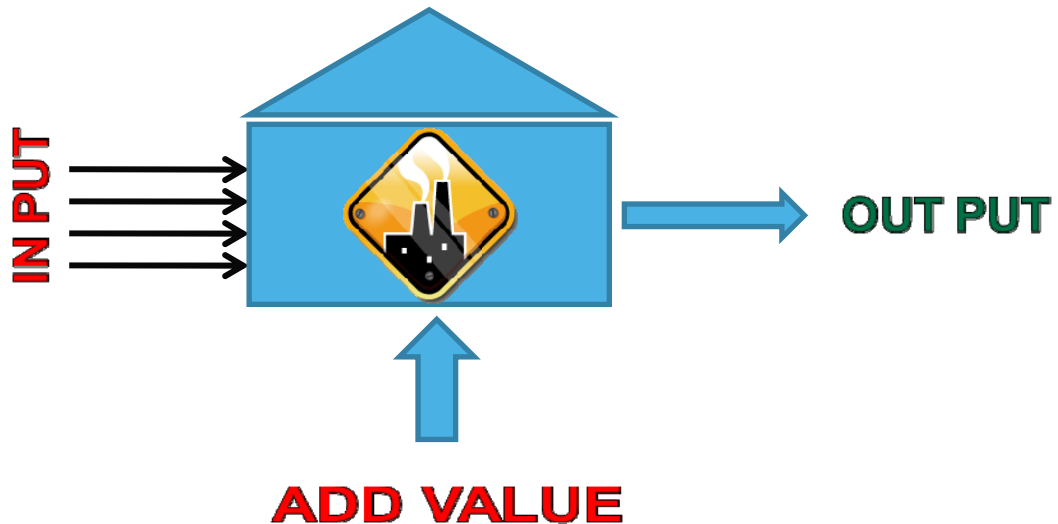


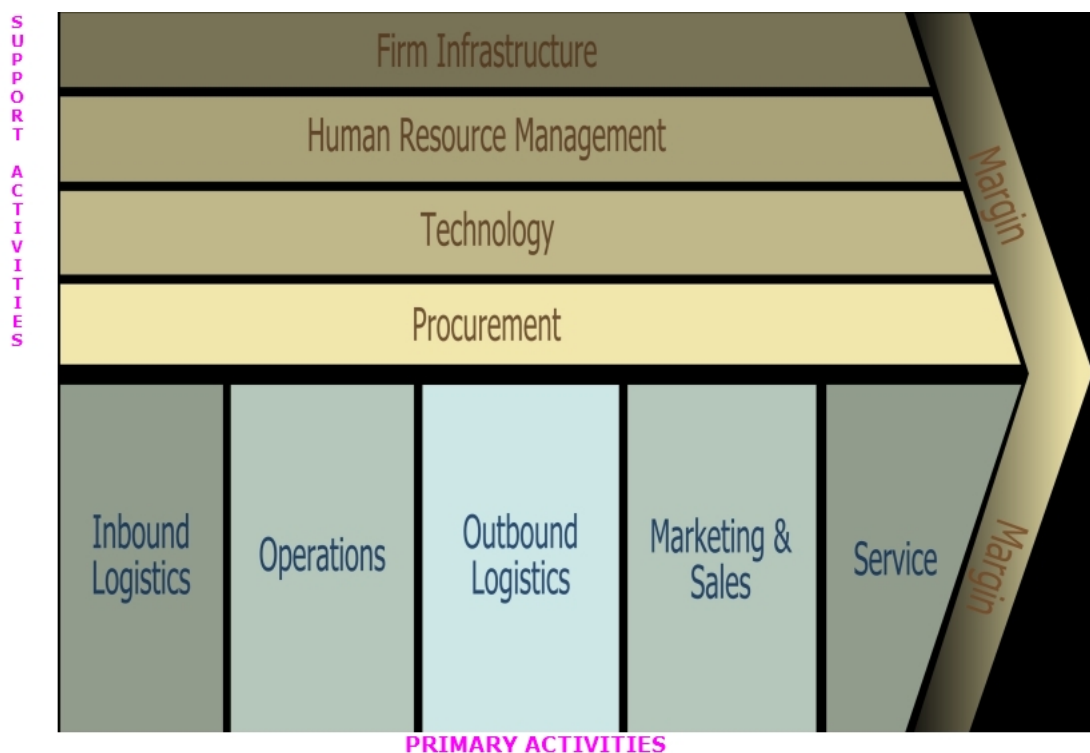
## Operation Management Skills For SMEs (16 hours)

### A. Brief introduction of Operation Management Framework

- I. Operation Management deals with Process that produces “Goods” & “Service”.



