



1 | Introduction to OM

OM 201 - BBA

Principle of Operations management

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Lecture Outline

- Overview of OM
- Importance of OM in business

Reference:

- Textbook - Chapter 1

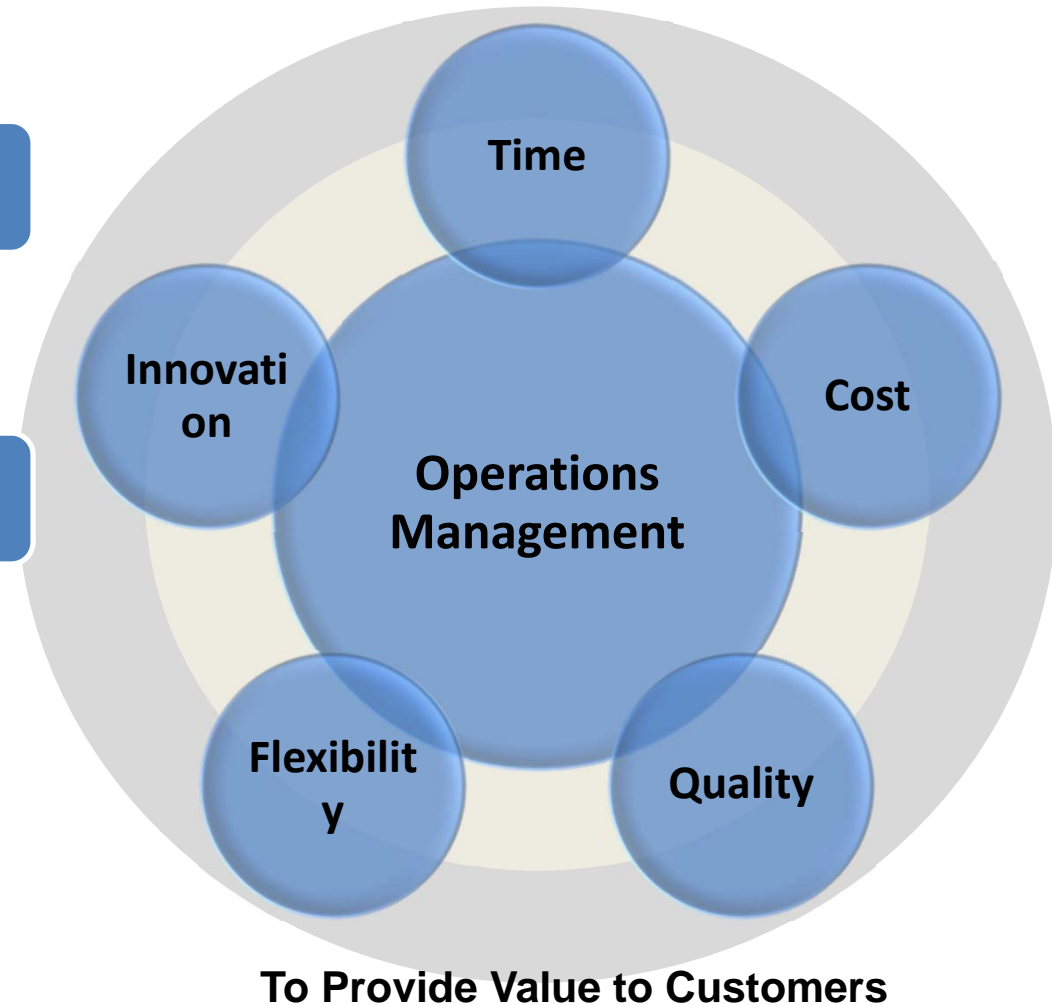
Operations Management

What is OM?

