



Operations Mgt

Monday, October 2, 2006

The Learning Goal

- “To deliver a great paper and executive presentation that well prescribes a critical operation for a company”

First Two Weeks

- First Week: Cool Down & Recovery
 - Today – Introduction
 - The Companies Arrive
- 2nd Week
 - Game Preparation, Quick Intro to Lean
 - The Ichibutsu Game
 - Saturday Boeing Tour
 - Finance
 - Value Stream Mapping
 - The Boeing Production System

The Project Proposal

- The Proposed Change
- The Cost of Transformation
- The Benefits
- ...a professional proposal
- Process Map
- Activity Costing
- Proper Metrics
- ...and a great presentation

Typical Small Company Problems

- Scalability
- Messy (bleeds into other functional areas)
- 5 Ss before Lean
 - Scrub, Sweep
 - Sort
 - Systematize
 - Standardizing

Why use simple displays?

Glean same underlying principles
Great learning tool
Applies to Complexity

Complexity is for Amateurs

Simplicity is for Professionals

What does operations mgt cover?

What does it touch?

Video Time

Operations Mgt Includes

- Supply Chain Management
- Logistics
- Inventory Mgt
- Manufacturing Layout & Flow
- Product Design Issues
- Quality Control
- Service Operations
- Customer Service Flow
- Forecasting
- Process Strategy
- Capacity Planning
- Location Strategies
- Outsourcing

Operations Video

What's the process?

What's wrong?

How do I improve it?

How do I measure process effectiveness?

What's going on here?

- What's wrong?
- Did Lucy and Ethel really disobey their boss?
- What metrics should be used?
- What reward system?
- What else might you change?

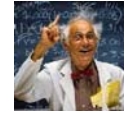
What is operations management?

*It's making sure that the customers repeatedly receive an entire solution:
right quantities, right time, right location, right "taste"*

Leadership
Planning
Execution

Choose one

Other Elements



Our Favorite Traditional Metrics?

Inventory Turnover
Cycle Time
Defect Rate
Productivity

Basic Measures

- Cycle Time
 - Amount of time each workstation has to complete its assigned tasks
 - How frequently a product is completed
- Throughput
 - Quantity of finished goods that can be sold

Service Operations Metrics?

Queue Length
Order Fulfillment Time
Spoilage (IP)
Special Case Resolution

What is an Operation?

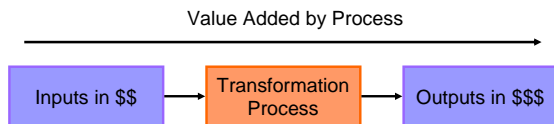
- *A special type of process*
- *Or perhaps, a set of processes*

A Strategic Operations Model Alignment Again

- Cost
 - Quality
 - Delivery
 - Flexibility
 - Service
- Can you be good at all five things?
 - What else does this model fail to say?

What's a Business Process?

Value Added Defined



Neglected Trigger & Results

Key elements...

- a set of interrelated activities
- initiated in response to a triggering event
- that accomplishes a desired result

Usual framework: input – process - output