- II. OM designs, directs and controls of process that transforms input into product / service for external & internal customers.
- III. From another angle, OM Framework can be studied from the view of “Value Chain” as the diagram below.



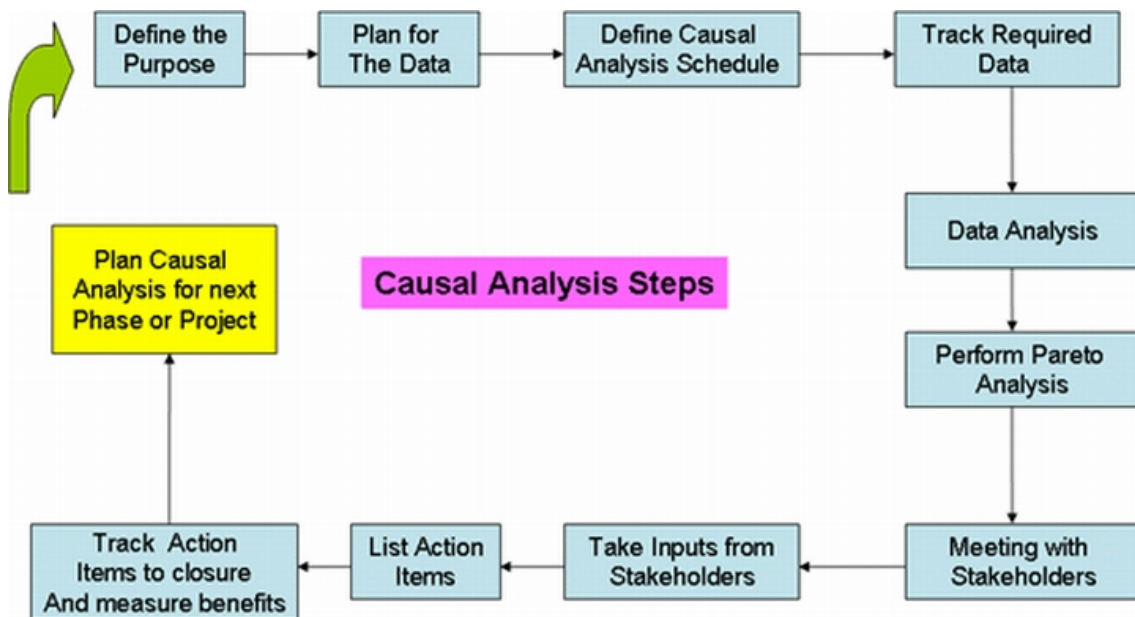
IV. Since the OM framework is broad, the following sections will focus several management tools.