- A function or system that transforms inputs into outputs of greater value

Operations Management

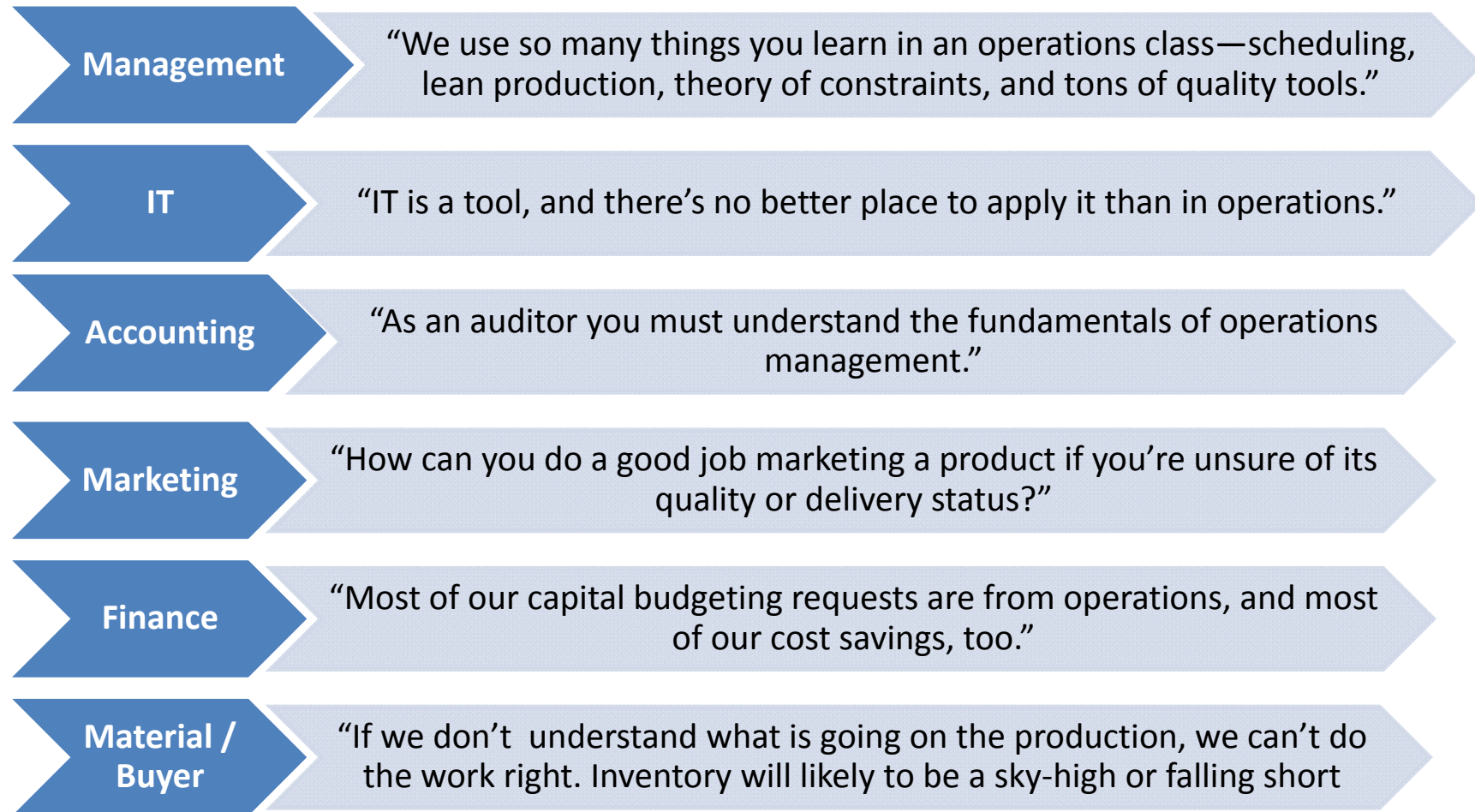
- The design, operation, and improvement of the systems that create and deliver the firm's primary products and services



Operations Function



How is Operations relevant to my major?



