

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION**

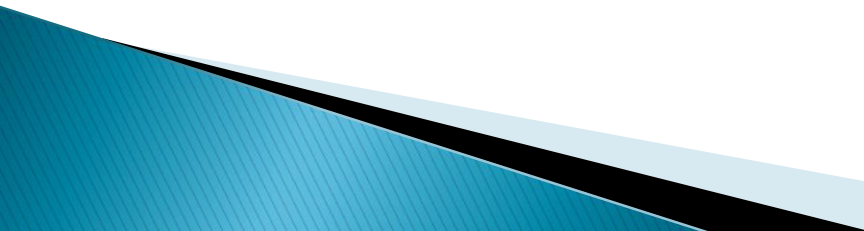
MBA HRD 201

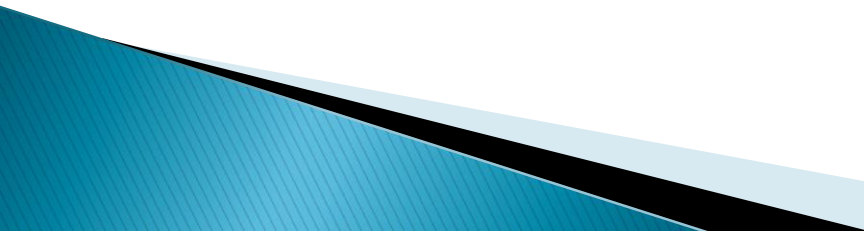
**SUBJECT NAME:
FUNCTIONAL MANAGEMENT**

TOPIC NAME: PRODUCTION MANAGEMENT



MEANING:

- ▶ Production management deals with converting raw materials into finished goods or products. It brings together the 6M's i.e. men, money, machines, materials, methods and markets to satisfy the wants of the people.
 - ▶ Production management means planning, organizing, directing and controlling of production activities.
 - ▶ Production management also deals with decision-making regarding the quality, quantity, cost, etc., of production. It applies management principles to production.
- 

- ▶ Production management is a part of business management. It is also called "Production Function." Production management is slowly being replaced by operations management.
 - ▶ According to Elwood Spencer Buffa:
 - ▶ "Production management deals with decision-making related to production processes so that the resulting goods or service is produced according to specification, in the amount and by the schedule demanded and at minimum cost."
- 

CHARACTERISTICS OF PRODUCTION MANAGEMENT:

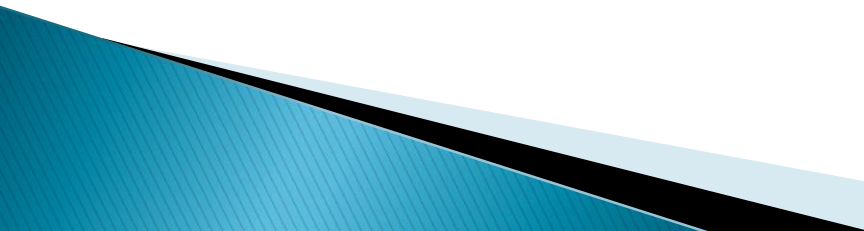
1. Production Management is the process of effective planning

- ▶ It helps in regulating the operations of that section of an enterprise which is responsible for the actual transformation of materials into finished products.

2. Related to the production process.

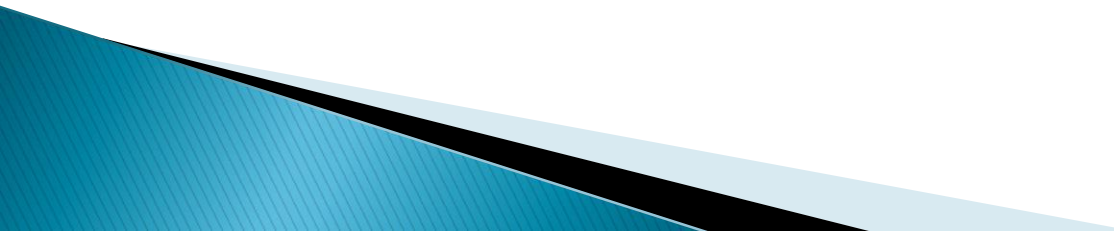
- ▶ goods and services are produced in accordance with the quantitative specifications and demand schedule with minimum cost.

