4.1 Production processes

Job production 	Is the process of production where products are made individually
Batch production 	Is the process of production where one type of product is made and then production is switched to make a different product
Flow production 	Is production of one product that takes place continuously using a production or assembly line. This is sometimes called mass production.
Automation 	Is a production process involving machinery that is not controlled by a person but usually controlled by a computer
Robotics 	Is the use of robots in the process of production
Production processes 	Are the three methods or processes of production – job, batch and flow

Advantages of technology in the production process	Disadvantages of technology in the production process
• **Costs are reduced** as the **number of workers required is reduced** • Machines can be more **accurate – improving quality** • Machines **can work 24/7** • Production can be more **flexible** because the machine can be programmed to make different products	• **Workers may be redundant** adding to the short term costs to a business • **New, skilled workers** may need to be recruited • Workers may need **training** which can be **expensive** • Machines can **break down** and this will **disrupt** production • It can be **expensive** to buy and finance

	Job production e.g. a bridge, piece of art work, item of furniture	**Batch production** e.g. loaves of bread, paint	**Flow production** e.g. motor car assembly
Advantages	**High-quality products** Can be made to **meet the needs** of customers	Batches are made to **meet specific orders** from customers **Costs can be reduced** by using some specialist machinery	**Large amounts** can be made **Unit costs are lower** Products are made with **accuracy**
Disadvantages	**Costs of production will be high** **Labour costs may be high** -skilled labour	It takes **time to switch production** It may be necessary to **keep stocks of materials** to be able to switch production Tasks may be **repetitive** and **boring**	**Very expensive** to set up a production line It the **production line stops** this will be **very costly** Jobs can be **repetitive** and **boring**

knowledge and understanding

4.1 Quality of goods and services

Quality	Is about a product being fit for purpose
Quality assurance	Is an approach that involves the whole business focusing on quality, aiming to prevent quality problems arising
Quality control	Is a system for inspecting the quality of the goods or services produced and they are of a good standard
Returns	Are goods which customers take back to the shop because there are problems with the quality of them
Recalls	Are when a fault occurs with a product and the business asks for the product to be brought back so it can be repaired or replaced

The importance of providing quality goods and services

- It avoids waste, which will reduce costs
- It avoids recalls, which will reduce costs
- It will affect the reputation and sales of a business. If a customer receives poor quality products, they may decide to buy from a competitor in the future
- Customers will continue to buy from the business in the future - repeat customers

	Advantages	Disadvantages
Quality control	• It can help to **prevent faulty goods** and services being sold • It is **not disruptive to production** - workers continue working and inspectors do the checking • May benefit from an **improved reputation** which may **increase sales**	• It **does not prevent waste** of resources when products are faulty • The process of inspecting costs money e.g. wages of inspectors • It **does not encourage all workers to be responsible** for quality
Quality assurance	• There may be **less wastage** and this will **reduce production costs** • **Workers may feel valued** because they have been given responsibility for quality and this may motivate them to work harder • A **better reputation** which may **increase sales**	• It may **disrupt production** because workers are stopping to check the quality of what they have produced • It may **cost a lot to train workers** • Workers may **worry about the extra responsibility** and may resist the introduction of quality assurance methods

4.2 The sales process and customer service

E-commerce 	Is the bringing together of buying and selling electronically
Customer service 	Is the name given to an area of business that deals with customer enquiries
Customer engagement	Is the contact between the business and customer
Face to face selling 	Is usually completed in a shop where there is direct contact between buyer and seller
Telesales 	Is sales completed over the telephone
After-sales service 	Is advice and help given to a customer after they bought a product or service
Product knowledge	Is the detailed knowledge of a product or service that staff within a business use to help persuade a customer to buy

How a business might provide good customer service

After-sales service is important because…
It ensures customers are satisfied and encourages customer loyalty

Good product knowledge is important because…
It encourages the customer to make a purchase

Customer engagement is important because…
It encourages the customer to return to your business and increases customer satisfaction

Advantages to customers of using e-commerce	Disadvantages to customers of using e-commerce
Price comparison - customers can use these to find the best deal making their purchase cheaper **Seven-day availability** - the customer can buy whenever is convenient **Wide range of products** - customers have greater choice	**Lack of personal contact** **Security** - risk of having details stolen **Methods of payment** - customers are not able to use cash **Technology** - some customers may not be comfortable using the internet or have access to it **Only images of goods seen**
Advantages to businesses using e-commerce	**Disadvantages to businesses using e-commerce**
Sell world wide - bigger target audience **Open all the time** **Lower operating costs**-business often do not need a physical location now so do not need to pau these costs **Professional look at little cost**	**Worldwide competition** **Problems of delivering goods and accepting returns** **Online security** - they must keep data safe **Advances in technology** - the business must keep up to date with technology which can be costly

4.3 Consumer Law

Fit for purpose	Means that goods must do what they are meant to do
As described	Means that goods must be as the business described them
Consumer law	Is the area of law that protects the customers of a business. This is mainly through the Consumer Rights Act 2015
Satisfactory quality of goods	Means that how the goods are made will reflect the price. A high-priced product must be of high quality
Reputation	Of a business is what customers say and feel about a business.