Major Areas & Decisions of OM

- **Strategy**
 - Determine the critical operations tasks to support the organization
- **Transformation system design & selection**
 - Select and design process so that it works smoothly and efficiently
- **Supply chain management**
 - Organize activities from customer's order through final delivery for speed, efficiency, and quality
- **Capacity & Aggregate planning**
 - Determine when to have facilities, equipment, and labor available labor and in what amount

Major Areas & Decisions of OM (cont)

- **Facility layout**
 - Devise appropriate material flow and equipment layout within facility to effectively and efficiently accommodate the transformation activity
- **Facility location**
 - Decide where to locate the production facility, storage, and other facility in order to meet economic requirement
- **Project management**
 - Plan and control project activities to meet due date and resource constraints

Major Areas & Decisions of OM (cont)

- **Inventory management**
 - Decide what amount of raw material, work-in-process, and finished goods to hold
 - Decide when and how many to place order
- **Material requirement planning**
 - Determine how many and when to order or produce materials to meet master delivery schedule
- **Quality management**
 - Determine the quality standards are to be developed and maintained



INTRODUCTION TO ANALYTICAL & CONCEPTUAL THINKING

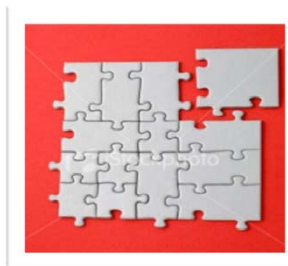
My Goal . . .