3. Production Management is a set of general principles for production

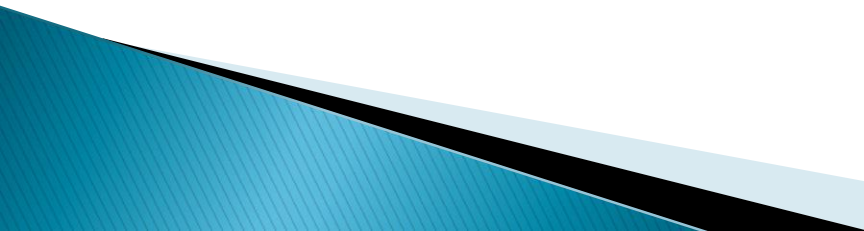
- ▶ Production management has a set of certain principles like economies, facility design, job design, schedule design, quality control, inventory control, work-study and cost, and budgetary control.
- 

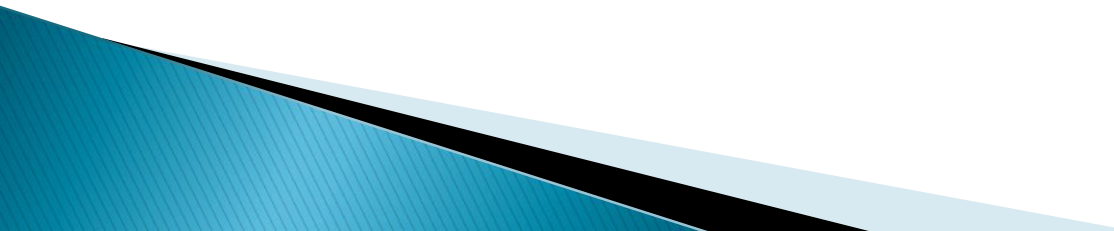
IMPORTANCE OF PRODUCTION MANAGEMENT:

- ▶ **Accomplishment of firm's objectives** : Production management helps the business firm to achieve all its objectives. It produces products, which satisfy the customers' needs and wants. So, the firm will increase its sales. This will help it to achieve its objectives.
- ▶ **Reputation, Goodwill and Image** : Production management helps the firm to satisfy its customers. This increases the firm's reputation, goodwill and image. A good image helps the firm to expand and grow.
- ▶ **Helps to introduce new products** : Production management helps to introduce new products in the market. It conducts Research and development (R&D). This helps the firm to develop newer and better quality products. These products are successful in the market because they give full satisfaction to the customers.
- ▶ **Supports other functional areas** : Production management supports other functional areas in an organization, such as marketing, finance, and personnel. The marketing department will find it easier to sell good-quality products, and the finance department will get more funds due to increase in sales. It will also get more loans and share capital for expansion and modernization. The personnel department will be able to manage the human resources effectively due to the better performance of the production department.

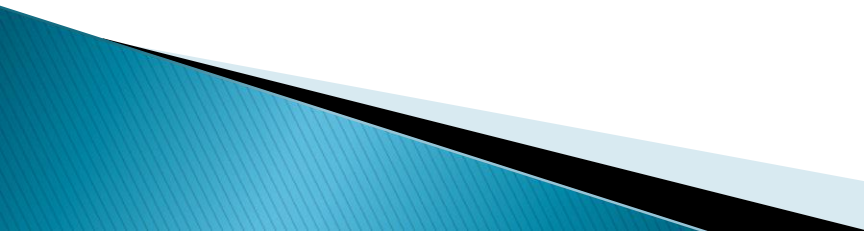
- ▶ **Helps to face competition** : Production management helps the firm to face competition in the market. This is because production management produces products of right quantity, right quality, right price and at the right time. These products are delivered to the customers as per their requirements.
 - ▶ **Optimum utilization of resources** : Production management facilitates optimum utilization of resources such as manpower, machines, etc. So, the firm can meet its capacity utilization objective. This will bring higher returns to the organization.
 - ▶ **Minimizes cost of production** : Production management helps to minimize the cost of production. It tries to maximize the output and minimize the inputs. This helps the firm to achieve its cost reduction and efficiency objective.
 - ▶ **Expansion of the firm** : The Production management helps the firm to expand and grow. This is because it tries to improve quality and reduce costs. This helps the firm to earn higher profits. These profits help the firm to expand and grow.
- 

THE IMPORTANCE OF PRODUCTION MANAGEMENT TO CUSTOMERS AND SOCIETY:

