



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF EDUCATION

COURSE CODE: ENT417

COURSE TITLE: PRODUCTION MANAGEMENT I



ENT417
PRODUCTION MANAGEMENT I

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Introduction

ENT417 – Production Management I - is a semester course work of three credit hours. It will be available to all students taking the B.Sc. Programme in the School of Business and Human Resources Management.

The course consists of 15 units.

The Course Guide tells you what ENT417 is all about, the material you will be using and how to make use of them.

Other information includes the Self Assessment Exercise and Tutor-Marked Assignment

Course Content

The course content consists essentially of the principles and practices of production management.

Course Aims

The aim of the course is to expose you to the principles and practices of production management.

Course Objectives

After going through this course, you should be able to:

- explain the concept and scope of production
- identify the key principles, practices and techniques of production
- state the constraints of production policy.

Course Materials

- Course Guide
- Study units
- Textbooks
- Assignment guide

Study Units

There are 15 units in all. They are divided into three modules.

Module 1

Unit 1	The Nature and Scope of Production
Unit 2	Types of Production
Unit 3	Factory Location
Unit 4	Plant and Equipment
Unit 5	Production Planning and Control

Module 2

Unit 1	Work Measurement
Unit 2	Method Study
Unit 3	Production Engineering
Unit 4	Production Function
Unit 5	System Design

Module 3

Unit 1	System Operation
Unit 2	The Production Process as a System
Unit 3	Production and Productivity
Unit 4	Factory and Workplace Layout
Unit 5	Aggregate Production Planning

Contained in each unit are: Introduction, Objectives, Main Content, Exercise, Conclusion, Summary and References.

Assignment File

Each unit will contain at least one assignment which you are expected to do carefully.

Assessment

Tutor-Marked Assignments (TMA)

You are expected to apply what you learnt in the content of the study units to do the assignments and send them to your tutor for grading. It forms part of your overall score.

Final Examination and Grading

This will be done at the end of the course.

Summary

ENT417 – Production Management I – will expose you to the principles and practices of production management. The course will equip you to face the challenges of production in the industries or related organisations.

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MODULE 1

Unit 1	The Nature and Scope of Production
Unit 2	Types of Production
Unit 3	Factory Location
Unit 4	Plant and Equipment
Unit 5	Production Planning and Control

UNIT 1 THE NATURE AND SCOPE OF PRODUCTION

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	The Meaning of Production
3.2	Aspects of Production
3.2.1	Market Consideration
3.2.2	Production to Order
3.2.3	Design and Technical Problems
3.2.4	Availability of Resources
3.2.5	Purchasing and Marketing
3.2.6	Assimilation into Existing Production
3.3	Production Policy
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

This unit will take a look at the nature of production vis-à-vis the meaning, aspects and policy of production.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- state the meaning of production
- identify the various aspects of production
- identify the constraints in production policy.

3.0 MAIN CONTENT

3.1 The Meaning of Production

Production is concerned with the creation of goods and services for marketing and to meet the needs of consumers.

According to Pitfield (1984), production in its strictest term, means the making of things by the conversion of materials and/or assembly of component parts into marketable objects.

In a wider context, Needle (1999) sees the production function operating in every department, store, restaurant, bank, local government, school and hospital. The implication of this is that the production function operates in both the manufacturing and the non-manufacturing sector of the economy. When production is viewed in this wider perspective, it is referred to as operations. For instance, the school system at various levels produces graduates such as School Certificate holders, Diploma graduates, Polytechnic graduates and University graduates. The church produces converts who are then referred to as being 'born-again' with different levels of spirituality.

Production plays a central role in every organisation. Such roles include:

- design of production systems
- operation of the production system
- materials and resources management
- market consideration
- quality and quantity considerations etc, and
- consumer satisfaction and efficient utilisation of resources.

3.2 Aspects of Production

In broad terms, production embraces so many meanings. It is an all embracing process which is embedded in the operations of every organisation, profit, non-profit, manufacturing and non-manufacturing alike.

The key aspects of production which will be considered here are:

- market consideration
- production to order
- design and technical problems
- availability of resources
- purchasing and marketing, and
- assimilation into existing production.

3.2.1 Market Consideration

The market is a critical factor to be considered before goods and services are produced.

With the exception of commissioned products, the quantity and quality of goods to be produced must be estimated based on the knowledge of the supply-gap that exists in the market. Answers must be sought to the questions such as:

- Is there a supply gap?
- What is the degree of sales of existing products?
- Is there need for a new product?
- What will be the potential sales of a new product?
- What will be the quantity and the quality of the product to be produced?
- At what price?

Answers to these questions can be obtained through market research or market survey.

3.2.2 Production to Order

Here, production is made in response to an order. In this case, a customer places order for a given quantity and quality of goods at a given price. The goods may be branded or customised.

3.2.3 Design and Technical Problems

Product design and method of production have mutual influence on each other. It is therefore imperative that there must be co-operation between the designing and the production engineers.

3.2.4 Availability of Resources

The three Ms of management, - Money, Materials and Machinery - as well as the necessary number of workers of various skills must be available

3.2.5 Purchasing and Marketing

Materials must be purchased and stored. Products must be sent to the market and adequate arrangements must be made for mobility.

3.2.6 Assimilation into Existing Production

In a situation where there is a new production, arrangement must be made to merge the new production into the existing one.

3.3 Production Policy

Every organisation must have a guideline/policy on what to produce, the qualities and quantities as well as the method of production.

The major constraints of production policy are:

(a) Limitation of Range

The range of product must be established, and the degree of specialisation established.

(b) Availability of Resources

The resources to be made available include:

- the premises
- the plant and machineries
- labour or human skill
- finances etc.

(c) Level of Production

The level of production should be determined by the level of demand and the unit cost. Care should be taken not to produce at a unit price that will be unprofitable.

(d) Cost and Price

A good relationship exists between cost and price. Change in demand or decrease in purchasing power may reduce price. Increase in cost will ultimately lead to increase in price. The cost may be affected by labour demand for high wages, government policy, energy and raw materials availability.

(e) Finance

Money is required to finance a business until the point of profitability is reached.

(f) Managerial Expertise

Management must ensure that it has the necessary ability and capacity to cope with new challenges. Adequate techniques and equipment must be made available.

SELF ASSESSMENT EXERCISE

Identify the key aspects of production and briefly explain them.

4.0 CONCLUSION

Production in its strictest term is limited to manufacturing but in broader perspectives, production exists in all organisations.