ANALYTIC
THINKING

CONCEPTUAL
THINKING

SYSTEMATIC
THINKING

PROBLEM
SOLVING

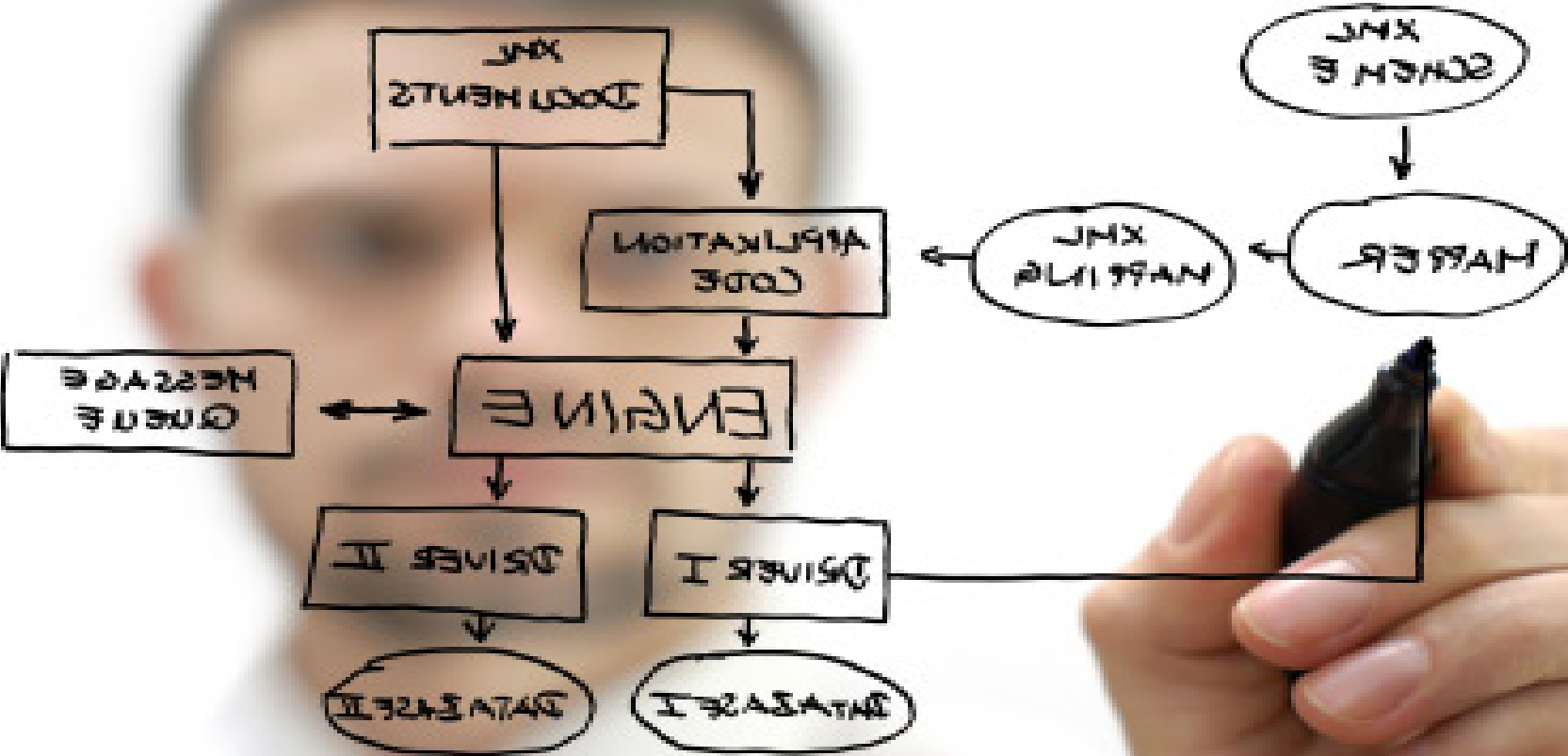


