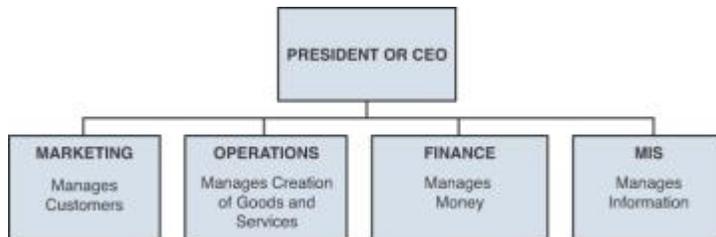# Defining Operations Management

Every business is managed through multiple business functions each responsible for managing certain aspects of the business. Figure 1-1 illustrates this by showing that the vice president of each of these functions reports directly to the president or CEO of the company. Marketing is responsible for sales, generating customer demand, and understanding customer wants and needs. Finance is responsible for managing cash flow, current assets, and capital investments. MIS is responsible for managing flows of information. Most of us have some idea of what finance and marketing are about, but what does operations management do?

Figure 1-1 Organizational chart

Operations management (OM) is the business function responsible for managing the process of creation of goods and services. It involves planning, organizing, coordinating, and controlling all the resources needed to produce a company's goods and services. Because operations management is a management function, it involves managing people, equipment, technology, information, and all the other resources needed in the production of goods and services. Operations management is the central core function of every company. This is true regardless of the size of the company, the industry it is in, whether it is manufacturing or service, or is for-profit or not-for-profit.

Consider a pharmaceutical company such as Merck. The marketing function of Merck is responsible for promoting new pharmaceuticals to target customers and bringing customer feedback to the organization. Marketing is essentially the window to customers. The finance function of Merck makes sure that they have needed capital for different processes including R&D. However, it is the operations function that plans and coordinates all the resources needed to design, produce, and deliver the various pharmaceuticals to hospitals, pharmacies, and other locations where needed. Without operations, there would be no products to sell to customers.

The Transformation Role of Operations Management

We say that operations management performs a transformation role in the process of converting inputs such as raw materials into finished goods and services. These inputs include human resources, such as workers, staff, and managers; facilities and processes, such as buildings and equipment; they also include materials, technology, and information. In the traditional transformation model outputs are the goods and services a company produces. This is shown in Figure 1-2.

Figure 1-2 The transformation role of operations management

At a manufacturing plant the transformation is the physical change of raw materials into products, such as transforming steel into automobiles, cloth into jackets, or plastic into toys. This is equally true of service organizations. At a university OM is involved in organizing resources, such as faculty, curriculum, and facilities, to transform high school students into college graduates. At an airline it involves transporting passengers and their luggage from one location to another.

The transformation role of OM makes this function the "engine room" of the organization. As a result it is directly responsible for many decisions and activities that give rise to product design and delivery problems. The design and management of operations strongly influence how much material resources are consumed to manufacture goods or deliver a service, making sure that there is enough inventory to produce the quantities that need to be delivered to the customer, and ensuring that what is made is in fact what the customer wants. Many of these decisions can be costly. It is for this reason that OM is a function companies go to in order to improve performance and the financial bottom line.

Differences in Manufacturing Versus Service Operations

All organizations can be broadly divided into two categories: manufacturing organizations and service organizations. Although both categories have an OM function, these differences pose unique challenges for the operations function as the nature of what is being produced is different. There are two primary distinctions between these categories of organizations. First, manufacturing organizations produce a physical or tangible product that can be stored in inventory before it is needed by the customer. Service organizations, on the other hand, produce intangible products that cannot be produced ahead of time. Second, in manufacturing organizations customers typically have no direct contact with the process of production. Customer contact occurs through distributors or retailers. For example, a customer buying a computer never comes in contact with the factory where the computer is produced. However, in service organizations the customers are typically present during the creation of the service. Customers here usually come in contact with some aspect of the operation. Consider a restaurant or a barber shop, where the customer is present during the creation of the service.

The differences between manufacturing organizations and service organizations are typically not as clear-cut as they might appear in the preceding example. Usually there is much overlap between them, and their distinctions are increasingly becoming murky. Most manufacturers provide services as part of their business,

and many service firms manufacture physical goods they use during service delivery. For example, a manufacturer of jet engines, such as Rolls Royce, not only produces engines but services them. A barber shop may sell its own line of hair care products.

We can further divide a service operation into high contact and low contact segments. High contact segments are those parts of the operation where the customer is present, such as the service area of the post office or the dining area of a restaurant. However, these services also have a low contact segment. These can be thought of as "back room" or "behind the scenes" segments. Examples would include the kitchen segment at a fast-food restaurant or the laboratory for specimen analysis at a hospital.

Finally, in addition to pure manufacturing and pure service, there are companies that have some characteristics of each type of organization. It is difficult to tell whether these companies are actually manufacturing or service organizations. An excellent example is an automated warehouse or a mail-order catalog business. These businesses have low customer contact and are capital intensive. They are most like manufacturing organizations yet they provide a service. We call these companies *quasi-manufacturing organizations*.