5.0 SUMMARY

Production is a central function in all organisations. It has a viable relationship with its environment. Key aspects of production include:

- market consideration
- design and technical problems
- availability of resources etc.

A good production policy is desirable for efficient utilisation of resources.

6.0 TUTOR-MARKED ASSIGNMENT

Identify and explain the main constraints of production.

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 2 TYPES OF PRODUCTION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Job Production
 - 3.2 Batch Production
 - 3.3 Flow Production
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a look at the types of production vis-à-vis:

- jobbing
- batch production
- flow production

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- list the types of production
- differentiate between jobbing and batch production
- explain flow production.

3.0 MAIN CONTENT

3.1 Job Production

This relates to the production of one or small number of identical products to the specification of the buyer. It may mean the supply of one component to larger manufacturers, the provision of one area of production to a larger one or the making of special equipment of material.

It is a short-run production and, thus, does not have the benefits of larger scale. It subjects the producer to “peaks and troughs” activities, resulting in insufficient use of labour and equipment. This makes scientific assessment of cost difficult.

Jobbing is largely carried out by small firms in the form of sub-contracting. It is an arrangement that suits a particular situation at a time.

3.2 Batch Production

Batch production is a non-continuous and repetitive production. It is used in the production of goods, the quantity of which is known in advance. It can be in response to a specific order or for stock-piling. Batch production is mostly used where trade is seasonal, either as regard supply or demand.

Batches of products are sometimes produced in lots that will minimise both carrying and set-up costs of machines. Batch production has the tendency to lead to a higher in-process inventory.

A series of batches of different products may with careful planning constitute what is effectively continuous production.

3.3 Flow Production

Flow production is commonly referred to as line or continuous production. It is production on large scale to provide continuous supply.

Flow production may also be referred to as product layout system, since it lays more emphasis on products. It is used for single product or batch of products that follow the same sequence of operation e.g. a vehicle assembly plant. Flow production is characterised by the “flow” of units from one operation point to another throughout the whole process.

A single-purpose machine or series of machines may be used. The prime objective is to have a regular, continuously moving flow.

Flow productions are usually typical by the assembly line or conveyor-belt system.

SELF ASSESSMENT EXERCISE

Differentiate between jobbing and batch production.

4.0 CONCLUSION

The types and methods used in the production of goods depend on the product and the quantity produced.

5.0 SUMMARY

The method of production adopted by producers of goods depends on the product and the quantity produced. There are three main types of production:

- job production
- batch production
- flow production

6.0 TUTOR-MARKED ASSIGNMENT

State three (3) types of productions. Identify and explain the key features of each of them.

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 3 FACTORY LOCATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Site Location
 - 3.2 Types of Building
 - 3.3 Positioning Departments
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a cursory look at factory location, with special reference to site, building and positioning of departments.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the factors that influence the choice of a factory site
- mention different types of building
- state the principles relevant to the positioning of departments.

3.0 MAIN CONTENT

3.1 Site Location

According to the Oxford English mini dictionary, the word *site* means the place where something is, was or is to be located or to locate.

Site location is influenced by many factors which include:

(a) Effective Cost

Since building or rent cost vary from place to place, it is important that one takes a critical look at the proposed site vis-à-vis the level of local rates, government grants etc, before making a choice.

(b) Labour Availability of the Required Types

The producer must ensure that the types of labour require are available in the area.

(c) Labour Cost

Producers must take cognisance of the local wage rates for skilled and unskilled labour or for the type of labour required.

(d) Transport Facilities

Factors to be considered are access to motorway, and proximity to port.

(e) Local By-Laws

By-laws concerning building restriction, waste disposal etc.

(f) Housing and Social Facilities

Availability of social and housing facilities must be considered as shortage will affect labour supply.

(g) Possibility of Expansion

There may be need to expand the site in near future. This must be taken into consideration.

(h) Proximity of Commercial Services

This will equally affect labour supply.

3.2 Types of Building

There exist different types of factory building. The common ones are:

(a) Custom-Built Factory

This type is designed to suit production requirement. Essential features will be adequate lighting, heating and ventilation.

(b) Single-Storey Building

This is an idea for accommodating heavy machinery and for the movement of materials. It is easier to alter them multi-storey building. They are simple in construction and cheaper to build.

(c) Multi-Storey Building

This will require artificial lighting, cheaper to heat as a result of less heat-loss through the roof. To ensure easy traffic flow, gravity chute and lift must be provided. Otherwise, traffic is continued to separate the floors.

3.3 Positioning Departments

Major processing stage should be positioned at the largest open space while other departments should be positioned in a logical proximity to it and to each other. The relevant principles to be applied are:

- the first processing section should be near the store for raw materials
- the final inspection department should be near the production terminal
- intermediate inspection should be built into the production line near the work stage to be inspected
- finished-products store should have direct access to final inspection department.

SELF ASSESSMENT EXERCISE

Identify and explain the various types of factory building.

4.0 CONCLUSION

Factory location is a key aspect of production that requires careful consideration in order to ensure cost effectiveness.

5.0 SUMMARY

The main features of factory location are:

- site location
- types of Building
- positioning of Department.

Factors and principles affecting these essential features must put into consideration before deciding to locate the factory in any chosen area.

6.0 TUTOR-MARKED ASSIGNMENT

Enumerate and briefly explain the factors influencing the choice of location.

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 4 PLANT AND EQUIPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Choice of Plant and Equipment
 - 3.2 Maintenance
 - 3.3 Materials and Equipment
 - 3.3.1 Materials
 - 3.3.2 Equipment Handling
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a look at plant and equipment, with specific reference to maintenance, material handling and choice of equipment.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the factors to be considered in selecting plants and equipments
- explain the concept of maintenance
- state the principles of material handling.

3.0 MAIN CONTENT

3.1 The Choice of Plant and Equipment

This means that there exist the opportunity to choose from variety. It could be goods, persons or things.

The factors to be considered when selecting plant and equipment are:

i. Special Purpose Machines

These types of machines are designed to meet processing requirement. The modalities for its production and key features and functions must be agreed between the prospective users and the manufacturer.

ii. General Purpose Machines

These are standardised machines and are available from stock. As the name suggests, they are not designed for function specific to the buyer.

iii Effective Cost

This will take account of the initial cost, the cost of maintenance and depreciation as well as the running cost.

iv. Size

Floor area must be planned to accommodate the machines and make allowances for any giving part of the arm of a crane, operators' working position, access and passing traffic.

v. Maintenance and Repairs

Maintenance officers must have easy access to the equipment for the purpose of maintenance and repairs.

vi. Obsolescence

The life span of the machine should be known. There may be need for 'trade in' when larger or more efficient machines become necessary.

vii. Power

One must take cognisance of the requisite power and its attendant cost.

viii. Labour Cost

A simple machine will require low-paid operator. The cost of the labour replaced must be considered.

ix. Output

It may be necessary to calculate the earning capacity of each machine.