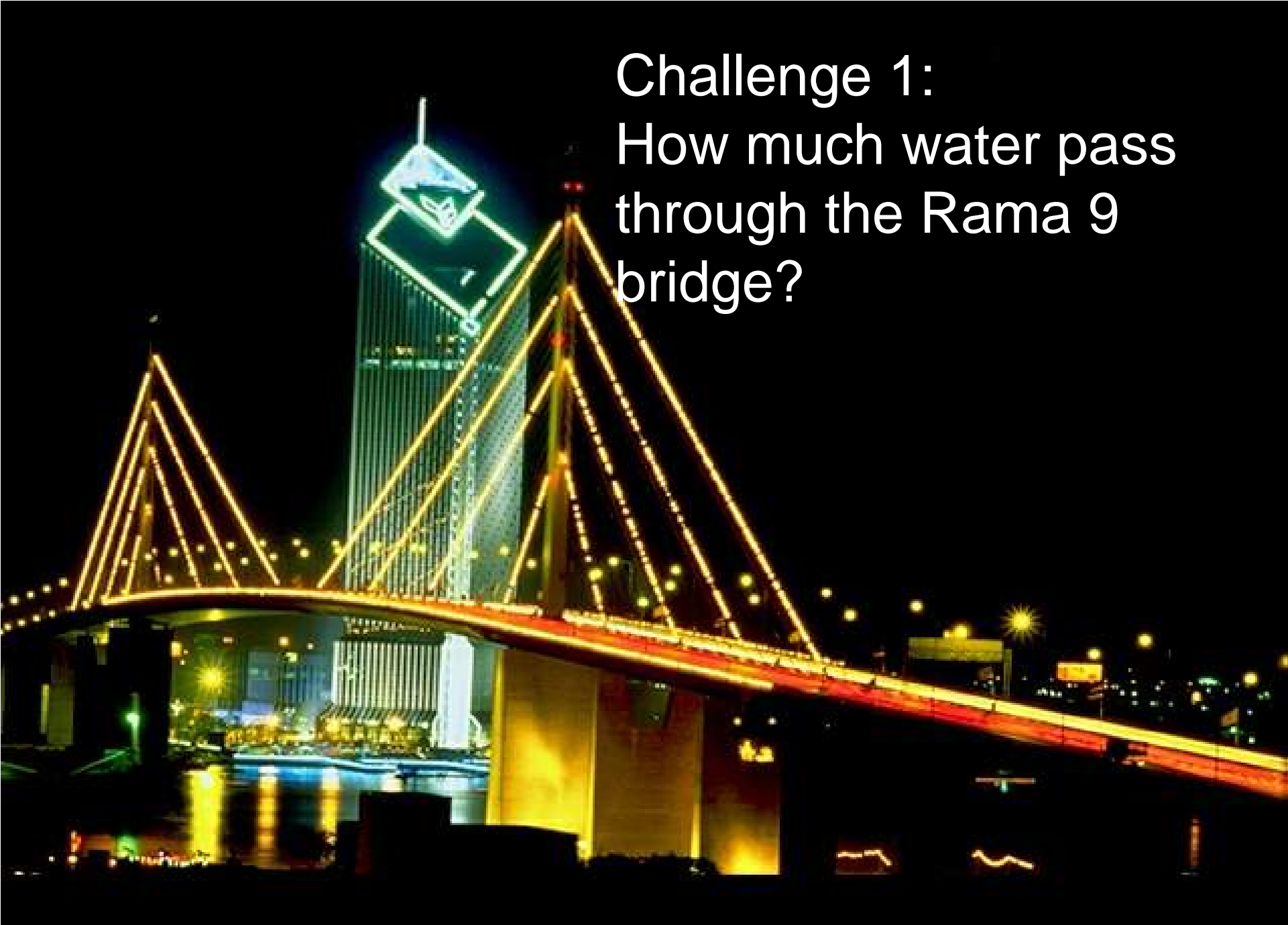
DECISION
MAKING

OM Tools and Concept

My expectation and Key Ingredient to Success

LOGICAL but yet CREATIVE!

