

# Chapter Review

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## Production Planning and Control

### Objectives...

- 1 list the basic elements of a typical production planning and control system
- 2 explain why purchasing is an important part of production management
- 3 explain Material Requirements Planning (MRP)
- 4 discuss the use of Just-in-Time Systems in production operations
- 5 evaluate the need for inspection and quality control throughout the production process

### Key Terms

<b>just-in-time (JIT)</b>	methods of managing inventory (stock) whereby items are delivered when needed in the production process instead of being stored by the manufacturer
<b>Production process</b>	the way that businesses create products and services
<b>Purchasing</b>	the organizational function, often part of the operations function, that forms contracts with suppliers to buy in materials and services.

30. There is a close relationship between marketing and operations (production) - the production function of an organisation exists in order to make available the goods or services required by the customer. It is common to take a systems perspective when considering production. A production system is defined in terms of the environment, a strategy, a set of inputs, the transformation process, the outputs and some mechanism for controlling the overall system. Thus, the traditional way to think about operations is as a transformation process which takes a set of inputs and transforms them, in some way, to create outputs (goods or services - offerings) valued by the customer. Inputs include the raw materials and the transformation process describes how they may be altered, transported, stored and inspected. The outputs from a production process are the services and products offered to the customer. The control aspect of the system seeks to ensure that the outputs meet requirements and to identify areas for improvement and change. The operations and supply chain strategy is a functional strategy that indicates how structural and infrastructural elements within the operations and supply chain areas will be acquired and developed to support the overall business strategy. Operations may contribute to strategy through its impact on quality, speed, dependability (in meeting delivery times to a customer), flexibility and cost.