

Contents

<i>Foreword</i>	(v)
<i>Preface</i>	(vii)
<i>Acknowledgements</i>	(ix)
<i>Abbreviations</i>	(xiii)
<i>Useful Computer Software</i>	(xIx)
<i>About the Author</i>	(Ii)

Section I: PRECEPTS

Chapter 1

Elements of Production Planning and Control

1.1 Production Planning & Control.....	2
1.2 Role and Scope of Production Planning & Control	2
1.3 Objectives of Production Planning & Control	3
1.4 Functions of Production Planning & Control.....	3
1.5 Phases of Production Planning & Control	5
1.5.1 Preplanning Phase	5
1.5.2 Planning Phase	5
1.5.3 Control Phase	5
1.6 Functions of Production Planning.....	5
1.7 Definitions of Production Planning.....	7
1.8 Long Range vs Short Range Planning	8
1.9 Elements of Production Control.....	9
1.10 Functions of Production Control.....	10
1.11 Definitions on Production Control	10
1.12 The Essential Steps in Control Activity	12
1.13 The Elements of Production Control.....	12
1.14 Factors Contributing to the Complexity of Control	13
1.15 O-A-A-E cycle of Control Procedure	13
1.16 Duties of a Production Controller	14
1.17 Advantages of Robust Production Control	14

1.18	Checklist of Information Required for Production Control Function	14
1.19	Data vs Information per http://www.differ.com	16
1.20	Data Definitions per http://searchdatamanagement.techtarget.com	17
1.21	Production Planning vs Production Control	17
1.22	Benefits of Production Planning & Control	18
1.22.1	Benefits to Consumers	18
1.22.2	Benefits to the Producer	19
1.22.3	Benefits to Investors.....	19
1.22.4	Benefits to Suppliers	19
1.22.5	Benefits to Community	19
1.22.6	Benefits to the Nation.....	19
1.23	Industrial Engineering vs. Production Planning and Control.....	19
1.24	Conclusion	21
1.25	Further Reading.....	21
	Criteria Questions	21

Chapter 2

Factory Planning

2.1	Factory Management.....	24
2.2	Factory Planning	24
2.3	Characteristics of Factory Planning	25
2.3.1	Forecasting	25
2.3.2	Definite Purposes and Goals	25
2.3.3	An optimal Choice among Alternatives.....	25
2.3.4	Continuous and Flexible Process	25
2.3.5	Pervasive	25
2.3.6	Interdependent and Consistent	25
2.3.7	Time Dependent.....	26
2.4	The Two Aspects of Factory Planning	26
2.5	Definitions for Factory Planning.....	26
2.6	The Six Stages of Factory Planning	26
2.7	Metroplan Production Management.....	27
2.8	Management Objectives for Factory Planning.....	27
2.9	Systems Engineering and Factory Planning.....	28
2.10	Conclusion	30
2.11	Further Reading.....	30
	Criteria Questions	30

Chapter 3

Factors for Production

3.1	The Concept of Production	32
3.2	Factors of Production	32
3.3	Characteristics of Land	33
3.4	Characteristics of Labour	33
	3.4.1 Ability of the Labor.....	34
	3.4.2 Effective Use of the Labour Force by the Employer	34
3.5	Functions of Capital	34
	3.5.1 Forms of Capital.....	34
3.6	Characteristics of Machinery	35
	3.6.1 Advantages of Machinery	35
	3.6.2 Automation.....	36
	3.6.3 Disadvantages of Machinery.....	36
3.7	Types of Economic Utilities.....	37
3.8	Functions of Entrepreneurship	37
	3.8.1 Entrepreneurial Functions	37
	3.8.2 Managerial Functions.....	37
	3.8.3 Promotional Functions, including	37
	3.8.4 Commercial Functions	38
3.9	Economies of Scale	38
3.10	Factors for the Size of an undertaking	38
3.11	Classes of Industries.....	39
	3.11.1 Cottage Industry	39
	3.11.2 Micro and Small Business.....	39
	3.11.3 Small Scale Industries	39
	3.11.4 Large Scale Industries	40
3.12	Conclusion	41
3.13	Further Reading.....	42
	Criteria Questions	42