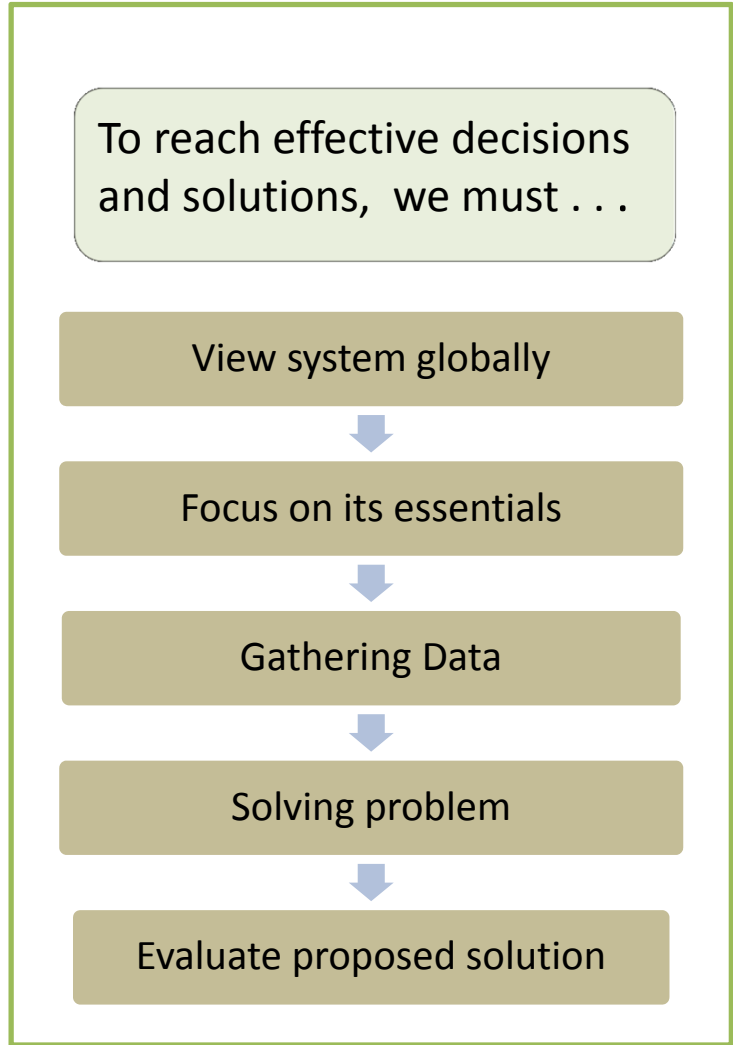




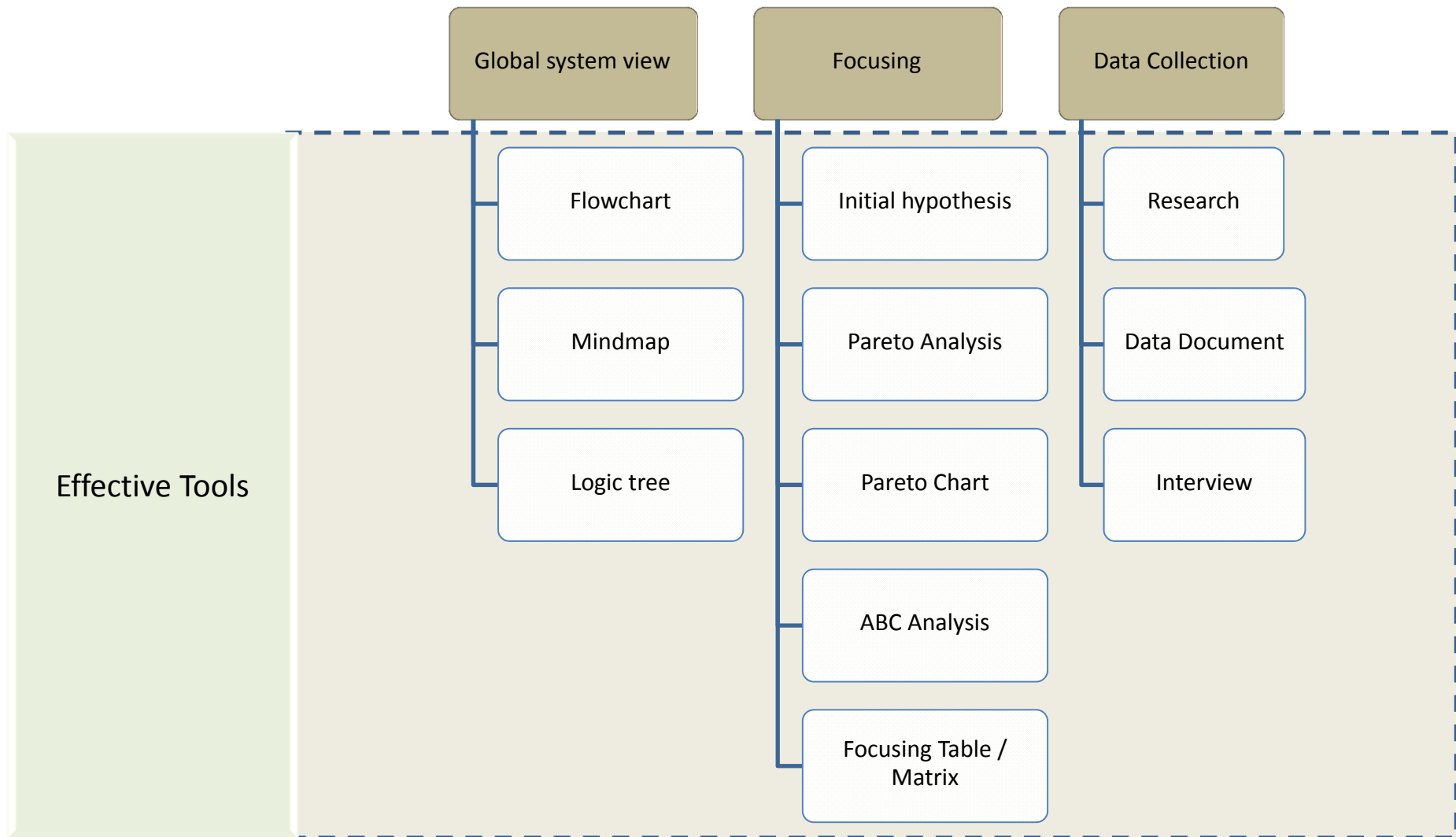
Challenge 1:
How much water pass
through the Rama 9
bridge?

Business Systematic Problem Solving

- What product should be promoted?
- Why production process is so slow?
- Why are our customers not happy with our services?
- How can our competitors produce the same services at lower cost?

