

The problem of capacity management is one of the most difficult to tackle in business management; a situation which is aggravated in the majority of services, due to uncertain demand and personalized requirements, which make it difficult to plan and assign productive capacity. While overstaffing implies extra costs, insufficient capacity implies a lower level of attention to customer needs and therefore a lack of perceived quality. The present article tackles this problem, presenting a model that enables minimum staffing to be easily determined. By taking into account historical staffing data associated with quality data, minimum recommended workload is calculated as a function of the theoretical staff needed according to standard time. The model has been applied in two real cases.

It also involves both predictable and unpredictable demand changes (e.g. Adenso-Díaz et al., 2002; Riley & Szivas, 2009). A second characteristic of tourism is simultaneous production and consumption (Sun, 2007). ...

... A second characteristic of tourism is simultaneous production and consumption (Sun, 2007). Because the tourism industry mostly produces services (Kleijweg & Thurik, 1988; Sun & Wong, 2014; Sun, 2007), which are inherently perishable (Sigala et al., 2005; Smeral, 2003; Sun, 2007), it is not possible to create stocks (Adenso-Díaz et al., 2002;). This implies that production needs to take place at the moment there is a demand from tourists and the required inputs, including labour, need to be available at that moment. ...

... Peripheral labour consists of employees that are used in a flexible manner, both in the number of employees and the number of hours they work (Krakover, 2000; Parsons, 1987), allowing an efficient allocation of labour services (e.g. Ortega & Marchante, 2010), and cost minimisation (Adenso-Díaz et al., 2002;). Flexibility in peripheral labour is facilitated by high labour supply, short training periods, temporal contracts, and relatively low demands on new entrants.

For example, in a restaurant setting, capacity-related indicators include average customer waiting time and average duration of each service. These indicators have been shown to have a causal relationship with the number of incidents/complaints, the general ratings of the service, and the food quality (Adenso-Díaz et al., 2002). For a recreational site, capacity indicators can include the following: the satisfaction of the visiting public, the intention to return, the percentage of people feeling overcrowded, and the number of complaints (Simón et al., 2004)

Functions and Scope of Production Management!

Function of Production Management:

The activities of production department of an organisation are grouped into two broad categories:

1. The activities that convert the available capital in to physical resources required for production
2. The activities that convert the physical resources in to saleable goods and services.

In carrying out the above activities, the production department must perform the following activities:

- A. Production of goods at the right time and in sufficient quantity to meet the demand
- B. Production of goods at minimum possible cost.
- C. Production of goods of acceptable quality.

Thus, the functions of production personnel are:

1. Forecasting the demand for the products and using the forecast to determine the requirements of various factors of production.
2. Arranging for the procurement of required factors of production.
3. Arranging for the services such as maintenance, store keeping material handling, inspection and quality control etc. that would be required to attain the targeted level of production.
4. Utilizing effectively the factors of production and service facilities available to produce the product.

Scope of Production Management:

The objectives of production management are aimed at satisfying the needs of the customers through offering organisations products/services. The scope of production management can be considered from the point of view of both strategic decisions influencing the production system and at the operation level. The strategic level decisions are mainly concerned with the design of product and production system. These decisions involve decisions, which have long terms implications.

The strategic level decisions are:

1. New Product Identification and Design:

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The success of an organisation depends upon the product mix that it offers to the customer. There exists a demands for the products if the product has good market acceptability. The products should be designed in such way as to meet the expectations of customers. The tools like value analysis should be applied at the design stage to avoid unnecessary cost building up in to the product.

2. Process Design and Planning:

This involves the appropriate technology for conversion of raw materials in to products. The choice of technology depends upon several factors such as demand, investment capability, labour availably and degree of automation required. This is followed by selection of the process of conversion and determining the workstations and the flow of work. At this stage, macro level process planning is done.

3. Facilities Location and Layout Planning:

The facilities location is a strategic decision and facilities once located will not be altered in near future. So due considerations should be given to all the factors that affect the location.

4. Design of Material Handling System:

As per the principle of Material handling, the handling should be kept at minimum though it is not possible to avoid handling. The selection of particular flow pattern and material handling equipment is dependent on the distance between the workstations, intensity of flow or traffic and size, shape and nature of materials to be handled.

5. Capacity Planning:

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This decision is concerned with the procurement of fixed assets like plant and machineries. The decision regarding the size of the plant, output etc. are decided at this stage. The capacity planning activity is again a function of volume of demand. The operational level decisions are short-term decisions. These are mainly concerned with planning and control of production activities.

The operational level decisions are:

1. Production planning:

It is concerned with determining the future course of action regarding production to achieve the organisation objectives.

2. Production control:

It is a management technique, which aims to see that the activities are carried out as per the plan. Production control activity is concerned with comparing actual output with standard output and to take corrective action if there exists a deviation between actual and standard.

3. The other activities include:

Inventory control, maintenance and replacement, cost reduction and cost control and work system design.