Chapter 4

Production system

4.1	Elements of Production System	44
4.2	Production as a System	45

4.3	What is a System?	45
4.4	Definition of a System	46
4.5	Types of Systems	46
4.6	Components of a System.....	49
	4.6.1 Input	49
	4.6.2 Conversion Process	49
	4.6.3 Output.....	49
4.7	Elements of Control in System Approach.....	49
4.8	Effect of Environment on the Systems.....	50
4.9	Open and Closed Systems.....	50
4.10	Systems and Subsystems.....	50
4.11	Relationship between the Systems and Subsystems	52
4.12	Combination of Subsystems.....	53
4.13	The Management Cube	54
4.14	Planning Pyramid	55
4.15	Information Flow	55
	4.15.1 Operating Data	56
	4.15.2 Control Data.....	56
	4.15.3 Planning Data.....	56
4.16	Summary of the Features of Management as a System	56
4.17	Conclusion	57
4.18	Further Reading.....	57
	Criteria Questions	58

Chapter 5

The Concept of Productivity

5.1	The Concept of Productivity	60
5.2	Some Definitions on Productivity	60
5.3	Productivity vs. Production.....	61
5.4	The Input – Output Concept.....	62
5.5	Indices of Productivity	62
5.6	Connotations of Productivity	63
5.7	Levels of Productivity Measurement	64
5.8	Factors that Drive Productivity Growth	64
5.9	How to Increase Productivity?	65

5.10	Stewart's 12 Step Productivity Improvement Strategy	66
5.11	Sumant et al's Productivity Improvement Techniques	68
5.12	The Benefits of Higher Productivity	69
5.13	Productivity and Standard of Living	70
5.14	Work Study and Productivity.....	71
5.15	Some Synonyms of Method Study.....	72
5.16	Components of Method Study and Work Measurement.....	73
5.17	Work Measurement.....	73
5.18	Operational Standard Times.....	74
5.19	Standard Declaration Form	75
5.20	Method Improvement is a Continuous Process.....	78
5.21	Conclusion	78
5.22	Further Reading.....	78
	Criteria Questions	78

Chapter 6

Organization for Production Planning and Control

6.1	Why Organization	82
6.2	What are to be Organized in the PP&C Function?.....	83
6.3	Principles of Organization.....	83
6.4	Classes of Organizational Structures	85
6.5	Types of Organization Structures.....	86
6.6	Centralized Organization	87
6.7	Decentralized Organization.....	88
6.8	Matrix Type of Organization	89
6.9	General Functions of PP&C Teams in Medium and Large Scale Units	91
6.10	Factors that shall be Considered for Deciding the Manpower Requirement .	92
6.11	Size & Type of an Organization.....	92
6.12	Conclusion	94
	Criteria Questions	94

Chapter 7

Terminology used in Japanese Management Practices

7.1	Introduction	96
7.2	Some of the Terminologies Cited in this Chapter.....	96

7.3	History of Development of Japanese Management Practices	97
7.4	Quality Circles	98
7.5	Kaizen	95
7.5.1	Kaizen vs Innovation.....	99
7.6	Genchi Genbutsu.....	100
7.7	Nemawashi.....	100
7.8	Heijunka.....	100
7.9	3 Mu Checklists	100
7.10	4M Checklist.....	101
7.11	Four Wives and One Husband	102
7.12	CREW	103
7.13	5 Management Objectives of Factory Management	103
7.14	5 Zu's	104
7.15	Poka Yoke.....	104
7.16	Andon and Hanedashi	104
7.17	Jidhoka	105
7.18	Chaku Chaku.....	105
7.19	5 S	105
7.19.1	SEIRI (Straighten up).....	105
7.19.2	SEITON (Put things in order)	106
7.19.3	SEISO (Clean up).....	106
7.19.4	SEIKETSU (Personnel cleanliness).....	106
7.19.5	SHITSUKE (Discipline)	106
7.20	Six Sigma	107
7.21	Gemba Walk	107
7.22	Warusa Kagen.....	107
7.23	Single Minute Exchange of Die	107
7.24	Just in time	108
7.25	Kanban	108
7.26	Hoshin Kanri.....	109
7.27	Nichijo Kanri.....	109
7.28	Kata	109
7.29	Total Productive Maintenance	110
7.30	Pecha-kucha	110
7.31	Dakara Nani	110

7.32	Kanso, Shizen and Shibumi	110
7.33	Okya Kusoma.....	111
7.34	Conclusion	111
7.35	Further Reading.....	111
	Criteria Questions	111

