MSCI 432 Course Notes

Production and Service Operations Management

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**Winter 2021**

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# Operations Manegement and Demand Forecasting (I)

## Basic Premise of Supply and Demand

* As consumers, we decide how much we want to buy and how much we are willing to pay
* Consumers hold the cash and as such are the ultimate decision makers
* This underlies OM as it goes to the heart of the environment in which firms operate

## Operations as an Aggregate Function

### What is Operations Management?

* OM is the management of activities and resources that create goods and provide services
* Companies use OM to improve efficiency and effectiveness

### Why Study Operations Management?

* A large percentage of a company’s expenses occur in the OM area
* A large number of all jobs are in the OM area
* Activities in all other areas are interrelated with OM activities

### Three Basic Functions

1. Operations: Create goods and services
2. Finance: Provide funds and the economic analysis of investment proposals
3. Marketing: Assess customer wants and needs and communicate them to others

## Operations as it Relates to the Firm

## What Operations Managers Do

### Defining the Role of the Operations Manager

* Core (manufacturing)
* Support (maintenance, accounting, HR, purchasing)
* Managerial (general administration)

## The Importance of Collaboration

## Concept of Value-Added

## Stakeholder Management