



5.2 Operations methods

Terminology exercise

Check that you understand the terminology used in this subtopic by dragging the correct word into each space.

There are four main operations methods used by businesses to produce goods and services.

When a business produces completely unique products or services according to customers' requirements, it is using . This usually involves highly skilled labour and the business can usually charge higher prices for its goods or services.

When a business produces a product or service in differentiated groups, it is using . With this method, small changes are made in each batch so that a range of customers' needs can be fulfilled.

Capital-intensive production involves production lines on which large volumes of standardised products are manufactured. The initial cost of capital equipment is likely to be high, but once the production lines are running, average costs will be very low.

Mass involves producing large quantities of goods that can be adjusted to customer specifications. This combines the

specifications. This combines the flexibility and personalisation of products that are custom made with the low unit costs of mass/flow production resulting from _____ of scale. More and more businesses are moving to this operations method as new technologies make it possible to meet consumer specifications on a large scale.

mass/flow

job production

batch production

economies

customisation

✓ Check