3.2 Maintenance

Maintenance is a continuous process and, it is handled by specialist staff whose responsibilities include:

- regular inspection and servicing
- repairs carried out on an emergency basis

- supervising proper use by operatives
- compiling records of breakdown performance etc
- advising management about replacement.

There are different types of maintenance, these are:

- predictive maintenance
- preventive maintenance
- corrective maintenance.

Organisations may have maintenance policy specific to them but the general factors to be considered are:

- a. the cost of production lost through breakdown
- b. the cost and effectiveness of inspection and maintenance
- c. principle concerning obsolescence and replacement
- d. buying policy as effected by maintenance work

3.3 Material and Equipment Handling

3.3.1 Materials Handling

This refers to the movement of raw materials, components, finished parts and completed goods within the production stage.

The principles to be considered are:

(a) Economy of Movement

The transporting distance must be short and should coincide with the flow of production. There should be no 'back-tracking'.

(b) Economy of Floor Space

Ideally, movement should be off the floor. This can be done by using overhead conveyor bolts, gantries etc.

(c) Traffic Ways

This should be done in such a way that movement does not interfere with other works.

(d) Combining Movement with Processing

For instance, a unit may be spray painted while it is on a production conveyor.

3.3.2 Equipment Handling

Equipment handling also deserved special attention. Suction pipes and vacuum tube can be used to move back materials while conveyors can be used to move goods overhead. Light packages can be shipped manually along roller, belts.

Gravity chutes, hoists, lifts etc are used for vertical movement, whilst trucks are used for:

- holding and discharging bulk or collection of items of dumper trucks.
- picking up and transporting standard pallets on a platform made up into 'unit loads' as pallet trucks.

SELF ASSESSMENT EXERCISE

List the various classification of handling equipment.

4.0 CONCLUSION

Plants and equipment are key aspects of the production section that requires careful planning with adequate movement space for equipment and materials.

5.0 SUMMARY

Management must take some factors into consideration before selecting plant and equipment. Maintenance policy must be well drawn out and allowance made for the movement of equipment and material at the outset.

6.0 TUTOR-MARKED ASSIGNMENT

What are the factors to be considered in the selection of plant and equipment? Briefly explain them.

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Book Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 5 PRODUCTION PLANNING AND CONTROL

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Planning and Control
 - 3.2 Progress
 - 3.3 Inspection
 - 3.3.1. Methods of Inspection
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a cursory look at Production Planning and Control with special emphasis on progress control and inspection.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the objectives of planning and control
- identify the features of progress control
- explain the purpose of inspection.

3.0 MAIN CONTENT

3.1 Planning and Control

Planning in this respect refers to the concept of deciding the method of production to be adopted. It usually follows the pre-planning stage, where the type of product has been decided upon and designed, output agreed in conjunction with the scale unit and all matters of cost, price and delivery times have been settled.

Control on the other hand, implies the setting of standards and objectives, the coordinating of the various stages and the variation of plans as circumstances dictate.

The responsibility for these two functions rests with one department.

The objectives of planning and control are:

- to coordinate labour and machine in the most effective and economic ways
- to establish targets, check them against performance and take necessary action.
- to achieve smooth continuous production with the elimination of bottle necks and under-employed resources.

The prime responsibilities of the Planning and Control Department are:

- to liaise with the marketing and purchasing department and to adjust the production rate or product mix where necessary
- to determine the allocation of labour and machine.
- to establish time schedules for various stages
- to establish continuous inspection
- to operate a system of cost control.

The planning programme will normally conform to the following:

- deciding the process to be adopted
- schedule the sequence of operation.
- establish time schedule for the completion of each
- allocate work to machines and work groups.
- ensure material availability.

3.2 Progress Control

This is meant to ensure that production performance is in accordance with the time schedules. It is a system of checking and taking necessary action. It is commonly referred to as **progress chasing**.

The need for progress control arises as a result of:

- failure of materials to be delivered
- machine or power breakdown
- industrial action
- delay at an earlier point on the production line
- staff absenteeism
- errors of design, planning or human activity

The main tasks of progress control are:

- to check progress continuously
- to determine the cause of any deviation
- to resolve the difficulty
- to adjust material delivery and to advise the sale.

Control can be assisted through:

- the use of flow chart which shows the planned sequence of operations
- the use of production schedule such as Gantt charts
- the use of automatic control to give a continuous feedback of information by computer.
- the use of machine loading charts
- inspection schedules
- material lists which specify the type and quantities of materials and components for each product.

3.3 Inspection

Inspection is carried out to ensure that finished products reach a required standard and to reduce the amount of 'scrap' and wasted labour.

The prime objects of inspection are:

- to establish standards
- to ensure conformity with standards
- to identify contributory factors to deviations
- to determine permitted deviations
- to ensure that periodic checks are continuous (i.e. schedule inspections)
- to provide management data about costs of deviation.

Inspection assumes the following forms:

- inspection of raw materials
- inspection of work in progress
- process control
- running test
- quality control
- statistical quality control

3.3.1 Methods of Inspection

Methods of inspection include:

(a) Centralised Inspection

This requires that work be sent to the inspection department before proceeding to the next stage.

The main features are:

- it allows for easier supervising
- inspection records are centralised
- the shop floor is kept clear for operatives.

(b) Floor Inspection

This requires inspectors to carry out their examination at the work point.

The main advantage of this method is that:

- less time is lost in handling and transportation
- fault-finding is immediate and may be remedied without delay.

SELF ASSESSMENT EXERCISE

What are the standard methods or aids available to management in respect of control?

4.0 CONCLUSION

Failure to plan is planning to fail. Management must take advantage of the object of planning and control for increased productivity.

5.0 SUMMARY

The prime objects of planning and control are:

- to co-educate labour and machines in the most effective and economic way
- to establish targets, check them against performance and to take necessary actions
- to achieve smooth continuous production.

These aims are achieved through a well planned programme of action.

6.0 TUTOR-MARKED ASSIGNMENT

State the objectives of an inspection system.

