

EFFECTIVENESS OF PRODUCTION AS A KEY INDICATOR

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Abstract

This scientific text dealt about the effectiveness of production, because in today's high competitive in every business sphere, it is crucial to produce more effective than others. The text is oriented only on the one main theme, which is the possibility of effective production. It is possible to find here the figure, which illustrate two possibilities of effective production and it is necessary to say that these two possibilities are equivalent.

Key words

Production, effectiveness, and effective production

Introduction

Corporation improvement is subjected to the growth of its effectiveness, during which time it is possible to observe, that manufacturing corporation effectiveness is directly proportional to their effectiveness of production. In case that corporation wants to achieve high effectiveness of production, it has to optimally exploit the existing resources of production factors. By force of production planning the corporation analyses the possible hazards and deduces the knowledge for the behaviour. Objective plan is important condition of effectiveness of production and in the final implication also of the corporation effectiveness.

As every vital corporation regarding to their request of survival and permanent competitive pressure has to endeavour to permanent effectiveness increasing, it is clear that fulfilment of this requirement in existing corporation claims big cooperation of individual levels, because default of any crucial activities, can results to decrease of productivity and of course of corporation effective too. [2]

Only continued monitoring on every corporation levels can ensure increase of productivity ensure hike productivity and consequently „victory" in the crucial corporation indicator that is the effectiveness of the processes.

Possibilities of effective production

Effectiveness represents the achievement of maximal outputs at given sources, which are used by the realization of given activity. Measuring the effectiveness of production represents the valuation of relationship between the results, which are formed by the given production and the inputs that are consumed. [6] The effective production is that, which produces the maximum outputs by the given inputs, or which forms certain level of outputs by the minimal level of inputs. [5] The combination possibilities are then two and they are displayed on the figure 1.

Effectiveness of production is subjected to the not only production process, but also the advanced production phases of production process, which define the application technologies in the production, determine the technological conditions, by which give out to product realization, define time and space of exploitation mechanic and subsidiary machinery. [3,4]

Advanced production phases of production process are very important because of high influence of production costs. Because of this fact it is important to give them the maximal respect. From their preciseness often depends the product success.

Increasing the effectiveness of production signs not only the increasing of various production indicators, but introduces all-corporate stirring with one goal - to reduce relative costs by the increasing production of components, better exploitation of time exploitation of mechanic and subsidiary machinery and elimination tight spoils in the production. Management have to daily think about the effectiveness of production process. The reason is endeavour (rather urgency) to produce more, cheaper, more qualitative and in the right time.

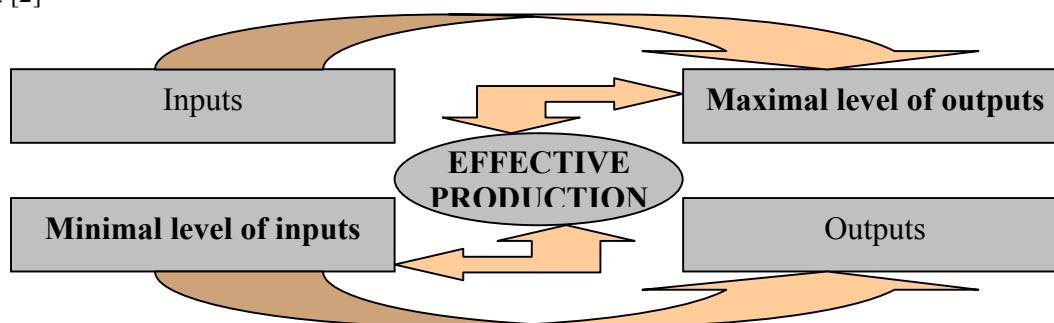


Figure 1: Possibilities of effective production [modified by 5]

Production is possible to consider as effective, if it operates on the high technical a technological level and the production factors are expended sparingly and the output realization covers acceptable profit. In the present competitive conditions, the effectiveness is considered as the one of the most important side by every production process.

