

Effective supply chain – Benefits

1. cost effective and efficient
2. Get goods and services for the best price and value
3. Cuts waste and unnecessary costs

Logistics

This is referring to the delivery of products and also which route they take to the customer. If efficient routes are taken this can reduce costs.

Factors affecting choice of supplier

Price, quality, reliability.

Procurement

This department focuses on purchasing and buying raw materials.

Lean Production – Process designed to minimise waste, JIT is a lean production method.

Flow Production –

Advantages – High efficiency, low cost per unit, consistent quality, suitable for high demand.

Disadvantage – Inflexible, repetitive work (low motivation), High start-up costs.

Flow Production

This method is also called mass production, where large quantities are produced often on an assembly line, using machinery.

JIC

This is where businesses have buffer stock, in case demand increases

JIT

Just in time is where businesses produce products as the customer requires them. It reduces costs for storage and helps reduce waste.

Consequences of quality issues

- Loss of customers
- Damage to brand reputation
- Increased costs (fines)
- Production delays

TQM

Total quality management, all staff are responsible for quality, Mistkes are prevented.

Benefits of good quality

- Charge higher prices
- Strong brand
- Increased sales

Costs of good quality

Inspection coss
Staff training

Methods of good service

Product knowledge
Customer enggement
Post sales service

Benefits of good service

Increased customer satisfaction
Increased sales
Customer loyalty

Dangers of poor service

Disatisfied customers
Reduced revenue

How has ICT helped customer service

Websites (24/7 info)
E-commerce
Social media

Unit 3 Business Operations

3.2 The role of procurement

3.1 Production Processers

3.3 The concept of quality

3.4 Good Customer Service

Job Production

This is where unique products are made to meet individual needs.

Job Production – Advantages & Disadvantages

Advantages – USP, higher prices, high quality, greater flexibility.

Disadvantages – High costs, time consuming, difficulty to mass produce.