## B. Causal Analysis

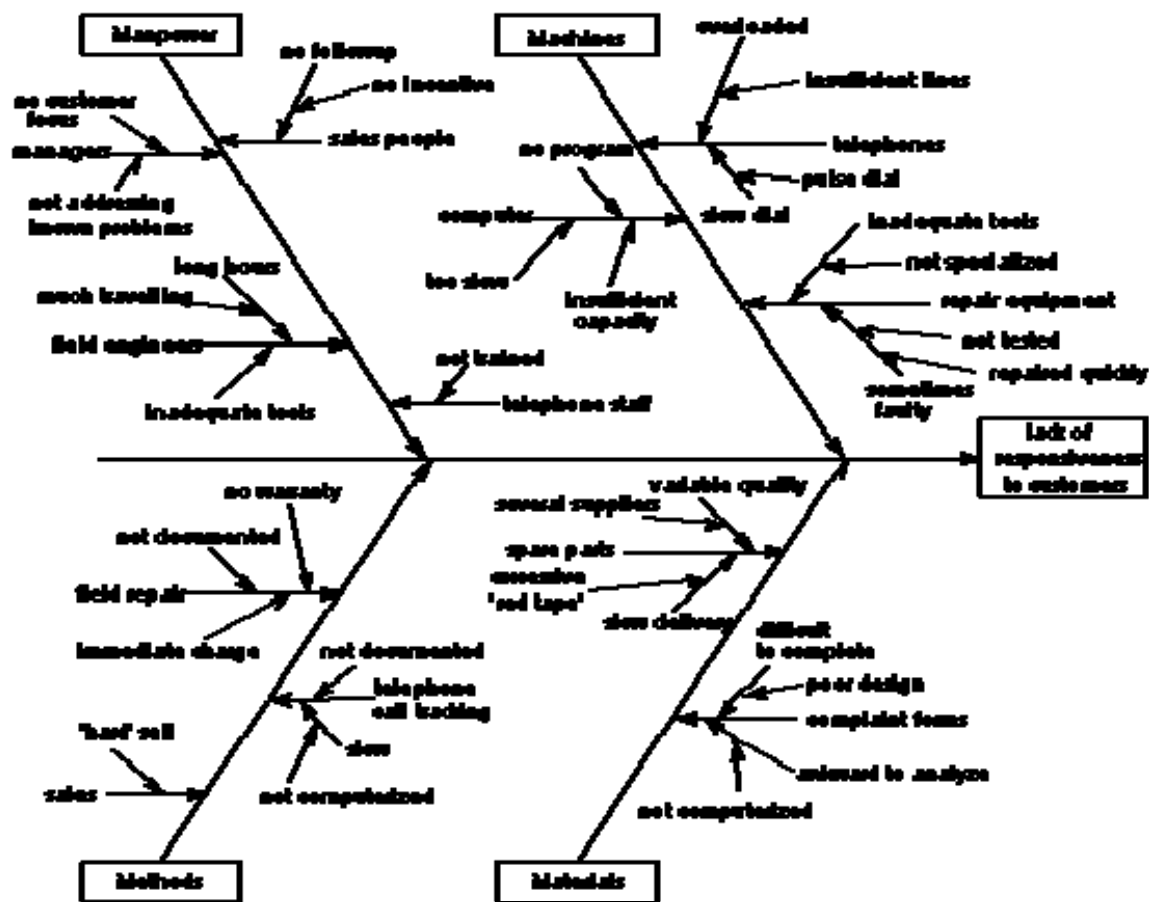
I. It is a structured problem solving model

1. One of the most effective approaches to solve a wide range of problems
2. Problem is discrepancy between an existing and a desired state of affairs.