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Book Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

MODULE 2

Unit 1	Work Measurement
Unit 2	Method Study
Unit 3	Production Engineering
Unit 4	Production Function
Unit 5	System Design

UNIT 1 WORK MEASUREMENT

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	The Concept and Objectives of Work Measurement
3.2	Work Measurement Procedure and Measurement Techniques
3.2.1	Work Measurement Techniques
3.3	Attitude-to-work Study
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

This unit will expose us to the objectives, procedure and technique of work study.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- state the objectives of work measurement
- identify the techniques of work measurement
- enumerate the problems associated with work study.

3.0 MAIN CONTENT

3.1 The Concept and Objectives of Work Measurement

Work measurement is an aspect of work study. It is primarily concerned with the study of time and effort required to perform a task with a view at increasing efficiency. Its primary aim is to use time study to:

- establish standard time for completion of specific task
- check performances with standards
- measure machine output
- facilitate costing
- provide a fair basis for incentive scheme.

Once the standard time for the completion of a task is established, it becomes easier to check performances with standard and to design an effective productivity incentive scheme or what is commonly referred to as payment by result pay system.

3.2 Work Measurement Procedure and Measurement Techniques

The steps used in work measurement are similar to those of method study but with emphasis on quantification.

- The **Unit** is Time, though it can be a “work unit”
- **Calculation** by stop-watch
- **Allowances** are made for fatigue, variations between operations, unavoidable delays etc
- **The standard time** is based on day-long average time

3.2.1 Work Measurement Techniques

The techniques of work measurement are:

i. Direct Time Study

This is used in repetitive tasks; it involves recording the time taken to perform a specific part of a task. The measurements are taken at different time.

ii. Predetermined Motion Time System

Set time is established for completing certain tasks taken from the observations of a number of operatives on varying occasions.

iii. Analytical Estimating

This is used in non-repetitive jobs, such as maintenance. As the jobs vary in size and complexity, a standard is set for the time taken for an average job. It is also used for non-repetitive element in a repetitive operation.

iv. Activity Sampling

This involves making observations and recording what is happening on an agreed number of visits in a period at random. Idle time of a machine is calculated by noting at the random sampling, if the machine is working.

3.3 Attitudes to Work Study

The human problems associated with work study are the following.

- Resentment of being watched
- Effect of incentives: too high a standard would affect workers' earnings
- Reliability of the standard: workers could decide to go slow in order to get a lower standard
- Fear of redundancies: improved method may lead to a reduction of labour content and consequently down-sizing of labour force.

SELF ASSESSMENT EXERCISE

Identify the human problems associated with work study.

4.0 CONCLUSION

You have now successfully completed the study on one of the techniques of work study, which will help you to improve on your task performance efficiency.

5.0 SUMMARY

Work measurement is one of the techniques of work study. The procedure is similar to that of method study but with emphasis on quantifications. It provides a basis for designing an effective incentive scheme and to check performance with standards.

6.0 TUTOR-MARKED ASSIGNMENT

State and explain the techniques of work measurement.

7.0 REFERENCES/FURTHER READING

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 2 METHOD STUDY

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concept and Meaning of Method Study
 - 3.2 Objectives of Method Study
 - 3.3 Method Study Procedure
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a cursory look at method study vis-à-vis the objectives and procedures.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- state the objectives of method study
- enumerate the procedures of method study
- explain the meaning of method study.

3.0 MAIN CONTENT

3.1 Concept and meaning of Method Study

Method Study is one of the techniques used in work study. It is a scientific analysis of operations and the way in which works are co-ordinated including the contribution of machines to labour.

Method Study studies the way work is done, criticises it where necessary and devises a better approach that leads to work efficiency.

3.2 Objectives of Method Study

The objectives of method study are to

- improve individual processes
- improve the inter-relationship of processes

- make more efficient the use of manpower, machine and materials
- improve working conditions
- economise human efforts and reduce fatigue.

3.3 Method Study Performance

The procedures of method study are:

- (a) determine the work to be studied and define the objectives
- (b) record the facts which are established by means of:
 - process charts and flow diagrams
 - multiple activity charts
 - motion charts which shows the movement of an operatives
 - simo-charts record the simultaneous movements of an operative's hand or other part of the body
 - layout models and templates
 - string diagrams work-positions are marked with pens and connecting length of string indicate the paths course of his work
 - films and still cameras to record some operation
- (c) analyse the records and quantity where appropriate with a view at making some improvement through:
 - eliminating an operation or part of it.
 - combining one or more operations
 - devising different physical movement
 - altering machine tools
 - altering the sequence of operations.
- (d) design a new method
- (e) record the new method and produce mathematical comparison with the old.
- (f) install the new method and provide instruction for its use.
- (g) record the new method in operation and adjust where appropriate.

SELF ASSESSMENT EXERCISE

What are the devices used in recording facts in method study?

4.0 CONCLUSION

With the knowledge you have acquired in this unit, you are now in a position to carry out a method study of any organisation.

5.0 SUMMARY

Method Study is the scientific analysis of operations and the way in which all operations are co-ordinated with a view to devising better approaches. It is one of the methods of work study.

6.0 TUTOR-MARKED ASSIGNMENT

State and explain the general procedures of method study.

7.0 REFERENCES/FURTHER READING

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 3 PRODUCTION ENGINEERING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Concept of Simplification and Standardisation
 - 3.1.1 Advantages of Simplification and Standardisation
 - 3.1.2 Disadvantages of Simplification and Standardisation
 - 3.2 Specialisation
 - 3.3 Diversification
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will introduce you to the concept of standardisation and simplification as well as specialisation and diversification.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- state the merits and demerits of standardisation and simplification
- explain the concept of diversification
- explain specialisation.

3.0 MAIN CONTENT

3.1 The Concept of Simplification and Standardisation

Production engineering refers to the organisation of the production process as a whole. It embraces the period from the design and layout of production facilities to final inspection of the product.

It is concerned with every stage and every aspect with the production span and includes the establishment of standards, the design of tools and equipment, as well as the measurement of performance and the working within cost limits.

Simplification is the process whereby the range of components or final products is reduced. It entails producing more of any one type to gain the advantage of large-scale production.

Standardisation is referred to the interchangeability of standard components and between different end-products. For instance, three models of a product can be basically the same but can be marketed as different models by varying some of the components.

3.1.1 Advantages of Simplification and Standardisation

- Reduction of unit cost
- Easier inspection
- Reduced cost at the design stage
- Reduced variety of skill required
- Lower tooling cost
- More efficient customer
- Service for spares and repairs
- Simpler organisation
- Less complex purchasing and storage.

3.1.2 Disadvantages of Simplification and Standardisation

- A mistake in the choice of product or design will be more costly to correct because of the commitment to a narrow range.
- The buyer desire for something different may present opportunities for competitors.
- Introduction may mean losses on existing stocks material and plant.

