

5.2 Production Methods



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5.2 PRODUCTION METHODS: ASSESSMENT

Read the case study below and answer the questions that follow.

PRODUCTION METHODS AT ROYAL DANISH BEARINGS



Victoria Smaill is proposing a change to cell production

Royal Danish Bearings (RDB) is a successful multinational company operating in the ball bearing industry.

Throughout the twentieth century, it expanded by internal/organic growth. Consistent with business thinking of that era, the company concentrated its manufacturing in three megafactories (very large factories) located in Denmark, northern Germany and Sweden, where the workforce had become highly skilled in operating machinery for industrial production.

In terms of its operations, RDB manufactured standard-sized ball bearings in a flow production process. It sometimes used batch production for deliveries to established customers who used non-standard-sized ball bearings, and sometimes job production for one-off special orders, such as large ball bearing systems for power stations or mines.

Victoria Smaill, Director of Operations, would like to see the production methods in each of the three factories changed into autonomous cells, where each cell is assigned to serve a region of the world and each with its own strategic and tactical/operational objectives. The

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CEO of Royal Danish Bearings, Nana Jacobson, is not as convinced as there are both advantages and disadvantages to this proposal as well as the impact on various functional departments within the business to consider.

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25 MARKS, 45 MINUTES

1. Define the following terms from the case study.
 - i. Job production
 - ii. Batch production

[4 marks]
2. Distinguish between Flow and Cellular Manufacturing.

[4 marks]
3. Analyse the likely effects of RDB changing production methods from batch to flow production on the finance, human resources and marketing departments within the company.

[7 marks]
4. By considering the different production methods available to RDB, discuss Mrs Smaill's proposal to shift all operations in each factory to cell production.

[10 marks]