August 6 Tuesday

PRODUCTION MANAGEMENT

Production management is the process of planning and regulating the operations of that part of a business which is responsible for actual transformation of material into finished products.

OBJECTIVE OF PRODUCTION MANAGEMENT

(1) To produce Right Quality

The quality of product is established based upon the customer needs.

(2) To produce Right Quantity

(3) Produce the goods at Right Time

Timeliness of delivery is one of the important parameter to judge the effectiveness of production management.

(4) Right Manufacturing Cost

FUNCTIONS OF PRODUCTION MANAGEMENT

1. Selection of Product and design
2. selection of Production Process
3. Selecting Right Production Capacity
4. Production Planning
5. Production control
6. Quality and Cost control
7. Inventory control
8. Maintenance and Replacement of Machines.

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SCOPE OF PRODUCTION MANAGEMENT

It is a vast concept it involves a huge chain. Production starts with input and ends with output i.e. finished product.

following are the scope of PRODUCTION MANAGEMENT.

1. LOCATION OF FACILITIES

Selection of location is a key decision as large investment is made in building, land and machinery.

2. Plant layout and material handling

Plant layout means physical arrangement of facilities.

Material handeling refers to the moving of material from the storeroom to the machine & from machine to the next during the process of manufacturing.

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3. Product Design :

It deals with the conversion of ideas about the product into reality.

4. Process Design :-

Decision making on overall process route for converting the raw material into the finished goods.

5. Production Planning and controlling

It can be defined as the process of planning the production in advance, setting the exact route of each item fixing the starting and finishing dates for each item to give production orders to shop & to follow up the progress of products according to the orders.

6. Quality Control

a system that is used to maintain a desired level of quality in a product & services.

7. material management

It is that aspect of management function which is primarily concern with the acquisition control and use of needed material.

8. maintenance Management :-

It deals with taking care of factory ~~output~~ layout, types of machinery. This is essential for equipment and machinery which are very important part of the total production process.

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PRODUCTION PLANNING AND CONTROL

It is a predetermined process which include the use of human resource, raw material, machines etc.

PPC is the technique to plan each and every step in a long series of separate operation.

It helps to take the right decision at right time and at the right place to achieve maximum efficiency.

PRODUCTION PLANNING

It is the process of forecasting ahead every step in the long process of production, taking them at right time, in the right degree

PRODUCTION CONTROLLING

Process of keeping watchful eye on the production flow by utilising different type of control techniques to achieve optimum performance.

CHARACTERISTICS

→ Inputs like materials, men, machines are efficiently used.

→ Division of work is undertaken carefully.

→ work is regulated from first stage to finished goods.

→ Question like, what, when, how to be manufactured are decided.

Significance of PRODUCTION PLANNING AND CONTROLLING

→ Effective utilisation of Resources

→ Minimizing the wastage.

→ PROPER Coordination

→ Quality product produced

→ Smooth flow of production

→ Increases labour productivity.

→ Provide better environment.

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STAGES IN PRODUCTION PLANNING AND CONTROLLING

STAGE I ROUTING

It is determining the exact path which will be followed in production

It is the selection of one path from where each unit have to pass before reaching the final stage.

→ Deciding what part to be made or purchased.

→ Determining material requirements

→ Determining manufacturing operations.

→ Determining lot size

→ Analysis of cost of product

→ Determing the scrap factors.

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STAGE - II SCHEDULING

It is determining of time and date when each operations is to be commenced or completed. The time and date of manufacturing each component is fixed in such a way that assembling for final product is not delay in any way.

→ minimizing delay and interruption in production process.

→ Reducing waiting and cost of production.

→ Providing required inventories on right time at right place.

→ Maximising the utilisation of available resources.

→ Balancing the allocation of time among various work centres, floors and departments to reduce idle capacity.

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STAGE III LOADING

The next stage is loading which is execution of scheduled plan as per the route chalked out.

It includes the assignment of the work to the ~~operations~~ operators at their machines or work place.

It determine who will do the work.

→ Balancing work load among processes and machines.

→ Fulfill delivery commitments.

→ Plan new orders if there is spare capacity available.

