

# TOPIC 2.3 MAKING OPERATIONAL DECISIONS

START

1 State the three different production processes.

2 Using the Business Profile to help you, explain which method of production Harvey & Sons Ltd will use to produce their products. Give evidence to support your answer.

3 Explain two advantages to Harvey & Sons Ltd from using their chosen method of production.

4 Define the term productivity.

14 Explain why good customer service is important to a business, like Harvey & Sons Ltd.

## BUSINESS PROFILE



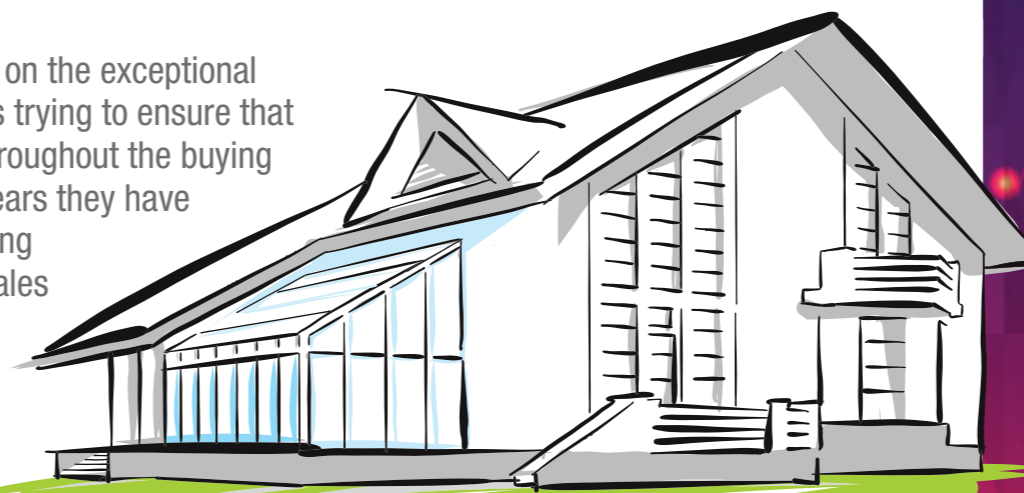
### Harvey's Conservatories

*Selling luxury, bespoke conservatories to meet all needs*

Harvey & Sons Ltd, based in the North West of England, run a nationally recognised conservatory business selling custom made conservatories and garden rooms to meet specific customer requirements.

Their high quality, bespoke designs retail upwards from £8,000 and attract customers from across the country who are attracted to the company's strong reputation for high quality products and unique designs.

Harvey & Sons pride themselves on the exceptional customer service offered, always trying to ensure that the customer is well informed throughout the buying process and beyond. In recent years they have won two awards for the 'exceeding customer expectations in after sales service' – something they are particularly proud of.



5 Due to the unique nature of Harvey's Conservatories, productivity is low compared to some of its competitors who mass produce their products. Explain how this could be improved using technology.

13 State the 5 steps of the sales process.

6 The unique designs produced means that Harvey & Sons Ltd have adopted the JIT method of stock control for the larger components required in the production process. Define JIT and explain two advantages to Harvey & Sons Ltd from using JIT.

12 Explain two reasons why quality is so important to the brand of Harvey Conservatories.

7 Explain how a bar gate stock graph could be useful to Harvey and Sons Ltd when making purchasing decisions.

11 Explain two benefits to Harvey & Sons Ltd from making well-managed logistic and supply decisions.

10 Define the term logistics.

9 Explain the importance of building strong relationships with suppliers for a company like Harvey & Sons Ltd, who rely on JIT to manage their stock levels.

8 Define the term procurement.

# MAKING OPERATIONAL DECISIONS SUGGESTED ANSWERS

**1** Job, Batch and Flow production.

**14** Good customer service is essential to Harvey & Sons Ltd as they are offering a very bespoke service throughout the sales process – from initial consultation and design through to the aftercare of the product. As the products are custom built, it is important that there is regular communication with the customer so that they are well informed of how their product is progressing. The fact that they have won an award for after sales service means that they are taking pride in the jobs they create, something that will reassure customers.

**13** The sales process involves, product knowledge, speed and efficiency of service, customer engagement, responses to customer feedback and post-sales service.

**12** Quality is vital to Harvey & Sons Ltd as they market themselves in terms of providing high quality, luxury products which must meet customer expectations. In addition, they are charging a premium price for the service/product offered and therefore customers will have high expectations of the quality they should be receiving.

**11** The first benefit would be that Harvey & Sons Ltd gain an even better reputation for providing a reliable and high-quality service. Secondly, it means that customer satisfaction will be very high which could lead to increased sales through word-of-mouth and recommendations.

**2** Harvey & Sons Ltd use Job production. They are producing one-off, custom built designs to order. Each product is tailor made to meet the customer's requirements. This means it will be a much more labour-intensive form of production.

**3** This method is highly flexible which will allow Harvey & Sons Ltd the ability to offer customers exactly what they want. Secondly, it allows them to produce unique designs which in turn enables them to charge a premium price for their product.

**4** Productivity is a measure of efficiency and is usually measured as output per worker over a specific time period.

**5** Technology could be used to increase efficiency on repetitive processes involved in the assembly of the conservatories. This would help to reduce some of the labour costs as the speed at which certain aspects of production happen could be speeded up. This could lead to a reduction in the overall cost to produce however it still allows Harvey & Sons Ltd to maintain their high quality finish.

**6** Just In Time stock control (JIT) involves running a business with little or no stock. This will help to reduce the costs associated with storage as Harvey & Sons Ltd do not need to store large parts. In addition, less storage space means that they have more space available for the production process, important as these are bulky items. Secondly, less of their capital is tied up in stocks of material which can help to improve their cash flow position.

**7** A bar gate stock graph is a diagram that shows the changes in the stock level over time. This could be useful to Harvey & Sons Ltd as it will give them an indicator as to when stocks are running low of specific parts/components and therefore when they need to reorder the item.

**8** Procurement is about obtaining the right suppliers from the right supplier.

**TIME TO REVIEW YOUR LEARNING...**  
List three content points that you are confident with and three that require some attention.

Confident with	Requires attention
1	1
2	2
3	3

**10** Logistics is ensuring the right supplies will be ordered and delivered on time.

**9** Using JIT as a method of stock control means that Harvey & Sons Ltd are heavily reliant on suppliers delivering on time. Building strong relationships with their suppliers is vital to ensure that this happens. In addition, better relationships will allow more flexibility especially when items are required urgently or when negotiating prices.