

Evaluate the operations strategies used by management and their impact on business.

The use of operations strategies used by management is important to the success of a business. Operations managers must search for ways to ensure that the transformation process meets (and even exceeds) business objectives. Often, different strategies may be appropriate for different types of products and businesses, and there is rarely agreement about which strategies are 'best', because each has its own costs and challenges. However, business success is especially apparent when operations strategies are used in correspondence to the goals of the business. Thus, a range of operations strategies including outsourcing, the performance objective of speed as well as flexibility will be evaluated in terms of their impact on the global businesses, Apple Inc. and McDonald's.

Outsourcing is an operations strategy used by businesses to reduce costs by transferring portions of work, especially the peripheral tasks that are necessary for production to outside suppliers rather than completing it internally. To exemplify this, in 2012, Apple Inc. sold approximately 120 million iPhones. None of these iPhones were produced in the US, except vital components and nearly 85% were assembled in China. The business does offshore outsourcing to countries such as China, Taiwan and Brazil for the production of component parts. Foxconn and Pegatron are two Taiwanese companies which produce thousands of iPhones each day with a relatively low cost of labour. Apple Inc. achieves this through the cheaper labour rates in these countries and the larger production capability present due to advanced skill sets. For example, for the production of the iPhone 6, Apple Inc. outsources its component parts to LG which does the display panel, Sony which supplies the front and rear cameras and TDK which supplies the inductor coils. As a result of outsourcing its component parts to various outside businesses, Apple Inc. has decreased the business's cost of operations. These savings are seen in the cost of labour, raw materials, warehousing costs and technology, just to name a few. Further, the business has increased the efficiency of its operations by maximising resources such as advanced skills of labour, technology and time. The benefits of outsourcing extend to the accessibility of leading edge technology and skilled labour as factories such as Pegatron allow for faster production with large scale and flexibility. As a result, Apple Inc. has achieved business success through their growth of revenue of up to 28% to nearly \$234 billion in 2015. Apple will continue its outsourcing operations strategy to preserve its competitive edge in order to keep on boosting global sales.

Another operations strategy that businesses use is the performance objective of speed. This is the ability to produce a product quickly in response to customer demands and thereby offer short lead times between when a customer orders a product and when they receive it. In the case of global business McDonald's, a guarantee is put forward where the business promises a one-minute drive-thru service. This is where customers are handed timers after they have paid for their orders, with a promise that it will be ready within 60 seconds or they will receive a lunch item for free on a future McDonald's visit. The guarantee is on weekday lunch orders from noon to 1pm which are one of the peak hour periods for the business. This operations strategy is dedicated to boost business at lunchtime as it remains the marquee meal, attracting 34% of all customer visits. As a result of guaranteeing fast delivery as one of their performance objectives,

McDonald's is committed to respond quickly to customer demand, especially in the peak hours of business. In this way, McDonald's achieves efficiency in its operations as time is maximised by boosting the amount of meals that can be made during busy periods of the day. As a result of this operations strategy, the business has been able to process more orders and satisfy customer demand. Further, McDonald's has also achieved effectiveness where the business has experienced a decrease in wastage of resources, especially time and has increased its sales due to more customers being attracted, most notably during lunchtime. In recent years, studies have shown that drive-thrus have gotten slower, thus, delivering speedy service would allow McDonald's to gain a competitive advantage over its rival food chains. In this way, the operations strategy of the speed performance objective has provided a positive impact on business, resulting in business success.

The performance objective of flexibility is an operations strategy that focusses on the ability to change operations if and when required. To exemplify this, Apple Inc. has implemented this operations strategy to allow the business to better react to change. Initially, the business offered a range of computers but took advantage of its expertise in technology and design to develop products such as iPods, iPhones and iPads. Apple Inc. has the ability to alter production volumes of particular products, depending on customer demand. As a result of having the ability to change operations, Apple Inc. is able to frequently produce new products depending on customer demand. The business is able to more effectively meet customer demand by providing a variety of products. Additionally, as a result of being flexible, Apple Inc. is better able to react to changing market conditions and respond to them, where they have the ability to alter production volumes or different batches of products depending on what the market wants. It has resulted in the business gaining a competitive advantage over its rivals who may not provide as much variety in their product range. As a result, the business has been highly successful in achieving the flexibility performance objective and this is the main reason for the spectacular growth in the value of the business, as evidenced by their net profit of \$10.2 million. In this way, the operations strategy of the flexibility performance objective has impacted the business positively, providing only benefits.

Thus, in summary, global businesses such as Apple Inc. and McDonald's are a testament to the positive impact of operations strategies used by management. Apple Inc. has utilised the operations strategies of outsourcing and the performance objective of flexibility to reduce costs and be more effective in terms of achieving the goals of the business. Likewise, the management at McDonald's have used the performance objective of speed in order to satisfy customer demand by increasing efficiency and achieve the business goal of fast service. Therefore, due to the favourable outcomes of global businesses Apple Inc. and McDonald's, the use of operations strategies is beneficial and a contributing factor to business success.