Section II: FORECASTING

Chapter 8

Fundamentals of Statistics Part - I

8.1	Definition of Statistics	114
8.2	Role of Statistics in Analysis	114
8.3	Role of Statistics in Production Planning & Control	115
8.4	Limitation of Statistics	115
8.5	Elements of Statistical Techniques	115
8.6	Methods of Collecting Data	115
8.7	Data Classification	117
8.8	Data Presentation	117
8.9	Population Vs. Sample.....	117
	8.9.1 Population	118
	8.9.2 Sample.....	118
8.10	Attributes and Variables.....	118
8.11	Graphs	119
	8.11.1 Principles of Graph Construction.....	119
	8.11.2 Class Interval.....	119
	8.11.3 Class Limits.....	119
	8.11.4 Class Mark	119
8.12	Single Dimensional Diagrams – Bar Charts	120
	8.12.1 Simple Bar Charts	120
	8.12.2 Component Bar Charts.....	120
	8.12.3 Percentage Component Bar Chart.....	120
	8.12.4 Multiple Bar Charts.....	121
	8.12.5 Two-Dimensional Diagrams	122
	8.12.6 Pie Diagrams	122

8.12.7	Doughnut Diagrams	123
8.12.8	Pictograms.....	123
8.13	Innovative Graphs	124
8.14	Frequency Graphs	124
	8.14.1 Histograms	124
	8.14.2 Frequency Polygon	124
	8.14.3 Frequency Curve	125
8.15	Ogive	125
8.16	'Z' Chart.....	126
8.17	Lorenz Curves	127
	8.17.1 Application of Lorenz Curves.....	127
8.18	Frequency Distribution	128
8.19	Central Tendency	128
8.20	Measures of Central Tendency.....	129
8.21	Mean or an Average	129
8.22	Arithmetic Mean	130
	8.22.1 Calculation of Arithmetic Mean.....	130
	8.22.2 Characteristics of Arithmetic Mean	130
	8.22.3 Advantages of Arithmetic Mean	131
	8.22.4 Disadvantages of Arithmetic Mean.....	131
8.23	Geometric Mean, Quadratic Mean and Harmonic Mean	131
8.24	Median	131
	8.24.1 Definition	131
	8.24.2 Calculation from Ungrouped Data	132
	8.24.3 Calculation from Grouped Data	132
	8.24.4 Characteristics of a Median.....	132
	8.24.5 Advantages of Median	132
	8.24.6 Disadvantages of Median.....	132
8.25	Mode	133
	8.25.1 Definition	133
	8.25.2 Characteristics of Mode	133
	8.25.3 Advantages of Mode	133
	8.25.4 Disadvantages of Mode.....	133
8.26	Dispersion	133
8.27	Range	134
	8.27.1 Characteristics of Range	134

8.28	Mean Deviation.....	134
8.28.1	Characteristics of Mean Deviation.....	134
8.28.2	Computation of Mean Deviation.....	135
8.29	Standard Deviation.....	135
8.29.1	Computation of σ from Ungrouped Data	135
8.29.2	Computation of σ from Grouped Data.....	135
8.29.3	Characteristics of Standard Deviation.....	136
8.30	Skewness.....	136
8.31	Kurtosis	136
8.32	Conclusion	137
8.33	Further Reading	137
	Criteria Questions	137

Chapter 9

Correlation and Probability Theory

9.1	Correlation	140
9.2	Scatter Diagram	141
9.3	Coefficient of Correlation	142
9.4	Types of Correlation	142
9.4.1	Positive Perfect Correlation	142
9.4.2	Positive Correlation.....	142
9.4.3	Low Positive Correlation	142
9.4.4	No Correlation.....	142
9.4.5	Low Negative Correlation.....	142
9.4.6	Negative Correlation	142
9.4.7	Perfect Negative Correlation.....	143
9.5	Regression.....	144
9.5.1	Relationship between Correlation and Regression.....	144
9.5.2	Method of Least Squares.....	144
9.6	Sampling Theory.....	145
9.6.1	Introduction.....	145
9.6.2	Random Number Tables	145
9.6.3	The Sampling Process	145
9.6.4	Sampling Methods	146
9.6.5	Factors for Selection	147

9.6.6	Frequency of Sampling	147
9.6.7	Estimating the Sample Size.....	147
9.6.8	Factors that Influence the Sample Size	148
9.7	Probability	148
9.8	Laws of Probability	149
9.8.1	The Law of Addition.....	149
9.8.2	Mutually exclusive vs Mutually non-exclusive	149
9.8.3	Law of Multiplication	150
9.8.4	Law of Conditional Probability.....	150
9.9	Conclusion	150
9.10	Further Reading	150
	Criteria Questions	151