The Consumer Rights Act 2015 gives customer's protection when they buy goods and services.
It states they must be:

- Of satisfactory quality
- Fit for purpose
- As described

What these mean for a business using examples:

Of satisfactory quality	Goods must not be damaged or faulty when you buy them. The quality expected in different products should be taken into account. Cheaper 'bargains' should be expected to have a lower quality than luxury goods,
Fit for purpose	Goods must do what they are meant to do. If the seller claims that a product does a particular function, then it must be able to do that.
As described	Goods must be as you describe them. If you order orange trainers, then you should receive orange ones not blue ones.

The impact of consumer law on business

Advantages of consumer law for a business	Disadvantages of consumer law for a business
• Improves business' reputation which could increase sales • Help to reduce recalls/ returns which will lower costs  	• Can be expensive to provide training for employees to ensure they are producing satisfactory quality goods • If a business does not provide 'of satisfactory goods, customers may demand a refund which will increase costs and reduce profits • Customers can claim compensation of goods are not safe • They may also lose their reputation

4.4 Business Location

Location – refers to the place where a business is sited.

Proximity – means 'nearness to' or how close something is

Factors influencing business location

Costs

- Locating in an area where the cost of land, premises or labour - keeps costs lower
- Businesses need to transport raw materials and finished goods, so areas with good road, rail, sea or air links will keep transport costs low
- Access to reliable and cheap ICT communication, such as fast broadband.

Government

- The government may give businesses grants towards start-up costs, or it may reduce corporation tax for those businesses locating to an area of high unemployment, Such as Barnsley

Proximity to the market

- Service businesses must locate near their customers i.e. a hairdresser will locate near to where consumers live
- Manufacturing businesses may locate near their customers for easier communication, i.e. coca cola having the can factory next door with a conveyor belt
- A business located near its customers may be able to reduce the cost of transporting products to this market i.e. a local bakery will not transport bread to

Proximity to materials

- A business may locate near to a source of raw materials to save on transportation costs
- E.g. Coca Cola next to the can factory
- Shorter transport journeys are good for the environment as well as keeping costs lower

Proximity to labour

- A business needs a supply of skilled workers. 'Silicon Fen' is an area near Cambridge where many ICT firms and skilled workers are located, so an ICT business might wish to locate here
- A business that needs a lot of unskilled workers might locate in an area of high population and/or high unemployment

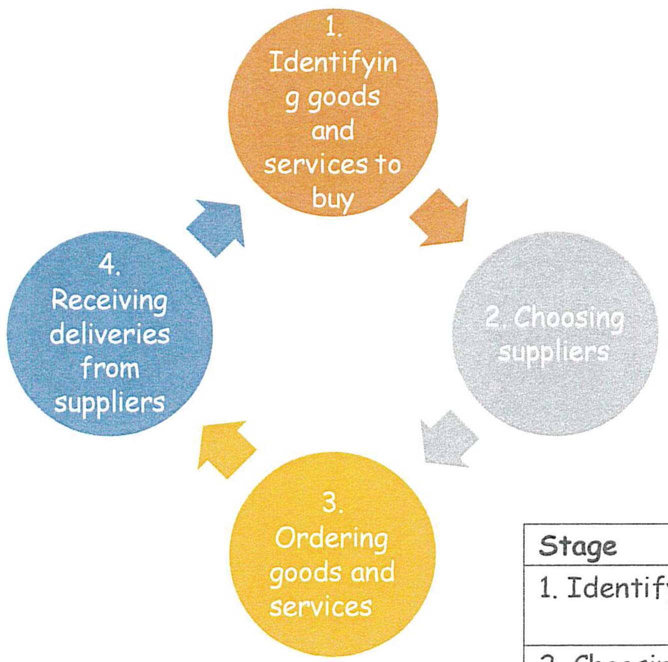
4.5 Working with suppliers

Procurement – the management of purchasing within a business

Logistics – the process of organising the transport of goods from the seller to the buyer

Supply chain – the chain of businesses involved in the production of a product and its delivery to the user.

Stages of the procurement process



Issue	Explanation	Potential problem
Time	Supplier must be able to deliver the goods on time	Supplier may be short of materials or components which may delay its production of goods and services = lose sales and revenue
Reliability	Supplier must be able to supply the quantity and quality of goods needed by the customer	If the supplier is short of materials or they are not of sufficient quality, it may have to delay or stop production = lose sale and revenue
Length of the supply chain	A long supply chain (one with a large number of businesses) has an increased risk of problems occurring along the chain	Business which makes a component may not get the materials it needs and so cannot produce the components its customer needs to assemble its product
Costs	Customers will want delivery costs to be as low as possible but this must not be at the expense of reliability	High delivery costs may make the total production costs too high and the firm may not be able to sell its goods at a profit
Customer service	A supplier will need to provide customer service to deal with problems and enquiries from its potential and actual customers	The business may lose customers if businesses that buy from it are not happy with the service they receive.

Stage	Definitions
1. Identify goods and services to buy	What to buy can be influenced by the time of the year, fashion or technology
2. Choosing suppliers	Who can you buy from? What do they charge?
3. Ordering goods and services	The actual process of ordering and procuring goods.
4. Receiving deliveries from suppliers	When will the goods be delivered? Where will they be stored?