

## OTHER FUNCTIONS

There are a host of other supporting functions that interface with operations. Among them are accounting and purchasing. Also, depending on the nature of the organization, they may include personnel or human resources, product design and development, industrial engineering, and maintenance (see Figure 1-5).

*Accounting* supplies information to management on costs of labor, materials, and overhead, and may provide reports on items such as scrap, downtime, and inventories.

*Management information systems (MIS)* is concerned with providing management with the information it needs to effectively manage. This occurs mainly through designing systems to capture relevant information and designing reports.

*Purchasing* has responsibility for procurement of materials, supplies, and equipment. Close contact with operations is necessary to ensure correct quantities and timing of purchases. The purchasing department is often called on to evaluate vendors for quality, reliability, service, price, and ability to adjust to changing demand. Purchasing is also involved in receiving and inspecting the purchased goods.

The *personnel or human resources* department is concerned with recruitment and training of personnel, labor relations, contract negotiations, wage and salary administration, assisting in manpower projections, and ensuring the health and safety of employees.



*Public relations* has responsibility for building and maintaining a positive public image of the organization. Good public relations provides many potential benefits. An obvious one is in the marketplace. Other potential benefits include public awareness of the organization as a good place to work (labor supply), improved chances of approval of zoning change requests, community acceptance of expansion plans, and instilling a positive attitude among employees.

*Industrial engineering* is often concerned with scheduling, performance standards, work methods, quality control, and material handling.

*Distribution* involves the shipping of goods to warehouses, retail outlets, or final customers.

*Maintenance* is responsible for general upkeep and repair of equipment, buildings and grounds, heating and air-conditioning; removing toxic wastes; parking; and perhaps security.

Many of these interfaces are elaborated on in later chapters.

The importance of operations management, both for organizations and for society, should be fairly obvious: The consumption of goods and services is an integral part of our society. Operations management is responsible for creating those goods and services. Organizations exist primarily to provide services or create goods. Hence, operations is the *core function* of an organization. Without this core, there would be no need for any of the other functions—the organization would have no purpose. Given the central nature of its function, it is not surprising that more than half of all employed people in this country have jobs in operations. Furthermore, the operations function is responsible for a major portion of the assets in most business organizations.

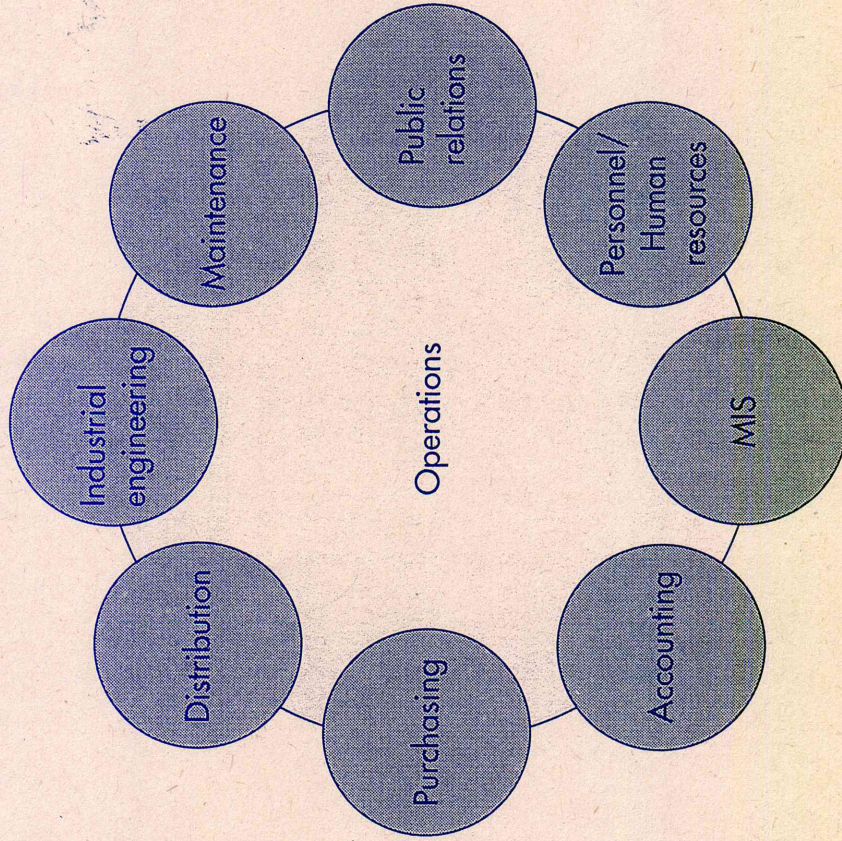
## The Scope of Operations Management

We have already noted that the operations manager is responsible for the creation of goods and services. This encompasses acquisition of resources and the conversion of those inputs into outputs using one or more transformation processes. That involves planning, coordinating, and controlling the elements that make up the process, including workers, equipment, facilities, allocation of resources, and work methods. It also includes product and/or service design, a vital, ongoing process that most organizations must do. Operations performs this activity in conjunction with marketing. Marketing people can be a source of ideas concerning new products and services, and improvements to existing ones. Operations people can also be a source of new ideas for improvements in the processes that provide the goods or services. From a practical standpoint, product and service design and the processes that provide them are the lifeblood of a competitive organization.

A primary function of an operations manager is to guide the system by decision making. Certain decisions affect the *design* of the system, and others affect the *operation* of the system.

*System design* involves decisions that relate to system capacity, the geographic location of facilities, arrangement of departments and placement of equipment within physical structures, product and service planning, and acquisition of equipment. These decisions usually, but not always, require long-term commitments. *System operation* involves management of personnel, inventory planning and control, scheduling, project management, and quality assurance. In many instances, the operations manager is more involved in day-to-day operating decisions than with decisions relating to system design. However, the operations manager has a vital stake in system design because *system design essentially determines many of the parameters of system operation*. For example, costs, space, capacities, and quality are directly affected by design decisions. Even though the operations manager is not responsible for making all design decisions, he or she can provide those decision makers with a wide range of information that will have a bearing on their decisions. Table 1-4 provides additional details on the nature and scope of operations management.





**FIGURE 1-5**

*Operations interfaces with a number of supporting functions*

ordingly (e.g., purchase materials or schedule work), while design people need information that relates to improving current products and services and designing new ones. Engineering, design, and production must work closely together to successfully implement changes and to develop and produce new products. Marketing can provide valuable information on what competitors are doing. Marketing can also supply information on consumer