Lec A

Formal control process

The process through which managers regulate organizational activities to make them consistent with establishes on plans and standards of performance

* Requires information on standards and actual performance
* Regulates the quality of product

Role of Control

More specifically controls play five important roles:

* Coping with uncertainty – monitoring specific activities and reacting quickly to significant changes e.g covid community testing
* Detecting undesirable irregularities – product defects, cost overruns, rising staff turnover
  + 500g box but might have less
  + Acceptable in a range – 5%
* Alerting managers to possible opportunities – highlighting better than expected situations
* Handling complex situations – enhancing controlled lower level decision making – getting a mortgage, instead of going to head office, bank manager can decide

Determine areas to control

* It is impractical if not impossible to conteol every aspect of an organizations activities
* Giving free coffees at lunch break, prefer one brand, only control what brand if they care

4 step model

1. Establishing standards
   * Output standards
     + Quality – error rate
     + Quantity - units/hr
     + Time - to complete service
     + Complaints – less than 1 a day
   * Input standards
2. Measure performance
   * How to measure performecne and how often to do so
   * Measuiring depends on set performance pbjectives and standards as well as measurement mode
     + This can be quantitive measures – units produced
     + Or qualitive measures – mbwa
     + Various factors impact on measurement period
3. Compare performance to standards
   * Compare planned versus actual results
   * Manager may compare performance and standards through personal
4. Take corrective actionas
   * If performance is met, nothing needs to be donw
   * If not met, assess the reason why standards are not met and take corrective action
   * Check standards and related performance measures to ensure they are still realistic
   * Adjust standards
     + Lower targets after covid
     + Measure not right
     + Control is a dynamic process
     + Standards and measure need to be checked periodically for relevance

Dysfunctional side effects of control systems

* Behavior displacements
  + Inadequate analysis of controls in relation to desired outcomes
* Game playing
  + Cheat or manipulate resource usage, systems and or data rather than bona fide performance improvements
* Operating delays
  + Delays caused by bureaucratic controls
* Negative attitudes
  + The result of exxeccive or poorly designed

LEC B

Control

The balanced scorecard

* Financial performance – focuses on how the organsizations activities ccontibute to improved short term and long term financial performance
* Don’t use saw day in and day out – need to take time to sharpen it

Operations management

* The tools and techniques used to ensure that goods and services are deliveres successfully to customers
* Is the set of processes that transfroms inputs into outputs
* Easy for production line, hard for air new Zealand with baggage, not straight forward

Process

* A process is any activity or group of activities that takes one or more unputs and transforms it into an output
* Adds value to inputs

Irrelevant steps that don’t add value

* Company A and company B cars have same look, specifications, maintenance cose, resale, color…

One is $5000 more coz expensive one has too many people inspecting, go for cheaper, adds no value coz both have same output

Value chain

Difference between manufactoruing and services

Manufacturing

* produce physical goods
* good can be stored for later consumption – be ready for busy times in year
* production process removed from customer
* commonly have standardized outputs

Services

* non physical
* simultaneous production and consumption eg. Haircut – cant send hair off
* consumer particaptes in production process – choose haircut
* commonly have customized outputs – custom hair

the product design affects the appeal to the customer and its costs and usability

in todays market, customers often think how a product will look

product and services strategy options

* organisations can differentiate themselves with their products and services
  + tesla
* can take a low price
  + warehouse, kmart
* can take a strategy of rapid response
  + fastway couriers, instant service at hotel

Designing process

Questions to ask when analysing

Product development decisions

An effective product statergy link product decisions with:

* productivity – can we make it
* cost – what is the sun of all costs
* quality – what does the customer want
* reliability

location strategy

analysing location patterns to discover a firms underlying reasons for being there is fascinating

* why is mcDs very particular about where it places its resturants
* why did new Zealand aluminum smelter locate at bluff – deep port

find best spot for business

factors such as transport, materials costs, taxes, and assess

“location ultimately have the power to make or break the business”

Manufacturing sector – minimizing cost through location

Service costs – maximizing revenue through location

Types of facility layout

oriented

* can simutaneosly handle a wide variety of products or services
* best for lowe volume, high variety production
* operations

product oriented

* high volume, low variety
* mass production
* food, drinks, lego

Lec C

Productivity = Outputs/inputs