- ▶ **Higher standard of living** : Production management conducts continuous research and development (R&D). So they produce new and better varieties of products. People use these products and enjoy a higher standard of living.
 - ▶ **Generates employment** : Production activities create many different job opportunities in the country, either directly or indirectly. Direct employment is generated in the production area, and indirect employment is generated in the supporting areas such as marketing, finance, customer support, etc.
 - ▶ **Improves quality and reduces cost** : Production management improves the quality of the products because of research and development. Because of large-scale production, there are economies of large scale. This brings down the cost of production. So, consumer prices also reduce.
- 

- ▶ **Spread effect** : Because of production, other sectors also expand. Companies making spare parts will expand. The service sector such as banking, transport, communication, insurance, BPO, etc. also expand. This spread effect offers more job opportunities and boosts economy.
 - ▶ **Creates utility** : Production creates Form Utility. Consumers can get form utility in the shape, size and designs of the product. Production also creates time utility, because goods are available whenever consumers need it.
 - ▶ **Boosts economy** : Production management ensures optimum utilization of resources and effective production of goods and services. This leads to speedy economic growth and well-being of the nation.
- 

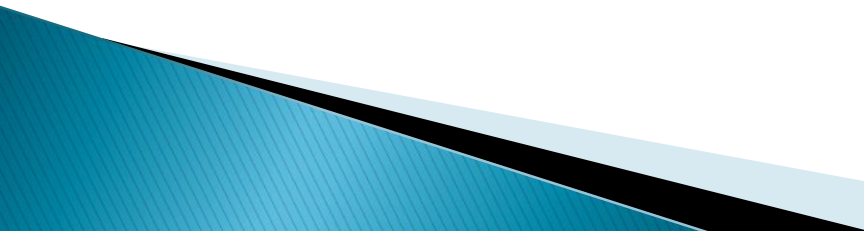
▶ **The main activities of production management can be listed as:**

- (i) procurement of input resources namely material, and land, labor, equipment, and capital.
 - (ii) Product design and development to determine the production process for transforming the input factors into the output of goods and services.
 - (iii) Supervision and control of the transformation process for the efficient production of goods and services.
- 

Objectives of Production Management

- Production in Right Quantity
- Minimisation of Production Time
- Production of Right Quality
- Minimisation of Cost
- Planning and Control of Materials
- Analyse the Market
- Optimum Utilisation of Resources

FUNCTIONS OF PRODUCTION MANAGEMENT:

- ▶ In modern times production management has to perform a variety of functions.
 - (i) Design and development of the production process.
 - (ii) Production planning and control.
 - (iii) Implementation of the plan and related activities to produce the desired output.
 - (iv) Administration and coordination of the activities of various components and departments responsible for producing the necessary goods and services.
 - v) Get real-time insight into the production.
 - vi) Improve performance with flexible routing.
 - vii) Monitor production costs with ease.
- 

TYPES OF PRODUCTION:

1. Job Production:

- ▶ Job production involves the procedure of manufacturing a product according to a specific customer order. The products manufactured are generally non-standardized and heterogeneous in nature. It usually refers to
 - ▶ (i) The supply of components to a larger manufacturer;
 - ▶ (ii) The provision of one particular area of production to a large one; or
 - ▶ (iii) Making of special equipment or material.
- ▶ The manufacture of single product is considered as one operation. It consists of bringing together of materials, parts, and components, in order to assemble and commission a single piece of equipment or product. Ship building, dam construction, bridge building, book printing, are some of the examples of job production.

2. Batch Production:

- ▶ Batch production pertains to repetitive production. It refers to the production of goods, the quantity of which is known in advance. Under batch system the work is divided into operations and one operation is done at a time. After completing the work on one operation it is passed on to the next operation and so on till the product is complete. Batch production may be explained with the help of an example. A company wants to manufacture 50 electric motors. The work will be divided into different operations. The first operation on all the motors will be completed in the first batch and then it will pass on to the next operation.
- ▶ The second group of operators will complete the second operation before passing to the next and so on. Under job production the same operators will manufacture full machine and not one operation only. Batch production can fetch the benefits of repetitive production to a considerable degree, provided the batch is of a sufficient quantity. Thus batch production may be defined as the manufacture of a product in small or large batches or lots by a series of operations, each operation being carried out on the whole batch before any subsequent operation is operated.

3. Mass or Flow Production:

- ▶ Flow production, also called on-line mass production and continuous production, refers to the production on a large-scale to provide a continuous supply. Flow production is the manufacture of a product by a series of operations, each article going on to a succeeding operation as soon as possible. The manufacturing process is broken into separate operations. The product completed at one operation is automatically passed on to the next till it is complete. There is no time gap between the work done at one process and the starting at the next. The flow of production is continuous and progressive.