

## Unit 5.3

### Lean production and quality management (HL Only)

#### Task 1 – Complete the missing words...

Quality **assurance** (QA) requires the implementation of processes and systems to make certain that quality standards are met to ensure customer **satisfaction**. QA is used by a business to give customers greater confidence in the quality of the products that they buy from the firm. A firm that is able to meet QA standards will publicise this, usually with the use of international quality assurance trademarks, such as ISO **9000**.

At the heart of quality management are concepts such as **lean** production (the elimination of waste) and **just-in-time** (a production system that removes the need to use buffer stocks by having stocks and components delivered as and when they are needed in the production process). Quality management also involves all members of an organization striving to make small, continuous adjustments and improvements. This philosophy is known as **kaizen**, the Japanese term for ‘change for the better’ or ‘continuous improvements’.

One other way used by businesses to manage quality is by comparing their practises or performance indicators with those of the best in the industry. This method is known as **best practice benchmarking** (BPB), or simply ‘benchmarking’ for short. BPB is as a continuous process in organizations that make every effort to achieve quality assurance.

#### Task 2 – True or False?

	True / False
a.	F
b.	T
c.	F
d.	T
e.	T
f.	T
g.	T
h.	T
i.	F
j.	F
k.	F
l.	T

#### Task 3 – Explanations...

- a. i. **Customer dissatisfaction is a sign of poor quality (service)**  
 ii. **The laptop is clearly not fit for its purpose and therefore represents substandard quality**  
 iii. **This represents second-rate (poor quality) food preparation in a restaurant**
- b. ii. **Staff turnover**  
**Staff turnover is a measure of personnel effective in motivating and retaining staff. Although the rate of staff turnover could have an impact on quality, it is not a (direct) measure of quality.**

- c. **Staff training and retraining costs; Planning and executing QA take time and can be costly; Resistance to change from the workforce; Systems developed to achieve zero defects can be highly expensive.**
- d. **It signifies that the manufacturer has passed stringent and regular testing by independent agents; Such prestigious awards can give a manufacturer a competitive edge or a distinctive selling point; quality certification gives customers greater reassurance / confidence in parting with their money.**

**Task 4 – Multiple Choice**

- 1. D. **Quality means less stress to employees due to the reduced workload**
- 2. A. **Fit for purpose**
- 3. C. **Value for money**
- 4. C. **Higher wastage levels**
- 5. C. **Flexibility in meeting sudden changes in consumer demand**
- 6. C. **Mass production**
- 7. D. **International quality standards**
- 8. B. **Zero defects**
- 9. B. **Quality control**
- 10. C. **It requires continuous improvement in the production process**

## **Unit 5.4 Location**

**Task 1 – Complete the missing words...**

The location decision is vitally important for a business because it has a direct and long-lasting impact on its costs, revenues and therefore its **profits**. Good location decisions require in-depth research and analysis of the costs and **benefits** of different places, taking both quantitative and **qualitative** factors into consideration.

In an ever globalized business world, re-organizing production takes place both nationally and internationally. There are three main ways to do this:

- **Insourcing** is the use of an organization’s own people and resources to accomplish a certain function or task which would otherwise have been outsourced.
- **Offshoring** involves relocating business functions and processes overseas. These functions can remain within the business (operating in overseas markets) or outsourced to an overseas organization.
- **Outsourcing** (or subcontracting) is the practice of transferring internal business activities to an external organization to reduce costs and increase productivity.

**Task 2 – True or False?**

	<b>True / False</b>
	<b>T</b>
	<b>F</b>
	<b>T</b>
a. <b>But very costly</b>	<b>F</b>
	<b>T</b>
	<b>T</b>
	<b>F</b>