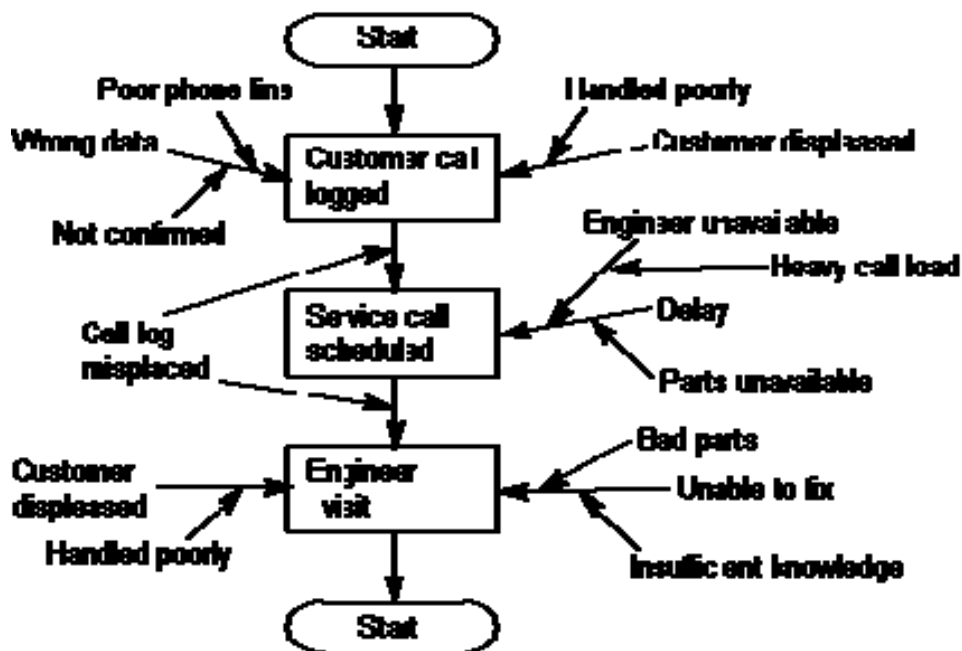
3. Causal Analysis Steps



4. **Root cause analysis (RCA)** is a class of problem solving methods aimed at identifying the root causes of problems or events. The practice of RCA is predicated on the belief that problems are best solved by attempting to correct or eliminate root causes, as opposed to merely addressing the immediately obvious symptoms. By directing corrective measures at root causes, it is hoped that the likelihood of problem recurrence will be minimized.



Cause-Effect Diagram



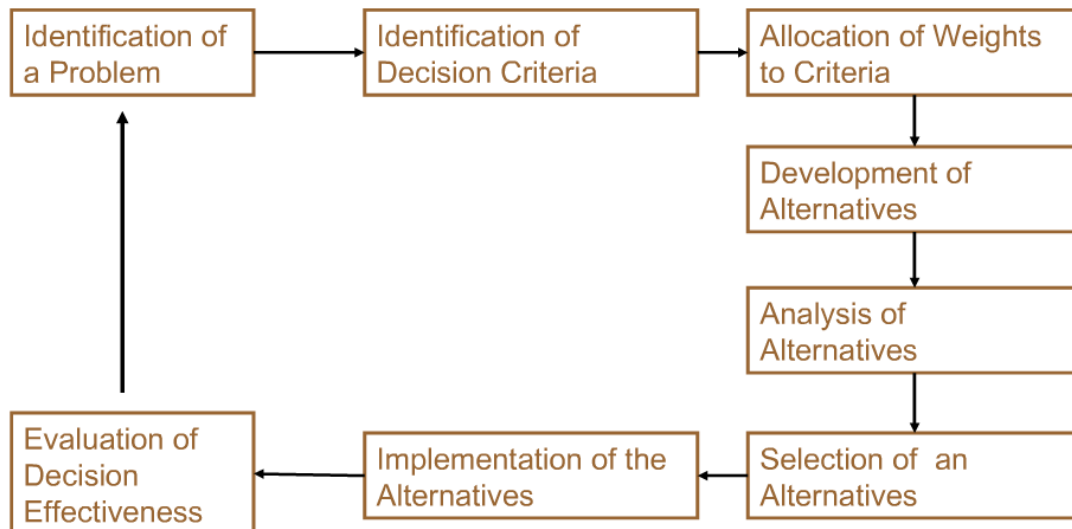
Potential problems and causes in a process Flowchart

4. Hands-on session / group discussion

## C. Decision Making

### I. Decision Making Process

#### *The Decision-Making Process*



- II. Rational Decision-making – describe choices that are consistent and value maximizing within specified constraints.

Bounded Rationality Decision-making – behavior that is rational within the parameters of a simplified decision-making process, which is limited (or bounded) by an individual's ability to process information.

Intuition Decision-making – a subconscious process of making decision on the basis of experience and accumulated judgment.

