

5.6 Production planning (HL)

The big picture

Businesses work hard to match their supplies with consumer demand. However, in recent years, supply chain challenges have led to shortages. Sony and Microsoft, for example, have had to cut production of next gen games consoles due to shortages of semiconductors. And with increased demand for electric bikes, e-bike producers have found it difficult to scale up production due to a shortage of parts. Many e-bike producers have had to manage rising unit costs due to rising supply chain costs, whilst also reconsidering where their bikes are produced.

Production planning refers to the organisation of resources to establish what, where, how and when something can be produced. Planning production can be extremely challenging with changes in the internal and external environment. Businesses need to continuously review their production planning to ensure that they can maximise efficiency.



Figure 1. Production planning in action.

Credit: andresr, Getty Images

Making connections

Production planning requires tools to ensure that steps in a production process are organised efficiently. Two tools that you have been introduced to in this course are the Gantt chart ([Section 5.3.5 \(/study/app/y12-business-management-a-hl-may-](#)

2024/sid-351-cid-174702/book/tool-gantt-chart-id-39488)) and critical path analysis (Section 5.3.6 (/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-critical-path-analysis-id-39489)).