3.2 Specialisation

This is the case, when an organisation decides to concentrate on a narrow range of products. It enables the manufacturer to remain in the areas where he is most experienced and have a well-established production process, labour and technical skill required and a sound knowledge of the market.

The demerits of product specialisation are:

- over-dependence on one market may be overtaken by a new technology
- inflexibility.

On the other hand, specialisation of labour will entail reducing the range of skill required of each worker so that efficiency is improved by concentration of efforts.

3.3 Diversification

This entails venturing into new areas of production. It is the direct opposite of specialisation. Organisations embark on diversification for the following reasons to:

- reduce risk of over dependent on one product.
- utilise spare capacity
- offer a wider range within the same market
- put by-products to profitable use as a result of integration.

SELF ASSESSMENT EXERCISE

Is diversification justifiable? If yes, give your reasons.

4.0 CONCLUSION

Now that you have gone through this unit, you are better placed to appreciate the merits and demerits of simplification and standardisation, specialisation and diversification.

5.0 SUMMARY

Production engineering embraces the totality of the production processes in an organisation vis-à-vis:

- Implementation of production policy
- Production span
- Establishment of standards
- Design of tools and equipment
- Measurement of performance
- Working within cost limits.

6.0 TUTOR-MARKED ASSIGNMENT

State the merits and demerits of simplification and standardisation.

7.0 REFERENCES/FURTHER READING

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Books.

UNIT 4 THE PRODUCTION FUNCTION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Universality of Production
 - 3.2 Difference between Manufacturing and Non-Manufacturing Industries
 - 3.3 Identifying the Production Function
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will consider the production function as a universal concept.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the production function
- differentiate between the manufacturing and non-manufacturing industries
- explain the universality of production.

3.0 MAIN CONTENT

3.1 The Universality of Production

According to Needle (1999), the production function exists in all types of industries as well as manufacturing. It transforms inputs such as information, people, material and finance into a variety of outputs such as goods, services, customers and employees satisfaction. When viewed from the above perspective, all organisations can be said to have a productive system irrespective of their primary objective.

Production function is a central function that has a significant impact on organisation structure. It forms the bulk of a firm's assets, expenditure and people. It is pivotal to the success of a firm by providing what the customers need at a profit or with budget in profit and non-profit organisation respectively. It is concerned with issues such as quantity, quality, availability and price as well as issues of productivity and cost.

Production problems occur in every organisation. For instance in airports, there is the problem of:

- take-off and safe landing of planes on time
- coordination of air traffic control, ground crews, bagging, passport and customs, aircraft cleaning, refueling and catering.

Similarly in hospitals, there is the problem of operation timing and schedule, patients' transfer to and from wards, equipment preparation and the support systems.

Modern methods and techniques of production have elevated production to a key position such that, management strategy is incomplete without the production strategy.

3.2 Differences Between Manufacturing and Non-Manufacturing

Manufacturing and non-manufacturing sectors are concerned with the production of goods and services. There are, however, some differences between different types of organisation operating in the same sector. For instance, a cottage textile industry would be classified as manufacturing alongside a large Textile Industry like Nichemtex. In like manner, a small car hire service centre would be classified alongside First Bank Plc as non-manufacturing.

The major differences are:

- In non- manufacturing, the customers play an active part in the process while in manufacturing; the customers play a less active role
- In non- manufacturing, there is a high level of interaction with customer, which makes the process unpredictable. The converse is the case with manufacturing
- It is more difficult to control production in non-manufacturing sector. The converse is the case with manufacturing.
- The degree of contact with customers can affect the efficiency of the operation and
- Productivity in non-manufacturing is difficult to measure and quality a matter of subjective assessment.

3.3 Identifying the Production Function

The primary function of production is to convert inputs into different kinds of outputs. This view of production function is commonly referred to as the system view of production.

It entails:

(a) The Input such as:

- raw materials
- people
- energy
- machines
- fixed assets
- method of working
- information.

(b) The Process such as the:

- conversion of inputs by combining them to produce outputs.
- support functions that control the feedback mechanisms to improve the input mix and the conversion process.

(c) The Output such as those desired for:

- customers
- the firm
- the employee and
- the community.

SELF ASSESSMENT EXERCISE

Identify the function of production.

4.0 CONCLUSION

A form of production takes place in every organisation, whether manufacturing or non-manufacturing hence, the concept “universality of production”

5.0 SUMMARY

The function of production is universal. It takes place in every organisation whether profit or non-profit, manufacturing or non-manufacturing. The key function of production is to convert input into output.

6.0 TUTOR-MARKED ASSIGNMENT

Explain the concept “universality of production”.

7.0 REFERENCES/FURTHER READING

Hill, .S. (1991). *Production and Operation Management: Text and Cases*. London: Prentice Hall.

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

UNIT 5 SYSTEM DESIGN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Forecasting Demand and Capacity Planning
 - 3.2 Equipment and Work Design
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will take a look at system design vis-à-vis capacity planning, equipment design, work design and location decision.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the strategies used by companies to reduce difficulties imposed by capacity planning
- state the types of decision relevant in work design
- state the factors that determine the choice of location.

3.0 MAIN CONTENT

3.1 Forecasting Demand and Capacity Planning

Decisions central to the production process are based on forecasting demand and capacity planning. They determined the direction for the entire operation and the resources to the acquired and how they are to be deployed.

To carry out an effective forecast, accurate information concerning the market and accurate prediction of demand is required. Getting this information is particularly difficult in a highly volatile market of changing demand and high levels of competition.

In a situation where forecasting made with some degree of accuracy capacity planning may still not be straight forward. It is sensitive to product and process innovation and is affected by decision on the type of technology used, organisation size and structure and the extent to

which subcontracting as well as other policies in delivery service industries are faced with many challenges. This necessitates the need for capacity planning. The strategy adopted may include:

- operating a fixed schedule
- insisting that passengers or customers buy tickets before hand
- creating extra capacity particularly during times of high demand
- operating a delayed delivery system to control demand and plan capacity
- introducing overtime to cater for overbooking
- using demand and capacity as a marketing strategy where a product develops a rarity value and cult status.

3.2 Equipment and Work Design

The key decision here is the selection of the type of equipment to be used, how much of it is to be produced in-house and how much is to be brought, and the equipment replacement strategy to be adopted. Equipment design is closely related to product design, capacity planning, nature and skill of the labour force and accounting procedure. Work design on the other hand is concerned with:

- physical layout of the production
- design of individual jobs.

