

The Principles of Production

Taken from *Management: Tasks, Responsibilities, Practices* by Peter F. Drucker pages 203-216

System Characteristics	Unique Production	Rigid Mass Production	Flexible Mass Production	Process Production
★ Intensity of labor	Higher	Higher	Yet substantial	Should not be
★ Intensity of capital	Lower	Lower	Increasingly capital intensive	Very high
★ Flexibility	Yes	No	Great flexibility with respect to composition of the output, the product mix	Inflexible: diverse product mix but only for the product for which designed.
★ Unit cost	High			Low
★ Break even point	Low			High
★ Volume Requirements	Can be low	Very high	High	Continuing high: volume cannot be gradually increased.
★ Ability to operate under fluctuating output quantity	Considerable	Minor fluctuations adversely affect economics.		Go or no go
★ Skill Demands	High operational	High design & maintenance of the process. None in operations.	High design & maintenance of the process. Little in operations.	Extremely high in design & operations

System Characteristics	Unique Production	Rigid Mass Production	Flexible Mass Production	Process Production
★ Judgement Demands	Little or none	High design Practically none in operations	Good deal of	Very high by all employees
★ Management's first job	Get an order	1. Build an effective distribution system 2. Educate the customer to adapt his wants to the available range of product variety.		Create, maintain, & expand a market Create new markets.
★ Time span of decisions	Short	Longer A distribution system may take 10 years to build		Even longer
★ Importance of decisions for the future.	The more advanced the system the more important.			
★ Management skills & organization	Good at technical functions.	"Trained in analytical thinking, scheduling, & planning."		Trained in seeing a business as a conceptual whole in a synthesis in decision making.
★ Work Force & its Management	Can adjust to economic fluctuation. Retaining only foremen & a nucleus of the most hi-skilled.	Due to limited skill, workers must increasingly demand employment stability from the enterprise.		Due to the investment in judgement, the business must try to maintain employment stability.