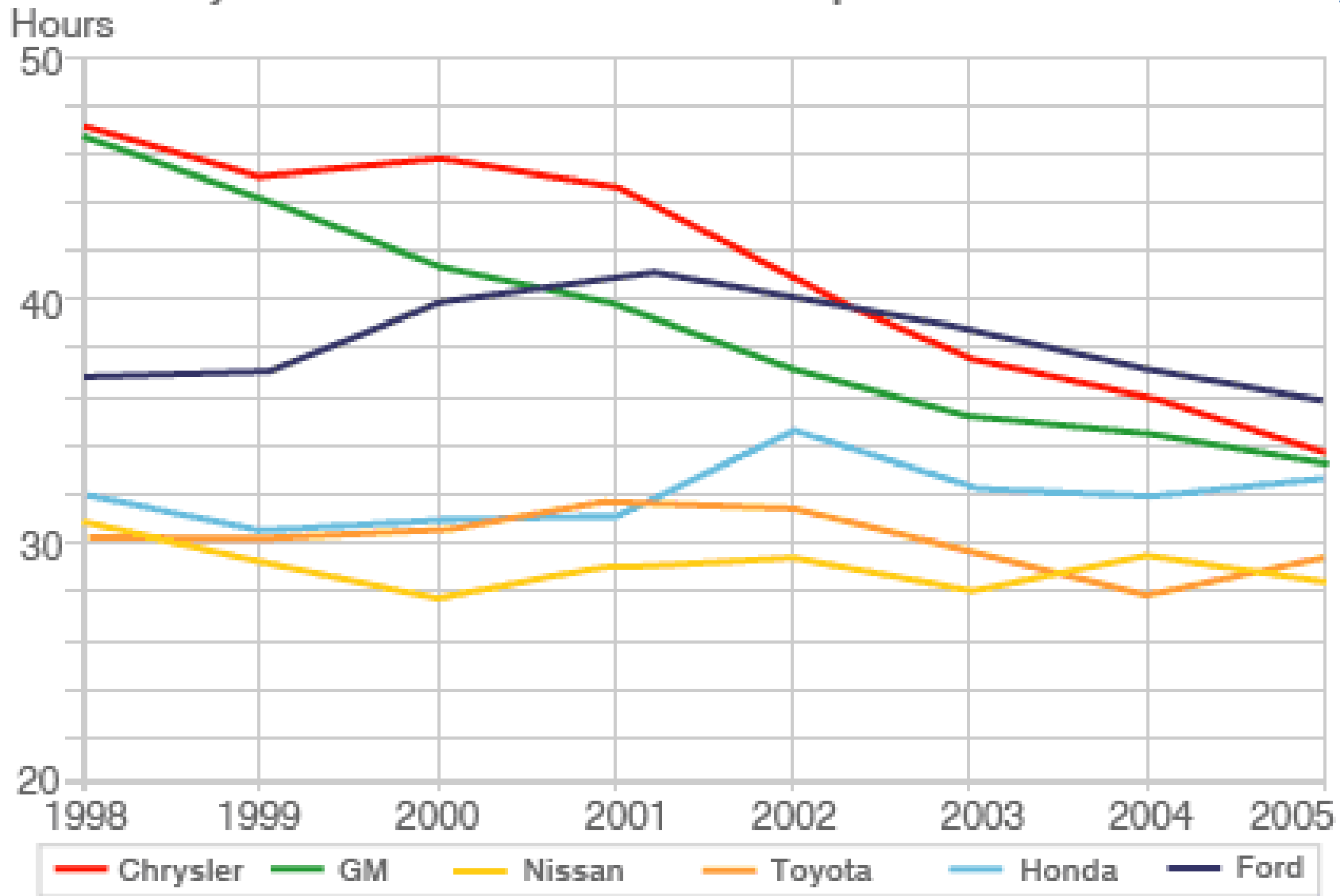


Analytic Problem Solving



HOW LONG DOES IT TAKE TO BUILD A CAR?

Productivity differences between US car companies



SOURCE: Harbour Consulting

Case: Cappuccino Express (see handout)

By integrating Starbuck's successful stories with your own perceptions, discuss the followings:

- What factor can be expected to have a major impact of the success of *The Cappuccino Express*? Explain.
- What type of decisions must Vincent make daily and over the long run for his shops' operations to run effectively?
- Vincent would like to monitor the performance of each site manager. What measure(s) of performance should he use?

