Knowledge Organiser

Unit 4: Operations

Production is:
the process of turning raw materials into saleable products and services

Job production
Making products individually
Batch production
Making one type of product then switching to make a different product
Flow production
The production of one product on a continuous assembly line
Automation
Production involving machinery not controlled by a person

4:1 Production Processes

Job production

Advantages	Disadvantages
▪ Products are usually high-quality ▪ Products can be made to meet the needs of individual customers ▪ Workers often get more satisfaction	▪ Costs of production will be high ▪ Labour costs may be high because job production often requires skilled labour

Technology is being used more and more in the production of goods and services.

Technological development is making it possible for technology to perform skilled work and reducing the need for human resources

Batch production

Advantages	Disadvantages
▪ The needs of different customers can be met by making batches of different goods ▪ Batches are made to meet specific orders from customers ▪ It may be possible to use specialist machines to automate production	▪ It takes time to switch production from one batch to another - costly ▪ May have to keep stock of raw materials to be able to switch production ▪ Less choice of products for customers ▪ Tasks are repetitive for workers

Flow production

Advantages	Disadvantages
▪ Large amounts can be made ▪ Costs of production for each unit is low ▪ Machinery can be used, helping to recue costs ▪ Technology can be used to change the products slightly to more are available for customers to choose from	▪ Goods are mass-produced so quality may be low ▪ Expensive to set up a production line ▪ Large stocks of materials need to be kept which can be expensive ▪ If production stops at any point then production stops everywhere ▪ Jobs can be repetitive and boring

Quality is:
about a product being fit for purpose and working in a way that it is supposed to

Quality control
A system for inspecting the quality of goods and services
Quality assurance
An approach that involves the whole business focusing on quality
Returns
Goods which customers take back to the shop because of problems
Recalls
The business asks for products to be returned because of faults

4:2 Quality of Goods and Services

Importance of providing quality products

It avoids waste
If goods are not of a good quality they may not be able to be sold and so the producer has wasted money

It avoids recalls
If unsatisfactory products are made and sold they will then have to be recalled and the issue resolved at a cost to the manufacturer

Reputation and sales
Customers will not be happy with poor quality products and may shop elsewhere in the future

Disrupted production
Production may be disrupted if quality is poor from the start

4:3 The Sales Process and Customer Service

Businesses are able to use a range of selling methods.
E-commerce:

Pros to the business
Can sell worldwide
Open 24/7
Professional look at little cost
Lower operating costs

Cons to the business
Worldwide competition
Problems with delivering and returning goods
Online security issues
Technology advances rapidly

Pros to the customer
Price comparison available
24/7 availability
Wider range of products

Cons to the customer
Lack of personal contact
Problems returning goods
Only image of goods seen
Security
Cannot pay with cash

E-commerce
Bringing together the buyer and seller electronically
Customer service
What a business does to keep customers happy
Face-to-face selling
Usually completed in a shop where there is direct contact between buyer and seller
Telesales
Sales completed over the telephone
After-sales service
Any help and advice given to customers after they have bought a product

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Consumer law is: the are of law which protects customers.

Fit for purpose
This means that goods must do what they are meant to do
As described
This means goods must be as the business describes
Satisfactory quality of goods
This means that how the goods are made will reflect the price
Reputation
What customers say about a business

4:4 Consumer Law

Customers are protected by the **Consumer Rights Act 2015**. This Act of Parliament gives customers protection when they buy goods and services.

They must be:

- Fit for purpose
- As described
- Satisfactory quality

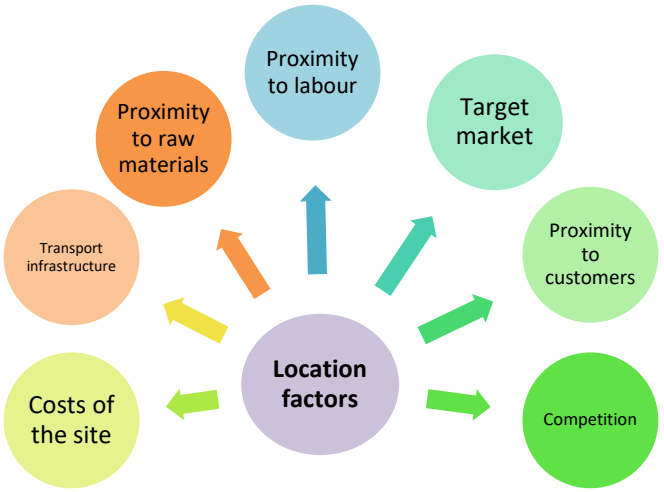
Impact of consumer law on business	
Production	A business must make sure that the quality of the goods is up to standard. They must not be faulty or damaged when bought. If they are not customer could return products and this will affect their reputation.
Safety of goods	If goods are produced in a defective way customers can claim compensation for damage or personal injury. This could result in huge costs for the business and a loss of reputation.

Location: refers to the place where a business is sited

Proximity
Means 'nearness to'
Labour
The people employed by the business to produce goods and services
Raw materials
Materials needed to produce saleable goods and services
Transport infrastructure
The provision of roads, railways, ports and airports

4:5 Business Location

For many businesses, the decision of where to locate is one of the most important decisions it takes. There are a number of factors that influence the location of a business

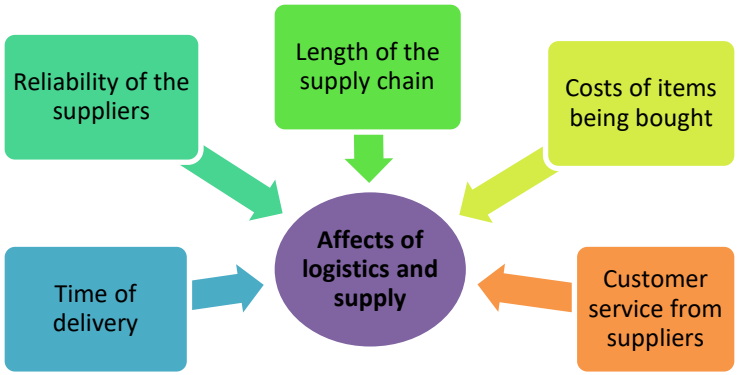


Logistics
The management of the transportation and storage of goods
Procurement
The management of purchasing within a business
Suppliers
Parties who supply goods and/or services to a business

4:6 Working with Suppliers

Procurement has a number of roles within a business:

1. Identifying goods and services to buy
2. Choosing suppliers
3. Ordering goods and services
4. Receiving deliveries from suppliers



Assessment Information

Your assessment will take place during a normal timetabled lesson but you should be revising at home.

Number of marks available: 40
Time allowed: 50 minutes

Answer **ALL** of the questions

The first 10 questions will be multiple choice - you must only select **ONE** answer, selecting two will score 0 marks.

The other questions will include a range of 2, 3, 4, 6, 7, & 9 mark questions

Possible questions

1. State one way consumers are protected by law.
2. Explain why quality is important to businesses.
3. Analyse one benefit of using batch production.
4. Recommend one type of production a business could use for a product.
5. Evaluate the importance of selling good-quality products.

State **Explain** **Analyse** **Recommend** **Evaluate**