The principal considerations are economic, technical and behavioural. Variation in these factors often results in different types of production system.

Work design is a method used by management to satisfy conflicting demands such as customer satisfaction versus efficient utilisation of resources.

Management is also concerned with cost minimisation; this is achieved by means of:

- method study
- work measurement

These are collectively referred to as work study Work measures apply techniques designed to establish the time for a qualified worker to carry out a task at a defined level of performance. This technique is commonly referred to as Time Study.

Method Study on the other hand is the systematic and critical examination of the ways of doing things in order to make improvement (British Standard 3138).

3.3 Location Decision

The production systems in a manufacturing concern are usually located based on the following factors:

- proximity to raw materials and power supply
- transport system for supply and distribution
- labour market possessing the required skill
- level of the local rates and taxes
- availability of government grants
- relative cost of labour.

Location is also a key consideration in the setting of service industries.

SELF ASSESSMENT EXERCISE

1. What factors are closely related to equipment design?
2. Identify the key decisions to be made in equipment design.

4.0 CONCLUSION

System design embraces product design, forecasting demand, capacity planning, equipment design and work design which are key factors in management production strategy.

5.0 SUMMARY

The key factors in system design are:

- forecasting demand
- capacity planning
- equipment design
- work design
- location decision.

Managements require adequate and accurate information to make the necessary strategic decisions.

6.0 TUTOR-MARKED ASSIGNMENT

Enumerate the strategies used by service industries to reduce the difficulties imposed by capacity planning.

7.0 REFERENCES/FURTHER READING

Hill, T, (1993). *The Strategic Management of the Manufacturing Function*, 2nd edition. London: MacMillan.

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

Wild, R. (1985). *Essentials of Production and Operation Management*. London: Holt Rinehart and Winston.

MODULE 3

Unit 1	System Operation
Unit 2	The Production Process as a System
Unit 3	Production and Productivity
Unit 4	Factory and Workplace Layout
Unit 5	Aggregate Production Planning

UNIT 1 SYSTEM OPERATION

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Operations Planning
3.2	Operations Control
3.3	Scheduling
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

The unit will consider production system operation vis-à-vis operations planning, operations control and scheduling.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- explain operations planning
- state the aims of scheduling
- identify various types of operations control.

3.0 MAIN CONTENT

3.1 Operations Planning

The primary aim of operation planning is to ensure that sufficient goods or services are produced to meet demand. Management must decide whether goods are to be produced to stock or to order. A vehicle company could decide as a matter of policy that all vehicles are ordered by manufactured or produced various models of vehicle and sell them.

Whatever the system that is adopted, some elements of flexibility must be introduced, such that can enhance greater operating efficiency.

Operations planning necessarily overlap with issues of capacity planning. Where an organisation provides standardised or customised items, then the need to produce to stock or order is vital. The problem of producing to order may be more pronounced in service industries such as fast food outlets. If the policy is to produce to order, then the management must brace up for a possible delay in meeting the customers' needs at the same time.

Where goods are produced to stock the food items such as meat pie and hamburger, those that are not sold must be discarded after some time.

3.2 Operations Control

Five types of controls are identified. The forms of control identified overlap. As with any type of control system, the managers of the system must determine the standards that are to operate.

- (1) **Quantity Control:** This is sometimes referred to as production control or progress chasing. It ensures that the throughput of goods and services go according to the planned schedule.
- (2) **Quality Control:** This ensures that the quality of the furnished product or service meets the standards set in the design stage and meets with approval of customer.
- (3) **Technology Control:** This pertains to the maintenance of plants and equipment. It is applicable in all types of organisation. The major challenge here is to decide when a piece of equipment is in need of service. Maintenance should not be haphazard, it should be ordered.
- (4) **Labour Cost:** The prime focus here are, what should be the extent and style of supervision and the type of incentive to be used to generate the right response and co-operation from the labour force?
- (5) **Cost Control:** This is essentially an accounting function. It entails the collection and analysis of data on material, operating equipment and labour cost and comparisons made with previously determined standard costing.

3.3 Scheduling

The primary aim of scheduling is to balance the costs of production against demands for goods and services to ensure that demand is met in the most efficient way possible.

A key strategic consideration here is load-levelling which ensure that work is distributed as evenly as possible throughout the workforce, over the entire year and making efficient use of available equipment. Techniques or themes preferred to ensure optimal solution to the problems of production planning and scheduling includes:

- queuing theory
- linear programming
- operation research.

SELF ASSESSMENT EXERCISE

Mention and explain the techniques used to ensure optimal solution to the problem of scheduling.

4.0 CONCLUSION

System operation is a key aspect of the production system. It consists of operation planning, operation control and scheduling.

5.0 SUMMARY

The key aspects system operations are:

- Operation, planning which is primarily concerned with ensuring that sufficient goods or services are produced to meet demand.
- Operation control, which consists of:
 - quantity control
 - quality control
 - technology control
 - labour cost
 - cost control.
- Scheduling, is aimed at balancing the cost of production against demand for goods and services.

6.0 TUTOR-MARKED ASSIGNMENT

State and explain the various types of operations control.

7.0 REFERENCES/FURTHER READING

Hill, T. (1993). *The Strategic Management of the Manufacturing Function, Manufacturing Strategy: 2nd edition*. London: Macmillan.

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

UNIT 2 THE PRODUCTION PROCESS AS A SYSTEM

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Inputs of Production
 - 3.2 Process of Production
 - 3.3 Output of production
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The unit will consider the process of transforming inputs into outputs.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- identify the input of production
- explain the process of converting input into output
- identify the output of production.

3.0 MAIN CONTENT

3.1 Inputs of Production

Input is classified into three:

- (a) **Environment Input:** This is informational in character and tends to provide operations manager with knowledge about conditions outside the production system
- **Legal or Political Input:** establishes constraints within which the system must operate.
- **Social and Economic Input:** This allows managers to identify the trends that may affect the production system in future.
- **Technological Input:** This can be obtained from trade journals, government bulletins, trade associations, Newsletters, suppliers etc. They provide information concerning breakthrough in technology that may affect machinery, tools or process.

- (b) **Market Input:** This also tends to be informational in character. It provides information concerning competitions, product design, customer desires etc.
- (c) **Primary Resources:** They directly support the production and delivery of goods and services. The resources are materials and suppliers, personnel, capital and capital goods and utilities such as gas, water, oil, coal and electricity.

Needle (1999) classified input as raw materials, people, energy, machine, fixed assets, methods of working and information.

