

# AS Business Studies 9707

## 4AS: Operations and project management

### Recommended Prior Knowledge

There is no requirement for prior knowledge for this unit. However production issues may best be tackled after marketing and 1AS, 2AS and 3AS due to the dependence of production systems on the nature of the business, its workforce and market size. This unit does have brief references to costs, so part of 5AS could be completed before this unit.

### Context

This unit provides an understanding of the role of operations management in business decisions. It is important to recognise that some of the techniques are applicable just as much to retail situations as to manufacturing. The aim is to develop ideas that are useful in organising and improving the efficiency of business processes. Operations management should not be seen in isolation – for example, making decisions on levels of sales can affect operations systems. In particular, operations decisions can have a large impact on human resources and training needs.

### Outline

The unit covers the main areas of operations decisions including production methods, location and inventory (stock) control. Other key issues such as quality control and project management are in 4AL. Break-even analysis is now in 5AS.

**References to the endorsed textbook, A level Business Studies, 2<sup>nd</sup> edition by Peter Stimpson and Al Farquharson are in RED. Although activities have been selected from this book, these are only suggestions – there are many other useful activities that can be undertaken including others in the endorsed textbook and associated CD-ROMs and in other recommended textbooks.**

AO	Learning outcomes	Suggested Teaching activities	Learning resources
REINFORCEMENT		Revision questions + Operational issues at KL Juice Bar (p 388)	Past examination questions have focused on definitions/explanations on Paper 1 (Section A) and Paper 2 (part (a) of a question).
4AS.2	<b>Operations planning</b> <ul style="list-style-type: none"> <li>• Operations decisions</li> <li>• Flexibility and innovation</li> </ul>	<p>Again, visits to businesses or visiting speakers could be useful platforms to develop ideas. Operations methods can be developed by a brief description of the process (preferably with visual material) and then drawing out advantages and disadvantages by means of discussion.</p> <p>Video material, if available could be very useful.</p>	<p><b>Chapter 21</b>  <a href="http://www.tutor2u.net/blog/index.php/business-studies/comments/video-case-study-technological-change-at-the-cinema">http://www.tutor2u.net/blog/index.php/business-studies/comments/video-case-study-technological-change-at-the-cinema</a> could be useful for discussion relating to innovation as could <a href="http://www.thetimes100.co.uk/case-study--using-innovation-to-create-competitive-advantage--85-331-1.php">http://www.thetimes100.co.uk/case-study--using-innovation-to-create-competitive-advantage--85-331-1.php</a>.</p> <p>A useful exercise might be to discuss how some of the ideas from <a href="http://practicalaction.org/practicalanswers/product_info.php?products_id=118&amp;Path=23&amp;attrib=1">http://practicalaction.org/practicalanswers/product_info.php?products_id=118&amp;Path=23&amp;attrib=1</a> could be developed into a business opportunity.</p>
	<ul style="list-style-type: none"> <li>• Operations methods <ul style="list-style-type: none"> <li>○ Job</li> <li>○ Batch</li> <li>○ Flow</li> <li>○ Mass customisation</li> </ul> </li> </ul>	<p>See 4AS.1 for teaching ideas for this topic.  Useful activities include:</p> <ul style="list-style-type: none"> <li>• Sunburst Bakeries (p 395)</li> <li>• In search of quality in quantity (p396)</li> </ul>	
	<ul style="list-style-type: none"> <li>• Location</li> </ul>	<p>A useful activity combining location with operations methods is:</p> <ul style="list-style-type: none"> <li>• Locating in Trinidad and Tobago (p 390)</li> </ul> <p>An important development that is relevant to this topic is the outsourcing</p>	

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	<ul style="list-style-type: none"> <li>Scale of operation</li> </ul>	<p>of call centres which has more to do with skills availability, local labour legislation and wage rates than the traditional location factors.</p> <p>Economies of scale (EOS) are often misunderstood and are not related to the level of production (an operational decision) but to the scale of production (a strategic decision). Teaching could usefully be done by comparing two or more businesses operating in the local market whose scale of operation is different (e.g. Coca Cola and a local soft drinks manufacturer).</p> <p>This would be a good time to introduce some basic cost ideas, particularly average and total cost.</p> <p>Students could be given a list of types of EOS and asked them how they apply to the chosen businesses.</p> <p>A useful activity:</p> <ul style="list-style-type: none"> <li>Expansion plans at Bookworm Ltd.(p 412)</li> </ul>	<p>Location: Examination questions:</p> <ul style="list-style-type: none"> <li>May 2006 Paper 1 Q 7(a)</li> <li>May 2006 Paper 2 Q 1(d)</li> <li>Nov 2006 Paper 3 Q 4 A level</li> </ul> <p>Production: Examination question:</p> <ul style="list-style-type: none"> <li>Nov 2006 Paper 1 Q 7(a)</li> <li>May 2007 Paper 2 Q 2(d)</li> <li>Nov 2007 Paper 3 Q 5 A level</li> </ul>
REINFORCEMENT	<p>Revision +  Business location in the UK - you win some you lose some (p 415)  Wicklow Fine Foods to increase scale of operation (p417) .</p>	<p>Chapter 22  There is some useful information on stock control at:  <a href="http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1074039371">http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1074039371</a></p>	
4AS.3	<b>Inventory Management</b> <ul style="list-style-type: none"> <li>Purpose, costs and benefits of inventory</li> <li>Managing inventory</li> </ul>	<p>Otherwise known as Stock Control.  Usefully introduced with <b>The shocking cost of holding stock.</b>  Other activities that are useful after learning about different inventory management methods include:</p> <ul style="list-style-type: none"> <li>Stock management at Sportswize Equipment plc (p423)</li> </ul>	

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	<p>REINFORCEMENT</p>	<ul style="list-style-type: none"> <li>• Toyota production is almost halted (p 426)</li> <li>• Nissan cuts stocks to almost zero (p 427)</li> </ul> <p>Revision activities + MFLEX to expand operations in Malaysia (p 428)</p>	<p><a href="http://www.bized.co.uk/educators/16-19/business/production/activity/methods.htm">http://www.bized.co.uk/educators/16-19/business/production/activity/methods.htm</a> can be used to tie together the various aspects of production. While this does venture into A level material, it does fit quite comfortably.</p> <p>There is some useful discussion on: <a href="http://forums.teneric.co.uk/general-discussion/why-stock-control-important-small-businesses-660.html">http://forums.teneric.co.uk/general-discussion/why-stock-control-important-small-businesses-660.html</a></p> <p>Examination questions:</p> <ul style="list-style-type: none"> <li>• May 2007 Paper 2 Q 1(d)</li> <li>• Nov 2007 Paper 1 Q 7</li> </ul>