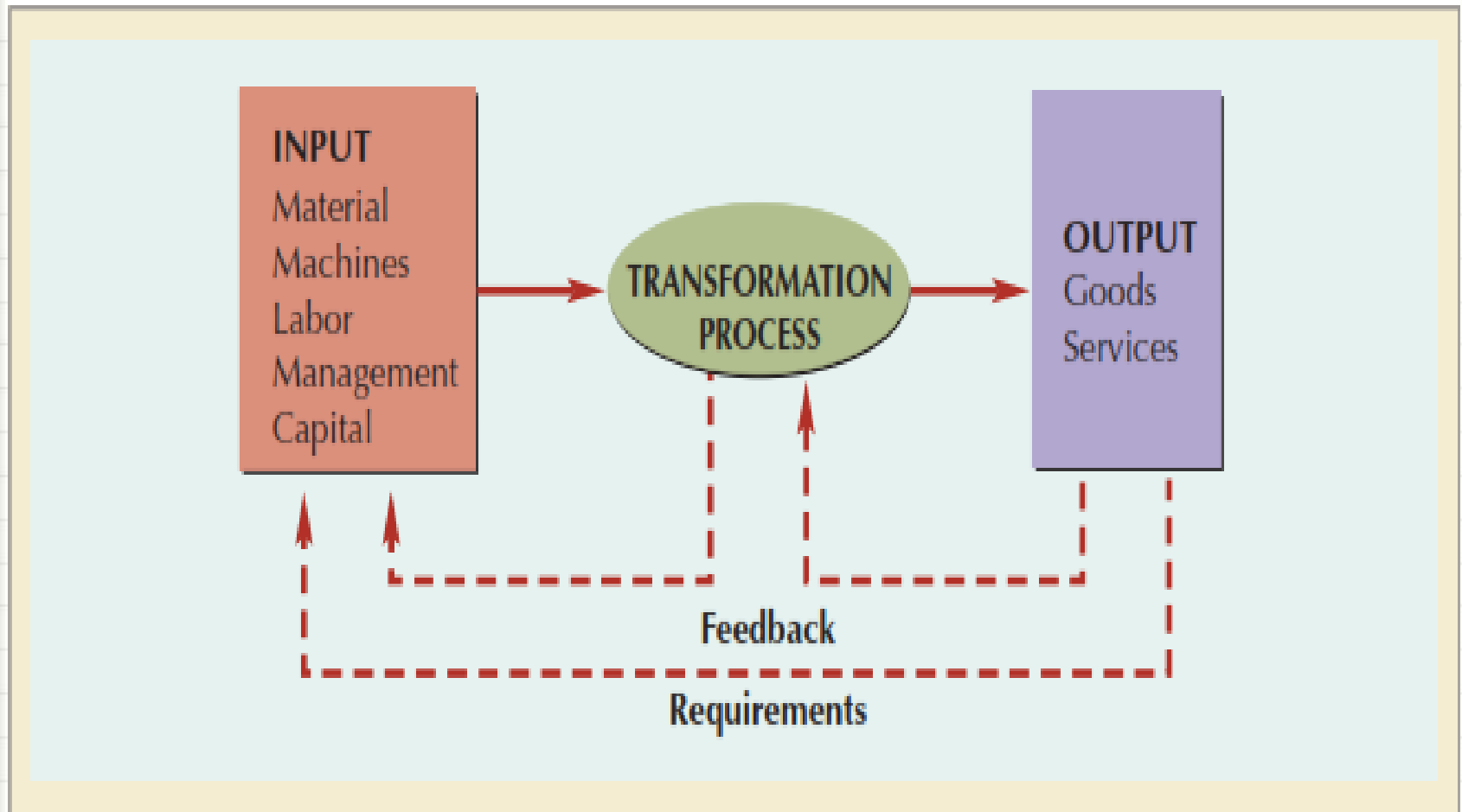
*as in entertainment; or*

**Informational,**

*as in communication.*



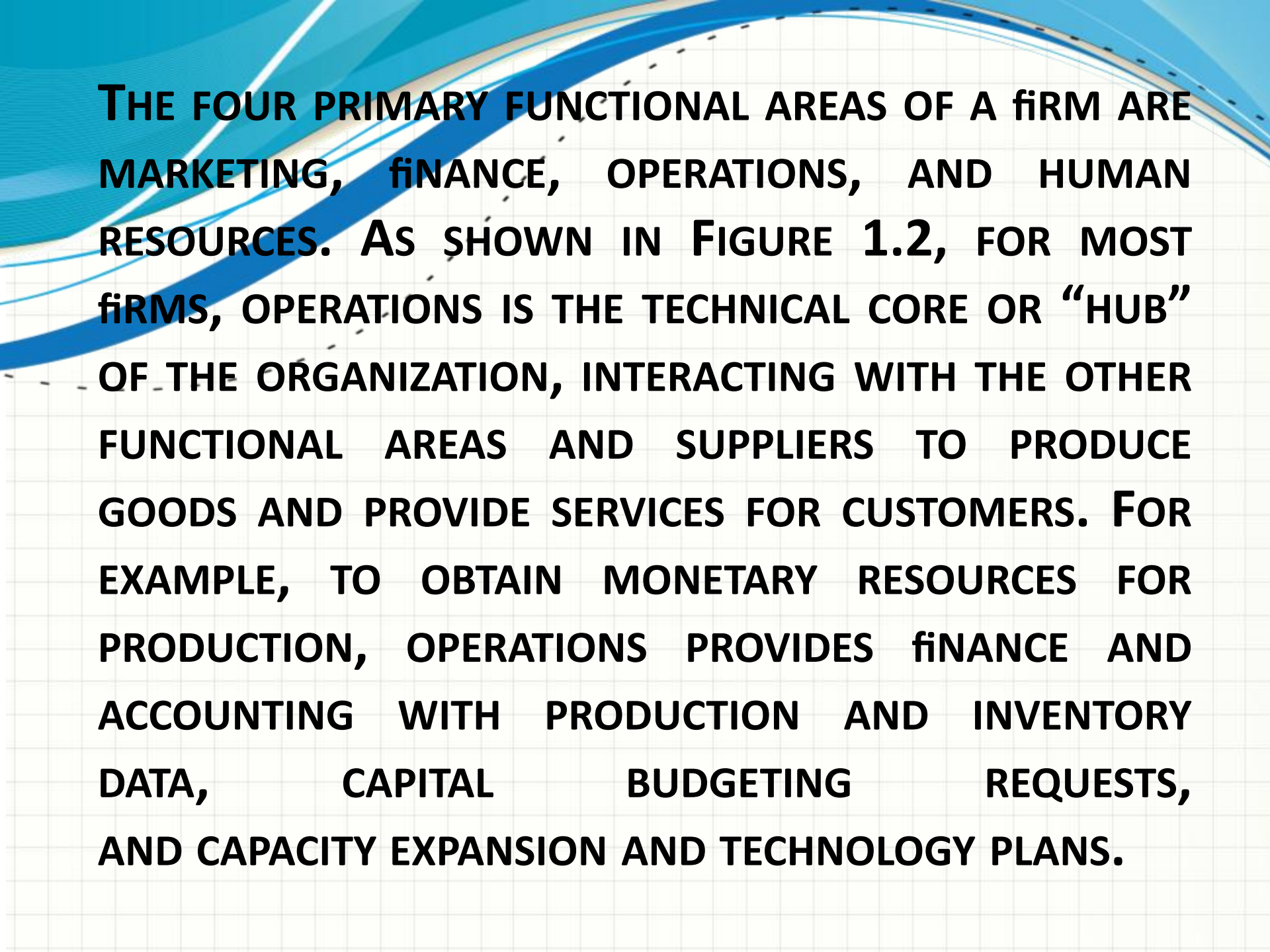
Figure 1.1 Operations as a Transformation Process




# THE OPERATIONS FUNCTION

Activities in operations management (OM) include organizing work, selecting processes, arranging layouts, locating facilities, designing jobs, measuring performance, controlling quality, scheduling work, managing inventory, and planning production. Operations managers deal with people, technology, and deadlines. These managers need good technical, conceptual, and behavioral skills. Their activities are closely intertwined with other functional areas of a firm