3.2 Process of Production

Production processes can be seen from two perspectives:

- The conversion of inputs by combining them to produce outputs.
- The support function that control the feedback mechanism to improve the input mix and conversion process.

To effectively actualise the above, it is necessary to choose an effective production processing system that best suits the organisation.

Production processing systems are classified into:

- product-focused system
- Process-focused system.

The Product-focused System groups together all of the machines, tools and workers needed to perform all of the tasks required to finish a product.

It is designed to produce a few standardised products in high quantity at low cost.

The Process-focused systems are designed to produce many unique product designs in relatively low volumes. Here, the production department is designed to perform only one kind of task to a group of products being produced on batch production system.

3.3 Output of Production

Information gain during production process serves as feedback to the system and hence it can be considered as input to the system.

Needle (1999) classifies output as **desired** and **undesired**.

(a) For the customer

Goods and services at an acceptable quality and price determined as required.

(b) For the firm

- profit
- information
- meeting costs
- achieving objectives.

(c) For the employee

- wages
- job satisfaction
- security.

(d) For the community

- jobs
- prosperity
- support for other firms acting as subcontractors.

Undesirable output may include:

- customer dissatisfaction
- employee dissatisfaction
- labour turn-over
- financial losses
- unacceptable waste
- pollution.

SELF ASSESSMENT EXERCISE

What is the undesirable output of production?

4.0 CONCLUSION

The production system is a transformation process. It converts input into desirable output.

5.0 SUMMARY

The production system consists of input, process and output. Key input are raw materials, people, energy, machines, fixed assets, method of working and information while process refers to the conversion of input in combination to produce desirable output. Outputs are either desirable or undesirable.

6.0 TUTOR-MARKED ASSIGNMENT

What are the inputs of production?

7.0 REFERENCES/FURTHER READING

Asiegbu, B.C. (1999). *Operation Management*. (MBA course text; an Unpublished work).

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

UNIT 3 PRODUCTION AND PRODUCTIVITY

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concepts and Scope
 - 3.2 Capacity Measurement
 - 3.3 Cycle Time and Labour Requirement
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The unit will consider the concept of production and productivity with specific reference to capacity measurement and performance indices.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- explain the concept of production and productivity
- explain capacity measurement
- discuss cycle time and labour requirement.

3.0 MAIN CONTENT

3.1 Concepts and Scope

The words production and productivity are sometimes used interchangeably. Though they both lead to increase in output, there is a fundamental difference between them. While production increase can be obtained by increasing resources, productivity indicates how well the resources are used in production which may also lead to increase in production without necessarily increasing the level of resources.

When input resources are increased with a view at increasing the output, the outcome may be at the expense of productivity.

In like manner, production is a transformation process; it converts input into desirable output while productivity is the ration of output produced per unit of resources (worker/hour or machine/hour of services, quantity of materials or energy units) consumed by the process and activity of

production/distribution which fulfill what most people desire or need [Chen et al (1982)].

It has direct impact on economic and social level growth pattern, living standard, balance of payment position, inflation and leisure level, with consequent effect on wage level, cost price, relationship and capital utilisation.

3.2 Capacity Measurement

Planned capacity is based on some units of measurement that are common to the mix of products.

Tons, metres, and standard hours are sometimes used. Ton is a weight measurement commonly used in the industry, while metre is a unit for length measurement. Industries are either vertically or horizontally designed for single products either in sections or a whole plant. Standard hours are used in batch manufacturing industries because; some operations sometimes involve many components which are normally carried out using the same facility.

Standard hours give a measure of how long it takes a process or work piece to pass through each operation. This depends on working parameters such as speed and feed rate.

Capacity utilisation is expressed in terms of installed capacity based on any of the above units to determine how efficiently the productive resources are utilised.

3.3 Cycle Time and Labour Requirement

Processing systems are either automatic, semi-automatic or batch. In automatic systems, operations are required to load and set the machine running. They are also required to unload, clean and carry out minor adjustments to enhance efficient operation. The number of operatives required depends on the number of machines an operator can tend to at a time. Since all the machines cannot develop faults, at the same time, the operator is free to attend to the one demanding his attention while other machines are running. A perfect balance is, however, difficult to attain in the assignment process. Lockyer (1983) assumes that work to carry out in different machines should be identical in terms of cycle time, that is the actual processing time, unloading and allowance for personnel and other needs. In addition to machine capability, there is the need to consider the workers' performance in tending to machines in capacity assessment using time study, the time to perform a particular task is derived and converted to basic time, using the rating factors. Relaxation

and other contingency allowances are added to get what is known as standard time.

This refers to the total time in which a job is to be completed at standard performance. A higher standard performance means that the job will be completed at less time than assigned, hence a reduction in cycle time.

If on the average the performance is higher than the standard, performance is assumed to be 100%, then there will be an increase in capacity availability.

SELF ASSESSMENT EXERCISE

What is the relationship between cycle time and labour requirement?

4.0 CONCLUSION

Machine productivity is enhanced by labour productivity.

5.0 SUMMARY

Productivity study is primarily aimed at the best way to improve production at a reduced cost. Capacity measurement should take cognisance of workers' performance through the use of time study. Our knowledge of standard and actual performance will help us not only to capacity availability but also labour requirement.

6.0 TUTOR-MARKED ASSIGNMENT

What is production?

7.0 REFERENCES/FURTHER READING

Asiegbu, B.C. (1999). *Operation Management*. (MBA course text; an Unpublished Work).

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

UNIT 4 FACTORY AND WORK PLACE LAYOUT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concepts and Scope of Factory Layout
 - 3.2 Process Layout
 - 3.3 Product Layout
 - 3.3.1. Advantages of Process and Product Layout
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The unit will address the concept and scope of factory and work place layout.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- explain the meaning of factory layout
- state the advantages of process layout
- discuss the merits of product layout.

3.0 MAIN CONTENT

3.1 Concepts and Scope of Factory Layout

Factory layout is the arrangement of machines, offices, equipment, light and electrical outlets, store rooms and all other facilities in the plant or office. A good layout permits the efficient flow of materials through the work areas, makes maximum use of the available space and minimise handling, clerical, transportation and inventory.

Most factories engage in re-layout of existing facilities rather than design an arrangement for new equipment in the new building. Starting from scratch and conceiving a layout of equipment around which a building will be constructed is a challenge, but a re-layout of existing facilities is perhaps more challenging.

In an ideal factory, the new material may come in at one end, pass through all the processes of manufacture and emerge as the finished product for dispatch at the other end.

