

PRODUCTION/PURCHASING

The constant and total supervision of the various aspects of the manufacturing process is necessary if efficiency and competitiveness is to be maintained.

Production is mainly the concern of manufacturing firms which actually produce an article. It is imperative to ascertain with certainty the actual cost of production. Only when the cost of production is ascertained, can the proprietor determine the selling price. The difference between the two is the gross profit and this must be at least sufficient to cover the cost of running the business. Manufacturing processes must be regularly reviewed to improve efficiency and eliminate wastage. It is important to check on purchasing to see if raw materials are being bought at the best price.

Staffing and efficiency should be regularly reviewed and ensure that there are no employees surplus to requirements. Productivity can often be improved by the use of more modern technology.

Normally a manufacturing operation will prepare a production budget showing estimates of the quantity and the cost of products to be produced

over the following year. Without this, the firm may find that the supply is not meeting the demand and conversely if there is an oversupply, then too much money will be tied up in stock and the added cost of warehousing it. To prepare such a budget, the sales and production teams within the business must put their heads together, the sales team to estimate the potential sales volume for the year and the production team to calculate the cost to produce that volume and the timing of the production.

Purchasing is mainly concerned with wholesale or retail businesses whereby finished goods are purchased and on sold. The problems associated with purchasing are the determination of quality and purchasing at a sensible rate relative to demand in order not to overstock. Overstocking and carrying too much slow-moving stock unnecessarily ties up capital. Understocked on the other hand will result in lost sales if the business cannot satisfy the customer's demand.

Purchasing should be done and projected in consultation with the sales staff.

COMPUTERISATION

Computers can be and are becoming an important aid to business. In

purchasing a computer and any software, they must be able to satisfy a specific purpose or requirement which you have in mind and then ensure that the software also meets that requirement.

PERFORMANCE PLANNING IN INDUSTRY

Planning facilitates the progress of a company, improves its productivity and increases the satisfaction of the staff working within it. However, from observation we know that planning is not always as successful as it might be, not because we do not recognise the importance of planning, but because it is difficult to make a good job of planning. Managers rarely fall short of their real potential for lack of technical competence. Most managerial failures arise from a failure to plan logically and consistently so that the limited resources that are available are directed to the opportunities that really matter.

Planning is the single most important factor in the continued success of any enterprise. If the past has any validity in predicting the future, we know that over half of all companies that are successful today can expect to be acquired, merged, or be in a state of decline within 10 years. The significant difference between the losers and the gainers will be their sustained ability to plan their success.

MANAGEMENT CYCLE

Management can best be described as a cyclic process that has four elements:

Planning

Forecasting future circumstances and requirements, deciding objectives, determining strategies that should be followed and the performance standards to be achieved, and planning the activities necessary to meet the objectives.

Organising

Dividing work and allocating it to people, determining their responsibilities and relationships, and ensuring effective delegation.

Directing

Supervising and guiding people to work efficiently, effectively and in harmony towards a common objective.

Controlling

Monitoring progress against the plans and attending to deviations.

Planning is often the most difficult of these elements to perform. However, the more effort that is put into preparing realistic and comprehensive plans, the easier become the tasks of organising, directing and controlling.