

Implementing the Production Plan

□ **Make, Buy, or Lease Decision**

- Choosing whether to manufacture a needed product or component in-house, purchase it from an outside supplier, or lease it.
- Factors in the decision include cost, availability of reliable outside suppliers, duration of the firm's supply needs, and the need for confidentiality.

□ **Selection of Suppliers**

- Based on comparison of quality, prices, dependability of delivery, and services offered by competing companies.

Inventory Control

□ Inventory Control

- function requiring production and operations managers to balance the need to keep stock on hand to meet demand against the costs of carrying inventory
 - Perpetual inventory
 - Vendor-managed inventory

□ Just-in-Time Systems

- broad management philosophy that reaches beyond the narrow activity of inventory control to influence the entire system of production and operations management.

□ Materials Requirement Planning

- computer-based production planning system that lets a firm ensure that it has all the parts and materials it needs to produce its output at the right time and place and in the right amounts.

Controlling the Production Process

- Production control creates a well-defined set of procedures for coordinating people, materials, and machinery to provide maximum production efficiency.
 1. Planning
 2. Routing
 3. Scheduling
 4. Dispatching
 5. Follow-up