### III. Decision Making Styles

1. Directive Style – a decision making style characterized by low tolerance for ambiguity and a rational way of thinking.
  - ✓ They are efficient and logical
  - ✓ Directive type makes fast decisions and focus on the short run
2. Analytical Style – a decision making style characterized by a high tolerance for ambiguity and a rational way of thinking.
  - ✓ They want more information before making decision and consider more alternatives.
3. Conceptual Style – a decision making style characterized by a high

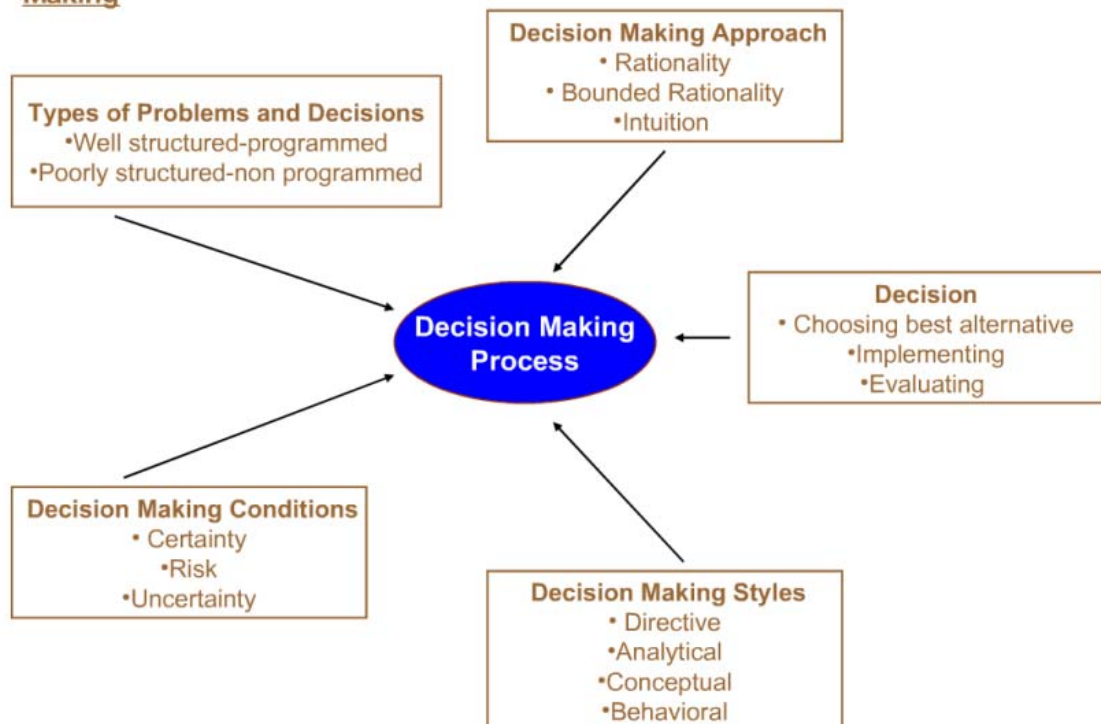
tolerance for ambiguity and an intuitive way of thinking.

- ✓ Very broad in the outlook and will look at many alternatives
- ✓ They focus on the long run and very good at finding creative solutions to problem.

4. Behavioral Style – a decision making style characterized by a low tolerance for ambiguity and an intuitive way of thinking.

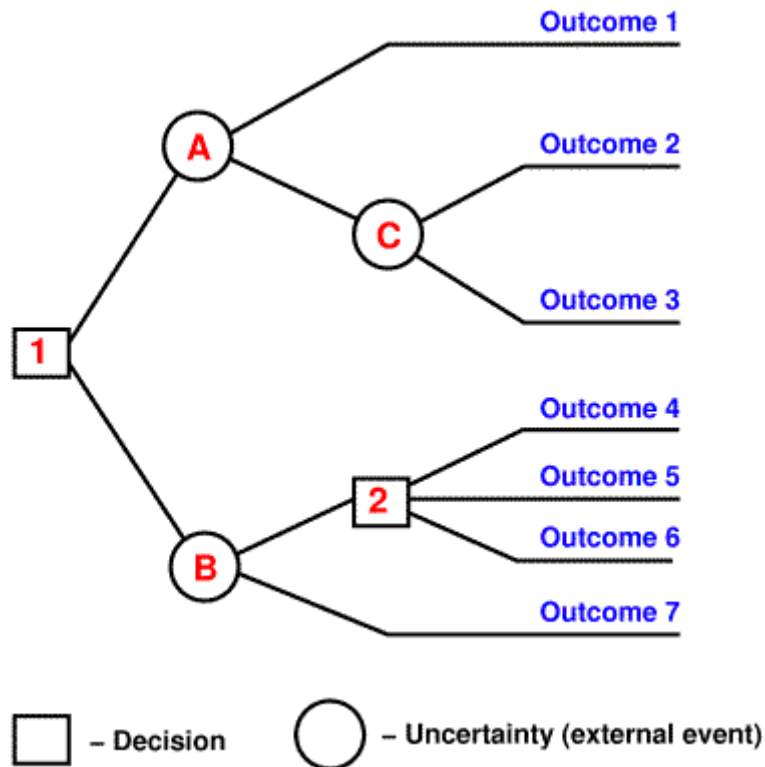
- ✓ They are concerned about the achievements of subordinates and are receptive to suggestion from others.