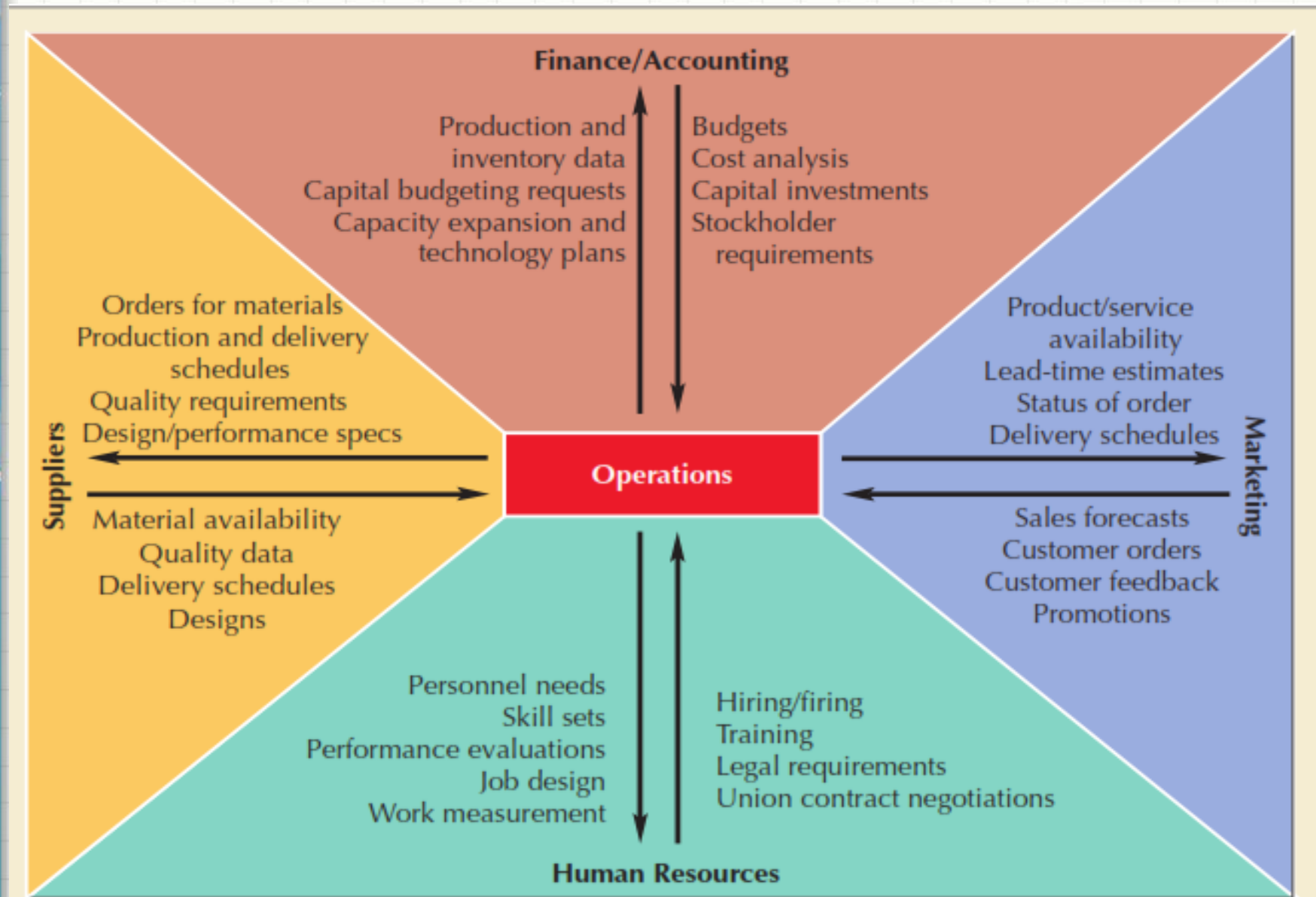



**THE FOUR PRIMARY FUNCTIONAL AREAS OF A FIRM ARE MARKETING, FINANCE, OPERATIONS, AND HUMAN RESOURCES. AS SHOWN IN FIGURE 1.2, FOR MOST FIRMS, OPERATIONS IS THE TECHNICAL CORE OR “HUB” OF THE ORGANIZATION, INTERACTING WITH THE OTHER FUNCTIONAL AREAS AND SUPPLIERS TO PRODUCE GOODS AND PROVIDE SERVICES FOR CUSTOMERS. FOR EXAMPLE, TO OBTAIN MONETARY RESOURCES FOR PRODUCTION, OPERATIONS PROVIDES FINANCE AND ACCOUNTING WITH PRODUCTION AND INVENTORY DATA, CAPITAL BUDGETING REQUESTS, AND CAPACITY EXPANSION AND TECHNOLOGY PLANS.**



Finance pays workers and suppliers, performs cost analyses, approves capital investments, and communicates requirements of shareholders and financial markets. Marketing provides operations with sales forecasts, customer orders, customer feedback, and information on promotions and product development. Operations, in turn, provides marketing with information on product or service availability, lead-time estimates, order status, and delivery schedules. For personnel needs, operations relies on human resources to recruit, train, evaluate, and compensate workers and to assist with legal issues, job design, and union activities. Outside the organization operations interacts with suppliers to order materials or services, communicate production and delivery requirements, certify quality, negotiate contracts, and finalize design specifications.

