

Introduction to Business Operations

Introduction to Business Operations

1. What Are Business Operations?

- **Definition:** The set of activities that create value by producing goods or delivering services, managing resources, and supporting the organization's strategic goals.
 - **Scope:** Includes everything from procurement and production to logistics, customer service, and continuous improvement.
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2. Core Components

Component	Description	Typical Activities
Production/Service Delivery	Transform inputs into final products or services.	Manufacturing, assembly, service execution, quality checks.
Supply Chain Management	Coordination of suppliers, inventory, and distribution.	Procurement, inventory control, warehousing, transportation.
Human Resources (HR)	Manage people who perform the work.	Hiring, training, scheduling, performance management.
Finance & Cost Control	Track and optimize the financial health of operations.	Budgeting, cost accounting, expense monitoring.
Technology & Systems	Tools that enable efficient execution.	ERP, CRM, automation software, data analytics.
Customer Support	Ensure satisfaction after delivery.	Help?desk, returns processing, warranty management.
Continuous Improvement	Ongoing refinement of processes.	Lean, Six Sigma, Kaizen, performance metrics.

3. Key Operational Functions

1. **Planning**
 - Forecast demand, set production schedules, allocate resources.
2. **Organizing**

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- Design workflows, define roles, establish standard operating procedures (SOPs).

3. Staffing

- Recruit, train, and assign personnel to the right tasks.

4. Directing

- Supervise daily activities, resolve bottlenecks, maintain quality.

5. Controlling

- Measure performance, compare against targets, implement corrective actions.
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4. Operational Models

Model	When It's Used	Main Characteristics
Make-to-Stock (MTS)	Predictable demand, high volume	Products built in advance, inventory held.
Make-to-Order (MTO)	Custom or low-volume items	Production starts after order receipt.
Assemble-to-Order (ATO)	Mix of standard components	Common parts stocked, final assembly after order.
Just-in-Time (JIT)	Need to minimize inventory	Materials arrive exactly when needed.
Service-Centric	Intangible outputs	Focus on capacity planning, service level agreements (SLAs).

5. Performance Metrics

- **Efficiency:** Output per labor hour, machine utilization.
 - **Effectiveness:** On-time delivery rate, order fulfillment accuracy.
 - **Quality:** Defect rate, first-pass yield, customer complaint frequency.
 - **Cost:** Cost of goods sold (COGS), operating expense ratio, waste reduction savings.
 - **Flexibility:** Lead-time variability, ability to scale up/down quickly.
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6. Common Tools & Technologies

- **Enterprise Resource Planning (ERP):** Integrates finance, HR, procurement, and production data.

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- **Manufacturing Execution Systems (MES):** Tracks real-time shop-floor activities.
- **Supply Chain Management (SCM) Software:** Optimizes sourcing, inventory