Effectiveness of production is ground on the principle of total synchronization, which manifest in rational material flow and product oriented ordered manufacturing base. General conception of effectiveness of production is the basis for business effectiveness analysis. Everything, which doesn't abandon the company as a product, is the sign of ineffective production. [3]

Substantial work by the transformation to the outputs plays the technology, which is the way, how staff and job resources affect on stocks, materials and intermediate goods by their change to final products. Application technology has substantial effect on speed, effectiveness and manufacturing quality as well as on ecology (endeavour to exploit non-waste technology). Every company has to develop their production and therefore have big value information about latest knowledge's of scientist – technical progress and their exercitation in the production and by the products developing.

Analysis of the production process and also outputs analysis is the basis of such changes in inputs, that could permit further develop of production. Crucial input information is inter alia also the data's, which are reach through marketing and in this data's the most important are data's about customer's exigency

It is satisfactory to know and manage the technological practices, because the technology along brings all necessary regulations for the production of final product too, its valuation and sale. The goals of this are not any products or services, but only these, which will be possible to realize on the market and to obtain equivalent returns (profit).

The transformation of input to outputs has to overshoot as effective as it could – by the optimal consumption of production factors and by suitable costs too. The goal of the production is to achieve the best relationship between outputs and inputs – the highest effectiveness of production.

Figure 2 represent the transformation process in the company with the allowance of company's environment and limiting conditions (space and time).

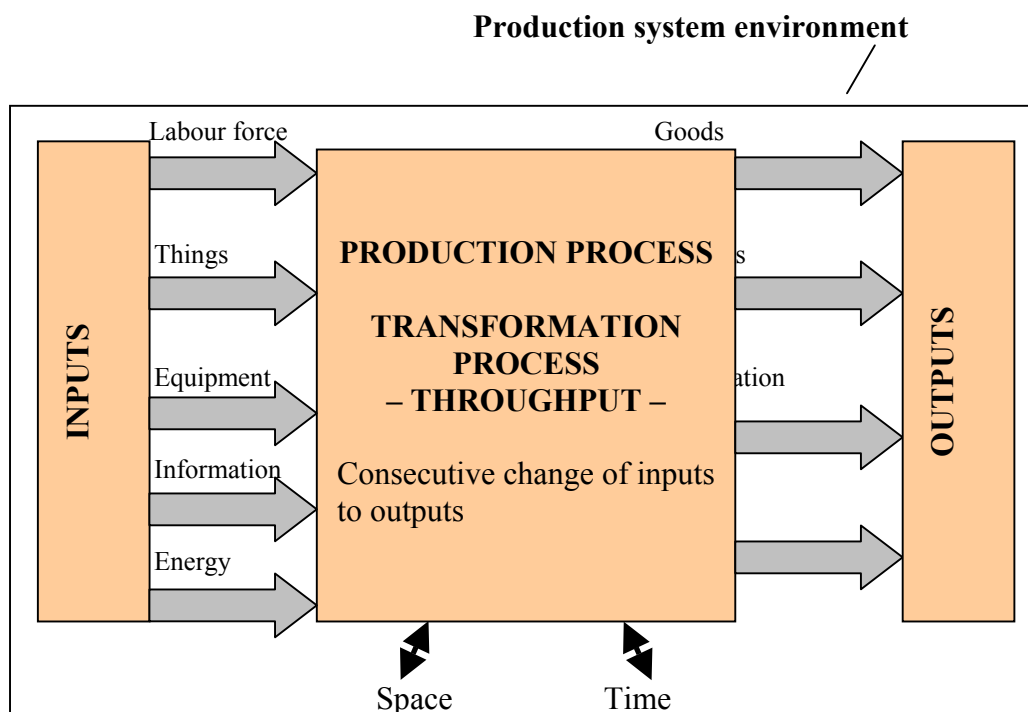


Figure 2: Ttransformation process [modified by 6]

Conclusion

Manufacturing company is arranged to certain target system, which is capable to produce concrete products and with selling of this products to gain the profit. System functioning overshoot through purpose ordered activities, which begins with the material input in the production system and end with the output of finished product and their sale and with this activity it is realized the added value.

Effectiveness represents maximal possible exploitation of available resources without reference to their quantity and quality. Effectiveness is connected with productivity, but they are not incidental. Even though the productivity is the final result measure, it describes the relationship between amount of outputs and one or more inputs, which were used on their production, without regard on effectiveness of their exploitation. Effectiveness adds the element of comparison of specific known potentials – company is ineffective, when it is possible to produce more outputs with the given level of inputs. [1]

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