→ Maintain Consistency in work flow

→ Identify and remove problems.

STAGE IV DISPATCHING

It refers to the process of actually ordering the work to be done. It involves putting the plan into effect by issuing orders.

It is concerned with starting the process and operation on the basis of route sheets and schedule charts.

It put production in effect by releasing and guiding manufacturing order in the sequence previously determine by scheduled.

STAGE V FOLLOW UP

Progress may be assessed with the help of routine reports or communication with departments. It is used for expediating and checking the progress.

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→ It finds out and removes the defects, delays, limitations, loopholes etc. in the production process. It measures the actual performance and compare it with expected performance.

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STAGE VI INSPECTION

It is the process of ensuring whether the products manufactured are of requisite quality or not.

→ Inspection is undertaken for both products and inputs. It is carried on at various level of production process so that pree determined standards of quality are achieved.

→ It ensures the maintenance of pre determined quality of product.

MATERIAL MANAGEMENT

Definition

material management defined as planning, directing and controlling the kind, amount, location movement and timing of the various flows of commodity used in and produced by a business enterprise.

material management uses inventories and production requirement for planning and control to ensure materials are available as required to meet production schedules.

functions of material management

1. Purchasing

To maintain continuity of production business have to buy resources time to time to manage the materials.

2. Inventory control

It is maintaining all classes of inventory at optimum levels with the minim- um investment.

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3. Stores management

Proper receipts, inspection, storage and preservations, safety and issue of materials with efficient documentation assist in good house keeping of material in warehouse.

4. Disposal of surplus/ scrap/ obsolete materials.

Over the period of time, disposal of such material is very important.

OBJECTIVES OF MATERIAL MANAGEMENT

① Low Price

It means materials should be purchased at lower cost.

② Continuity of Supplies

To ensure that there is no disruption in supply which might hamper the flow of production.

③ Consistency of Quality

Materials of the right quality have to be bought. Otherwise the quality of the end product may suffer.

④ Favourable supplier relation

In order to ensure continuity of supply and consistency of quality, it is necessary to have a favourable supplier relation.

⑤ maintenance of regular records

It is necessary to have good, updated and easily accessible records.

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INVENTORY CONTROL

It is the process of ensuring the right amount of supply is available in an organisation.

It deals with the tracking the stocks so that manufacturers do not run short of them, leading to consumer disappointments.

IMPORTANCE OF INVENTORY CONTROL

1. Reducing risk of production shortages:

firms can not risk of shortage of any material during production.

2. Reducing order cost

where a firm place an order there are many cost related with that and these cost vary with the number of orders placed.

③ Protects from fluctuation in demand:

There are many times when demand fluctuates so to meet that demand inventory control is important.

④ Betters services to customer.

If company maintains a proper inventory of raw materials then it can complete its production in time. So it can deliver in time to customers.

⑤ Continuity of production operations.

Proper inventory control helps to maintain continuity of production operation and maintain smooth flow of production.

⑥ Check on loss of materials:

Inventory controls helps to maintain a check on the loss of materials due to carelessness.

VARIOUS METHODS OF INVENTORY CONTROL

1. Economic order Quantity [EOQ]

It is the ideal inventory quantity that a company must purchase considering various variables such as total production costs, demand rate etc.

It helps to free up any cost or any tied cash in inventory for most entities and reduce the direct cost.

2. ABC Analysis

It involves categorising inventory into three buckets called A, B, and C depending on importance of inventory to its profit.

A category → It consist expensive item and have small inventory

B Category → It has averaged-price inventory with medium sales frequency.

C Category → In this inventories are low in value but with high sales frequency.

3. Just in Time Inventory

Company maintains an inventory level that is required during production. Under this method you will not be having any excess inventory beyond the production requirement and it helps you get rid of the cost involved in storing excess stock.

4. Safety Stock

To avoid stock-outs firms maintain safety stocks of inventory. The safety stock is the minimum level of inventory desired for an item.

5. LIFO and FIFO

LIFO [Last in first out) inventory control is better for non perishable goods and uses current price to calculate price of goods sold. FIFO [First in first out] inventory control seeks to value inventory so that business is less likely to lose money when product expire.