**Chapter 1 – Key Terms**

**Production** -The creation of good and services.

**Operations Management** - Activities that relate to the creation of goods and services through the transformation of inputs to outputs.

**Supply Chain** – A global network of organizations and activities that supplies a firm with goods and services.

**Management Process** - The application of planning, organizing, staffing, leading, and controlling to the achievement of objectives.

**Services** - Economic activities that typically produce an intangible product (such as education, entertainment, lodging, government, financial, and health services).

**Service Sector** - The segment of the economy that includes trade, financial, lodging, education, legal, medical, and other professional occupations.

**Productivity** - The ration of outputs (goods and services) divided by one or more inputs (such as labour, capital, or management).

**Single-factor Productivity** - Indicates the ratio of one resource (input) to the goods and services produced (outputs).

**Multifactor Productivity** - Indicates the ratio of many or all resources (inputs) to the goods and services produced (outputs).

**Productivity Variables** - The three factors critical to productivity improvement are labour (10 %), capital (38 %), and management (52 %).

**Knowledge Society** - A society in which much of the labour force has migrated from manual work to work based on knowledge.