**Introduction to Production**

**Complete the following using the Production PowerPoint, your textbook (chapter 5: pages 155 – 161) and the internet where needed.**

***Production*** is defined as the ***processes and methods*** used in ***transforming tangible inputs*** (raw materials) and ***intangible inputs*** (ideas, information, know-how) into ***goods or services***.

1. The production of goods includes six factors. Briefly describe each and provide an example.

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| **Factors of Production** | **Definition and Example** |
| Natural resources | agriculture, fishing and trapping, mining, water, fuel and energy and logging and forestry |
| Raw materials | **Raw materials** are any goods used in the manufacturing of other goods. |
| Labour | **Labour** includes all of the physical and mental (cognitive) work needed to produce goods and services. Labour is expensive so most businesses seek ways to save on labour costs. |
| Capital | **Capital** is the money invested in the business and is often referred to as monetary capital. There is liquid such as cash and non-liquid such as building |
| Information | To produce goods and services in a competitive global market, businesses require more information about   * new technology   + customers   + competition   + political conditions   + sources of supply |
| Management | **Management** consists of the people who run the business and control or direct the factors of production (natural resources, raw materials, labour, capital, information, and so on). Management also allocates company resources and makes decisions that affect the day-to-day and long-term operations of the business. |

1. What is another term for primary industry? extractive industries
2. What is the difference between ingredients and supplies? Explain fully.
   1. **Ingredients** ― raw materials that are combined or converted and become a part of the finished product.
   2. **Supplies** ― raw materials that do not become a part of the finished product, but are used in the product creation process.
3. Define the following terms and provide an example for each.

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| **Terms** | **Definition and examples** |
| automation | **Automation** means that many tasks are performed by more than one person using machines. |
| consolidation | **Consolidation** occurs when many small manufacturing sites close down and are centralized into one large site. |
| outsourcing | **Outsourcing**, the hiring of another company to perform tasks for any company, is another cost saving business option. |

1. What is the common link between the terms listed in question #4? To help you respond to this question consider what each is meant to do.

They are meant to make the organization more efficient in terms of saving money and reducing overall costs

1. Distinguish between liquid capital and non-liquid capital by providing examples of each in your explanation.

liquid is easily convertible to cash, non-liquid is not such as land and buidling

**Complete the following using the Production PowerPoint, your textbook (chapter 5: pages 162 to 164) and the internet where needed.**

The Production Process: List the four stages of the production process, define each and provide one example of how it might or is used in business.

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| **Production Process** | **Description and Example** |
| purchasing | Within a business, someone is responsible for **purchasing** the raw materials needed to produce the product or service. Purchasing may be the responsibility of a purchasing department, purchasing agent, buyer, or owner.  Who will supply the raw materials, when will they be purchased? |
| Processing | All non-service businesses convert one item into another through processing. This is called **conversion processing**. such as wheat to flour |
| Quality control | **Quality control** are standards that ensure all produced products conform to prescribed levels of excellence. These standards are set by the company, the government, or another organization such as the **International Organization for Standards (ISO).** The latter organization sets worldwide standards for numerous industries in 157 countries. |
| Grading | Related to quality control, **grading** is the act of checking products for size and quality against fixed standards for the product or product category. Grading of products allows consumers to make informed purchasing decisions.  Examples: eggs, meat, diamonds |

Read the short article on chicken standards on page 165 in “Ethical, Moral & Legal Considerations”. After reading it, how important is it to you how chickens are raised? Record your response below.

Discuss responses