In like manner, raw materials may come in at one door, pass right round the factory, undergoing various operations and go out at the same time.

The principles of straight line flow are still valid, even where their several parts going into the finished products, although it may be necessary to introduce converging lines, of flow with components or parts stored at various points on the production line.

The various recording techniques used in the study of factory layout and work flow are:

- process charts
- flow diagrams
- string diagrams
- multiple activity charts.

3.2 Process Layout

In process layout, similar equipment, that is machines that perform similar functions, are grouped together. It is also referred to as functional layout. Each department consists of groups of similar machine or people doing similar jobs such as carding, drawing, spinning etc. All these activities are collectively referred to as spinning process or operations in textile industries.

3.3 Product Layout

A product layout groups equipment so that all the various kinds of equipment necessary to make a single product or product line are located close together. When departments are created in this fashion, such departments, for instance, a hypothetical electronic firm may have such departments as television, radio, GSM phones, computers etc. In textile mills, product layouts are typified by such labels as testing room, carding room etc.

3.3.1 Advantages of Process and Product Layout

The advantages of product layout are:

- lower material handling cost
- materials are moved mechanically from one work station to another and the stations are grouped close together

- less time is required to manufacture the product
- there is less work in process
- lower skills are required by workers.

The main advantage of process layout is its flexibility. A wide variety of processes may involve the same type of equipment but in different sequences.

SELF ASSESSMENT EXERCISE

State the advantages of product layout.

4.0 CONCLUSION

For easy mobility, a good factory layout is required. A good factory layout will facilitate free-flow of movement of personnel and materials.

5.0 SUMMARY

Factory layout is the arrangement of machines, offices, equipment, light electrical outlets, store room and all other facilities in the plant or office.

The prime object of factory layout is to permit the efficient flow of people and materials.

6.0 TUTOR-MARKED ASSIGNMENT

What are factory and work place layouts?

7.0 REFERENCES/FURTHER READING

Needle, David (1999). *Business in Context*. London: Thomson Business Press.

Pitfield, R. Ronald (1984). *Business Organisation*. London: M & E Handbooks.

UNIT 5 AGGREGATE PRODUCTION PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concept and Scope
 - 3.1.1 Steps of Aggregate Production Planning
 - 3.2 Aggregate Plan for Produce-to-Stock versus Produce-to-Order
 - 3.2.1 Factors that Determine the Choice between the Plans
 - 3.3. Aggregate Plans for Services
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will consider one of the methodologies of production planning and control.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- explain the concept of aggregate production planning
- enumerate the factors that will enable managements to decide whether to produce-to-order or produce-to-stock
- discuss the problems inherent in aggregate plans for services.

3.0 MAIN CONTENT

3.1 Concept and Scope

Aggregate planning entails devising a plan for providing production capacity for the next six to eighteen months, given nine forecast of demand for products.

The plan will spell out the amount of straight time and over-time labour, amount of subcontracting and other sources of capacity to be used.

Aggregate plans are aimed at the accomplishment of two goals:

- provide enough production capacity to satisfy market demand
- keep production cost low.

The process of planning the quantity and timing of output from a manufacturing or service system over the medium term is usually achieved by adjusting the production ratio, inventory level and other controllable variables.

It derives its information from product demand forecast, customer order, inventory level and factory capacity level.

The process makes use of such planning models as:

- linear programming
- fixed cost model
- feed back control model
- queuing theory model
- heuristic decision rules
- search decision rules
- simulation models.

3.1.1 Steps of Aggregate Production Planning

The steps are:

- Begin with a sale forecast for each product that indicates the quantity to be sold in each time period.
- Total all the individual products or services forecast into one aggregate demand for a factory.
- Transform the aggregate demand for each time period into workers, materials, machines and other elements of production capacity required to satisfy aggregate demand.
- Develop alternative resources schemes of supplying the necessary production capacity to support the cumulative aggregate demand.
- Select the capacity plan for among the alternative.

3.2 Aggregate Plans for Produce-To-Stock versus Produce-To-Order

PRODUCE-TO-STOCK	PRODUCE-TO-ORDER
1. Finished products inventory buffers the difference between the level of production capacity and the variable quantity demand.	The firm begins production only when orders are received; the purpose of buffering growth cannot be achieved.
2. Finished product storage serves the same purpose as backlog in produce-to-order.	There is backlog because demand exceeds production capacity.
3. No difficulty is encountered in forecasting demand.	Encounters difficulty of forecasting the levels of production capacity due to lack of production standardisation.

3.2.1 Factors That Determine the Choice between the Plans

Management's decision to adopt the produce to stock or produce to order plan is determined by the following factors:

- the cost
- positive management-union relations
- fatigue, reduced morale and increased cost could eventually result from working too much over-time on a continual basis
- product quality might be better with the time plan because all production would be in-house and under direct control of the plant.
- the flexibility of increasing or decreasing production level.

3.3 Aggregate Plans for Services

Aggregate planning is simpler in a service system that supplies standard services to customers than in a system that produces products. Common examples of service system are fast food outlets, eateries etc.

Where a service system supplies customised services to customers, difficulty will rise in course of specifying the nature and extent of service, and hence aggregate planning becomes difficult. Examples of such systems are hospitals, computer service centres, automobile body repair shops etc.

Key problems associated with aggregate plan for service are:

- in customised service, the customer is an integral part of the production system.
- the absence of finished product storage acts as a buffer of the difference between system capacity and customers' demand
- scaling of production capacity up and down may alter the perceived quality of the delivered services.

Techniques designed to solve these problems are:

- the use of appointment schedules
- the use of after-hours window service
- creating extra capacity
- using demand and capacity as a marketing strategy where a product develops a rarity value and cult status.

SELF ASSESSMENT EXERCISE

Identify the problems associated with aggregate plan for service.

4.0 CONCLUSION

Now that you have gone through this unit, you can clearly show that aggregate plan is aimed at providing enough production capacity to satisfy market demand at the lowest possible cost.

5.0 SUMMARY

Aggregate plan involves devising a plan for production capacity for a period not less than six months. The primary aim is to ensure enough production capacity to meet market demand and lowest cost possible.

Aggregate planning requires information. The choice between production-to-order and production-to-stock is determined by certain factors.

6.0 TUTOR-MARKED ASSIGNMENT

Itemise the necessary steps in aggregate planning.

7.0 REFERENCES/FURTHER READING

Asiegbu B. C (1999). *Operation Management*, (MBA course text; an unpublished work).

Needle, David (1999). *Business in Context*, London: Thompson Business Press.