### Overview of Managerial Decision Making



#### IV. Common Decision Making Tools

1. Grid Analysis
2. Decision Tree



3. Pareto Analysis

#### V. Hands-on Session

##### D. Planning or Strategic Planning

- I. Planning or Strategic Planning is an organization's process of defining its strategy and direction for its mid to long run, it is also an effective process for aligning the short-term decisions with the long-term goals.
- II. It also make decisions on allocating its resources to pursue this strategy, including its capital and people.
- III. SWOT Analysis is a strategic planning method used to evaluate the **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats involved in a project or in a business venture.
  1. It is used to address critical issues for business.
  2. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.

**SWOT Analysis Template** State what you are assessing here. Please note that these criteria examples relate to assessing a new business venture or proposition. Many listed criteria can apply to other quadrants, and the examples are not exhaustive. You should identify and use any other criteria that are appropriate to your situation.

<p>Examples:</p> <ul style="list-style-type: none"> <li>Advantages of proposition?</li> <li>Capabilities?</li> <li>Competitive advantages?</li> <li>USP's (unique selling points)?</li> <li>Resources, Assets, People?</li> <li>Experience, knowledge, data?</li> <li>Financial reserves, likely returns?</li> <li>Marketing - reach, distribution, awareness?</li> <li>Innovative aspects?</li> <li>Location and geographical?</li> <li>Price, value, quality?</li> <li>Accreditations, qualifications, certifications?</li> <li>Processes, systems, IT, communications?</li> <li>Cultural, attitudinal, behavioural?</li> <li>Management cover, succession?</li> <li>Philosophy and values?</li> </ul>	<h2 style="margin: 0;">strengths</h2>	<h2 style="margin: 0;">weaknesses</h2>	<p>Examples:</p> <ul style="list-style-type: none"> <li>Disadvantages of proposition?</li> <li>Gaps in capabilities?</li> <li>Lack of competitive strength?</li> <li>Reputation, presence and reach?</li> <li>Financials?</li> <li>Own known vulnerabilities?</li> <li>Timescales, deadlines and pressures?</li> <li>Cashflow, start-up cash-drain?</li> <li>Continuity, supply chain robustness?</li> <li>Effects on core activities, distraction?</li> <li>Reliability of data, plan predictability?</li> <li>Morale, commitment, leadership?</li> <li>Accreditations, etc?</li> <li>Processes and systems, etc?</li> <li>Management cover, succession?</li> </ul>
<p>Examples:</p> <ul style="list-style-type: none"> <li>Market developments?</li> <li>Competitors' vulnerabilities?</li> <li>Industry or lifestyle trends?</li> <li>Technology development and innovation?</li> <li>Global influences?</li> <li>New markets, vertical, horizontal?</li> <li>Niche target markets?</li> <li>Geographical, export, import?</li> <li>New USP's?</li> <li>Tactics: eg, surprise, major contracts?</li> <li>Business and product development?</li> <li>Information and research?</li> <li>Partnerships, agencies, distribution?</li> <li>Volumes, production, economies?</li> <li>Seasonal, weather, fashion influences?</li> </ul>	<h2 style="margin: 0;">opportunities</h2>	<h2 style="margin: 0;">threats</h2>	<p>Examples:</p> <ul style="list-style-type: none"> <li>Political effects?</li> <li>Legislative effects?</li> <li>Environmental effects?</li> <li>IT developments?</li> <li>Competitor intentions - various?</li> <li>Market demand?</li> <li>New technologies, services, ideas?</li> <li>Vital contracts and partners?</li> <li>Sustaining internal capabilities?</li> <li>Obstacles faced?</li> <li>Insurmountable weaknesses?</li> <li>Loss of key staff?</li> <li>Sustainable financial backing?</li> <li>Economy - home, abroad?</li> <li>Seasonality, weather effects?</li> </ul>