The operational requirements of these two types of organizations are different, from labor to inventory issues. These differences are shown in Table 1-1. As a result, it is important to understand how to manage both service and manufacturing operations.

Table 1-1 Comparing Manufacturing and Service Operations

Manufacturers	Services
Tangible product.	Intangible product.
Product can be inventoried.	Product cannot be inventoried.
Low customer contact.	High customer contact.
Longer response time.	Short response time.
Capital intensive.	Labor intensive.

The Role of Manufacturing and Service Operations in the Organization and Supply Chain

A self-care plan can help you enhance your health and wellbeing, manage your stress, and maintain professionalism as a worker with young people. Learn to <u>identify activities</u> and practices that support your wellbeing as a professional and help you to sustain positive self-care in the long-term.

- Understand your self-care assessment
- Develop your self-care plan.
- Put your self-care plan into action.
- **It is useful to complete the self-care assessment before reading this article.**

Aspects of Self care

Self-care is a personal matter. Everyone's approach will be different. It relates to what you do at work and outside of work to look after your holistic wellbeing so that you can meet your personal and professional commitments (find out more). Below are the different aspects to self-care and example strategies that other people have found useful:

- Workplace or Professional
- Physical
- Psychological
- Emotional
- Spiritual
- Relationships

NOTE: The activities and suggestions below are a guide only and it is important to choose activities that are meaningful to yourself and your own goals.

After discovering the different aspects of self-care, <u>complete the self-care plan activity below.</u>

Workplace or Professional Self-Care

This involves activities that help you to work consistently at the professional level expected of you. For example:

- Engage in regular supervision or consulting with a more experienced colleague
- Set up a peer-support group
- Be strict with boundaries between clients/students and staff
- Read professional journals

- Attend professional development programs

Physical Self-Care

Activities that help you to stay fit and healthy, and with enough energy to get through your work and personal commitments.

- Develop a regular sleep routine
- Aim for a healthy diet
- Take lunch breaks
- Go for a walk at lunch-time
- Take your dog for a walk after work
- Use your sick leave
- Get some exercise before/after work regularly
- Use the Balanced app to help you develop healthy habits

Psychological Self-Care

Activities that help you to feel clear-headed and able to intellectually engage with the professional challenges that are found in your work and personal life.

- Keep a reflective journal
- Seek and engage in external supervision or regularly consult with a more experienced colleague
- Engage with a non-work hobby
- Turn off your email and work phone outside of work hours
- Make time for relaxation
- Make time to engage with positive friends and family

Emotional Self-Care

Allowing yourself to safely experience your full range of emotions.

- Develop friendships that are supportive
- Write three good things that you did each day
- Play a sport and have a drink together after training
- Go to the movies or do something else you enjoy

- Keep meeting with your mothers group or other social group
- Talk to you friend about how you are coping with work and life demands

Spiritual Self-Care

This involves having a sense of perspective beyond the day-to-day of life.

- Engage in reflective practices like meditation
- Go on bush walks
- Go to church/mosque/temple
- Do yoga
- Reflect with a close friend for support
- Download the 1 Giant Mind app and learn mindfulness

Relationship Self-Care

Is about maintaining healthy, supportive relationships, and ensuring you have diversity in your relationships so that you are not only connected to work people.

- Prioritise close relationships in your life e.g. with partners, family and children
- Attend the special events of your family and friends
- Arrive to work and leave on time every day

[Activity] Create your own self-care plan

For each category above, select at least one strategy or activity that you can undertake. You might notice areas of overlap between these categories. It is important to develop a self-care plan that is holistic and individual to you.

- Download the self-care plan template or create your own.
- **Fill your self-care plan with activities that you enjoy** and that support your wellbeing. Here are some suggestions.
- **Keep this in a place where you can see it every day**. Keeping it visible will help you to think about and commit to the strategies in your plan. You can also share it with your supervisor, colleagues friends and family so they can support you in your actions

- **Stick to you plan and practice the activities regularly**. Just like an athlete doesn't become fit by merely 'thinking' about fitness, as a worker you can't expect to perform effectively without putting into practice a holistic plan for your wellbeing.
- **Re-assess how you are going at the end of one month** and then three months. Plans can take over a month to become habits, so check-in and be realistic about your own self-care plan. After a while, come back and complete the self-care assessment again to find out how you are going with your new habits.

A word of caution:

Once you have created a self-care plan it is important to ask yourself, "what might get in the way?" What can you do to remove these barriers? If you can't remove them you might want to adjust your strategies. Think honestly about whether any of your strategies are negative and how you can adjust your plan to avoid or minimise their impact.

It can be challenging if your workplace is not supportive of self-care activities, but you can still do things outside of work to help yourself. It is import that your plan resonates for you and that you put it in to action starting now.

Useful professional resources

- Self-care self assessment
- Self-care starter kit for social workers
- Self-care exercises and activities
- Taking care of yourself at work
- Staying mentally healthy at work

Next steps

- Use the results from your self-care assessment to write your own self-care plan
- Discuss your self-care plan with your supervisor/mentor and close friends and family
- Review your plan after some time to check if the activities continue to suit your needs.