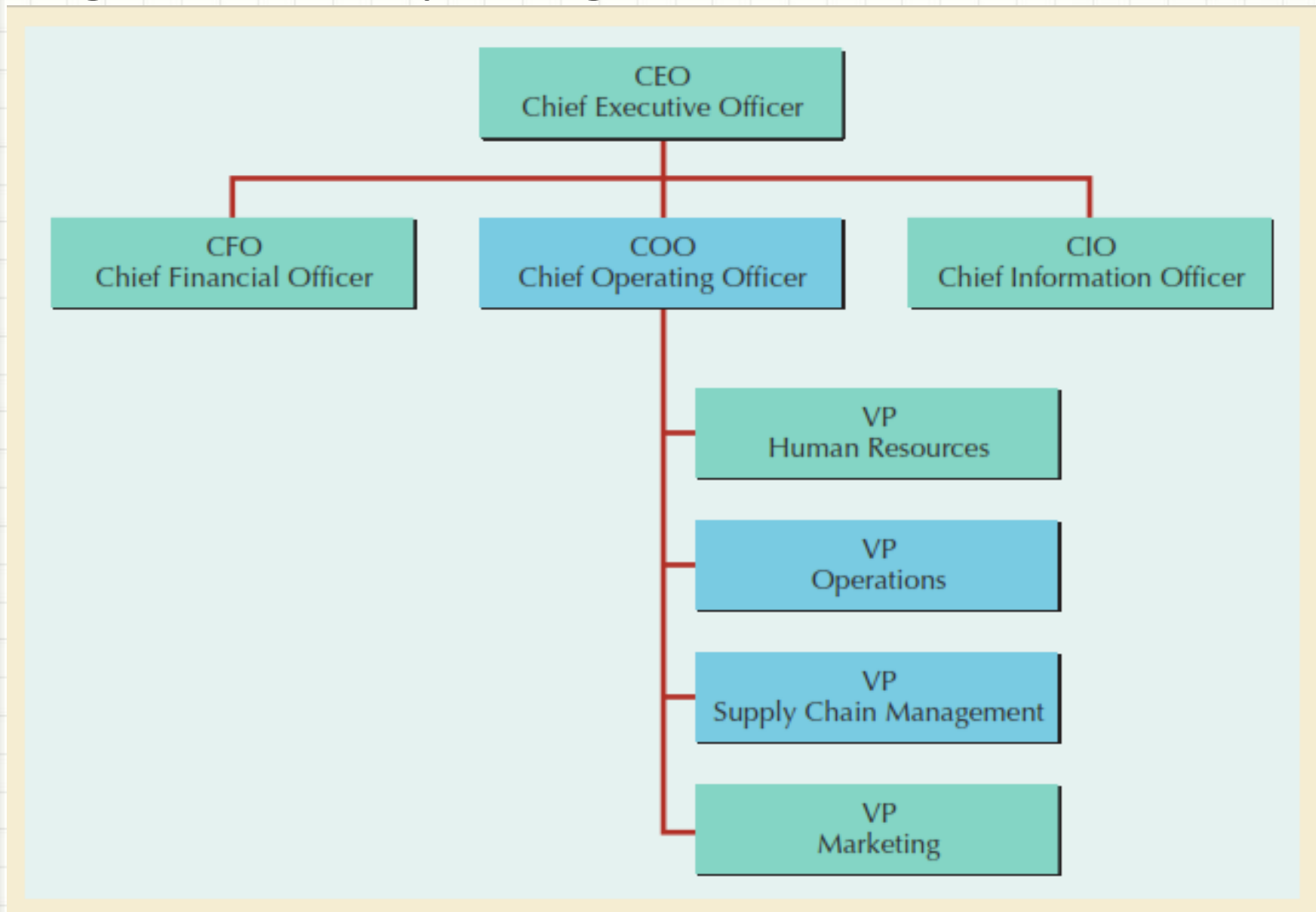
# Figure 1.2 Operations as the Technical Core





As a field of study, operations brings together many disciplines and provides an integrated view of business organizations. Operations managers are in demand in business, industry, and government. Chief operating officers (COOs) run major corporations as shown in Figure 1.3, Vice-presidents of Operations and Supply Chain Management oversee scores of departments, facilities, and employees. Typical jobs for new college graduates include business process analyst, inventory analyst, project coordinator, unit supervisor, supply chain analyst, materials manager, quality assurance specialist, production scheduler, and logistics planner. Even if you do not pursue a career in operations, you'll be able to use the ideas you learn in this course to organize work, ensure quality, and manage processes.

# Figure 1.3 Sample Organizational Structure







هل لديك أسئلة؟

**HAVE YOU ANY QUESTIONS?**



**THANK YOU**