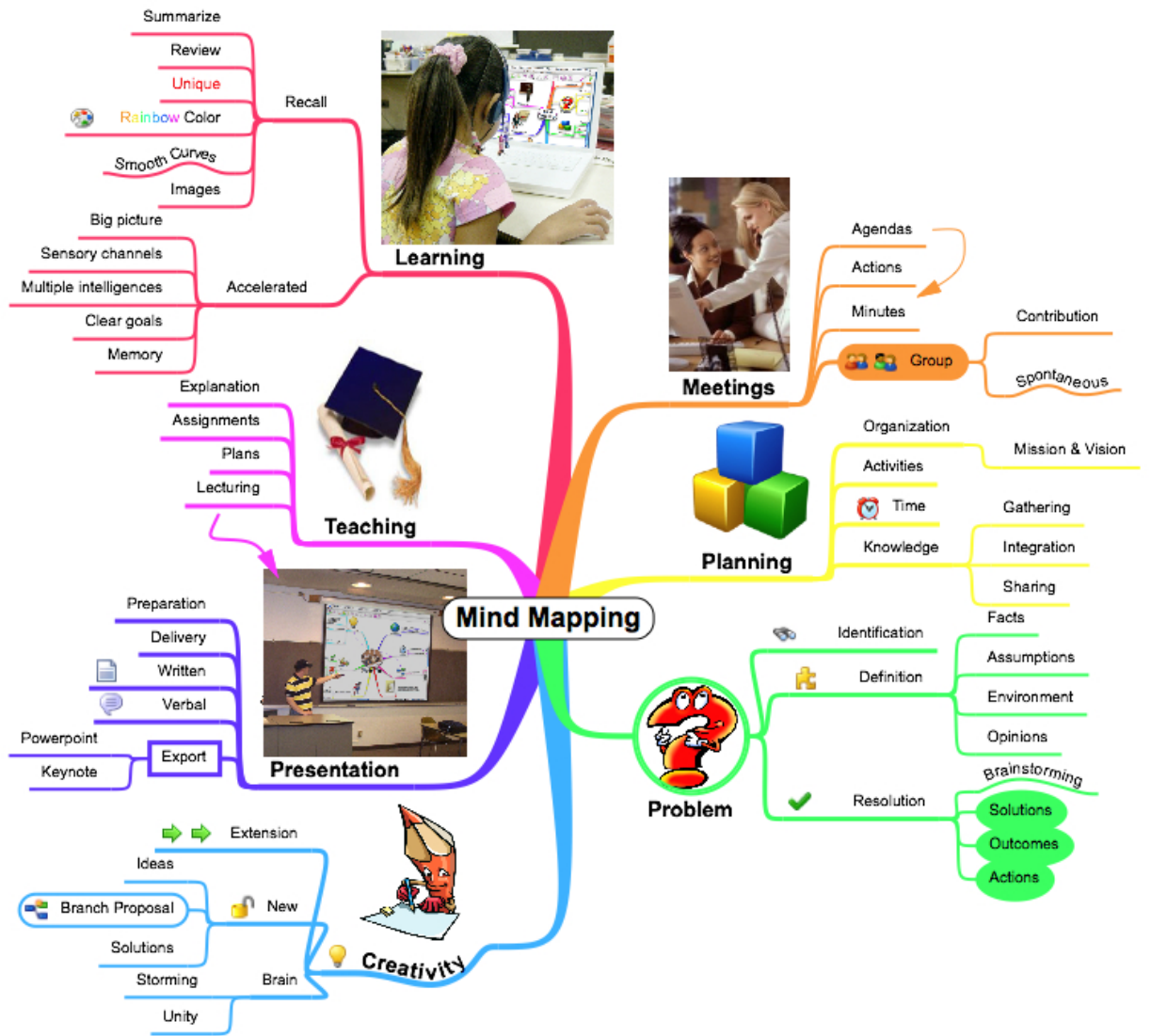
## Enhanced SWOT Analysis

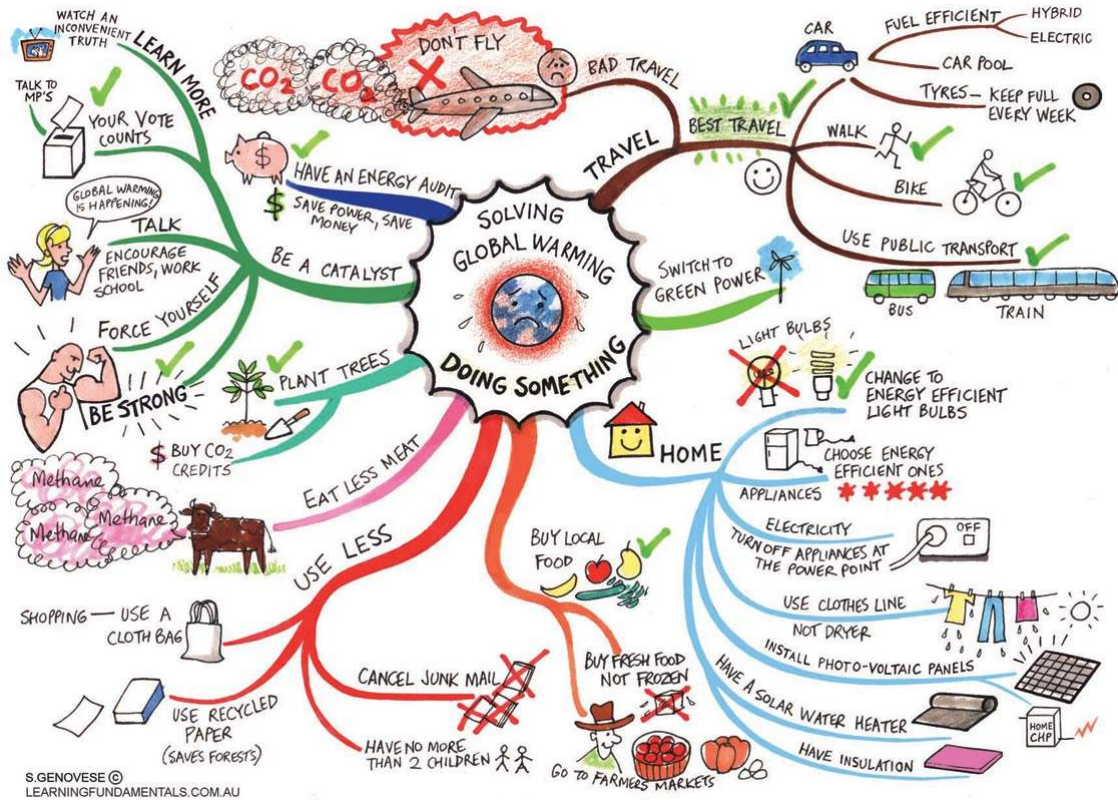
Translate into tasks for the Project Plan	<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	How do I use these strengths to take advantage of these opportunities?	How do I overcome the weaknesses that prevent me taking advantage of these opportunities?
<b>Threats</b>	How do I use my strengths to reduce the likelihood and impact of these threats?	How do I address the weaknesses that will make these threats a reality?

### F. Mind Map

- I. It is an effective method of note-taking and useful for the generation of ideas by associations.
- II. The creative potential of a mind map is useful in brainstorming sessions.







## E. Situational Audit

- I. Identifying key trends and events that will impact the organization. After conduction this structured and formal process, a better picture of the organization will be obtained.