Chapter 10

Forecasting

10.1	Introduction	154
10.2	The Need for Forecasting.....	154
10.3	Definitions of Forecasting.....	155
10.4	Basic Steps of Forecasting	157
10.5	Characteristics of a Good Forecast	157
10.6	Short-term, Medium-term and Long-term Forecasts	157
10.7	Techniques of Forecasting	158
10.8	Qualitative Forecasting Methods	159
10.9	Quantitative Forecasting Methods	159
10.10	Detailed Explanation of the Forecasting Techniques.....	160
10.11	Qualitative or Judgmental Forecasting Methods.....	160
10.11.1	Opinion Survey	160
10.11.2	Aided Judgment	160
10.11.3	Judgmental Bootstrapping.....	160
10.11.4	Jury of Executive-opinion	161
10.11.5	Delphi Technique	161
10.11.6	Prediction Markets	161
10.11.7	Marketing Trials.....	162
10.11.8	Market Research.....	162
10.11.9	Simulated Interaction	162

10.12	Quantitative Forecasting Techniques	162
10.12.1	Discrete Event Simulation.....	162
10.12.2	Group Method of Data Handling (GMDH).....	162
10.12.3	Reference Class Forecasting	163
10.12.4	Quantitative Analogies.....	163
10.12.5	Game Theory.....	163
10.12.6	Data Mining	163
10.12.7	Conjoint Analysis.....	164
10.12.8	Causal Models.....	164
10.12.9	Segmentation.....	164
10.12.10	Cross-sectional Forecasting	165
10.13	Life Cycle Effect on Forecasting	165
10.14	Forecasting Errors	166
10.15	Costs of Forecasting.....	166
10.16	Tracking Signals in Forecasting.....	167
10.17	International Symposia on Forecasting	167
10.18	Conclusion	168
10.19	Further Reading.....	168
	Criteria Questions	169

Chapter 11

Trend Analysis in Forecasting

11.1	Introduction	172
11.2	Simple Empirical Methods.....	172
11.2.1	Naïve Forecasting	172
11.2.2	Seasonal naïve approach	173
11.2.3	Average Approach	173
11.2.4	Drift Approach	173
11.3	Statistical Methods in Forecasting	173
11.3.1	Moving Annual Total Method	173
11.3.2	Weighted Moving Annual Total Forecasting.....	174
11.3.3	Rule-based Forecasting (RBF)	174
11.3.4	Exponential Smoothing.....	174
11.3.5	Kalman Filtering	175
11.3.6	Autoregressive-Moving-Average (ARMA) Model.....	175
11.3.7	Autoregressive Integrated Moving Average (ARIMA) Model...	175

11.3.8	Box-Jenkins Method.....	175
11.3.9	Winter's Method for Series with Seasonality	176
11.4	Time Series Forecasting.....	176
11.5	Trend Analysis and Correlation	177
11.6	Trend Analysis Methods	177
11.7	Trend Projection Method	178
11.8	Extrapolation.....	178
11.9	Seasonal and Cyclic Fluctuations.....	178
	11.9.1 Seasonal Fluctuations.....	178
	11.9.2 Cyclic Fluctuations	179
	11.9.3 Random Fluctuations	179
11.10	Least Square Method	179
	11.10.1 The Least-Squares Straight Line.....	180
	11.10.2 The Least-Squares Parabola.....	180
	11.10.3 Multiple Regression Least-Squares.....	180
11.11	Merits and Limitations of Trend Analysis	182
11.12	Conclusion	182
11.13	Further Reading.....	182
	Criteria Questions	183

Section III: PREPLANNING

Chapter 12

Decision Theory

12.1	Decision Theory	186
12.2	Problem Analysis and Decision Making.....	187
12.3	Characteristics of Decision Making	188
12.4	Situations under which Decisions are taken.....	188
	12.4.1 Decision making under Certainty.....	188
	12.4.2 Decision making under Uncertainty.....	188
	12.4.3 Decision making under Risk	188
	12.4.4 Decision making under Conflicts	189
12.5	Classifications of Decisions	189
	12.5.1 Organizational and Personal Decisions.....	189
	12.5.2 Routine and Strategic Decisions	189
	12.5.3 Policy and Operative Decisions	189

12.5.4	Programmed and Non-programmed Decisions	190
12.5.5	Individual and Group Decisions.....	190
12.6	Different Approaches to Decision Making	190
12.6.1	Intuitive Decision Making.....	190
12.6.2	Trial and Error Decision Making	190
12.6.3	Follow the Leader Decision Making.....	190
12.6.4	Scientific Decision Making.....	191
12.6.5	Systematic Decision Making.....	191
12.7	Bias in Decision Making.....	192
12.8	Decision Tree	193
12.9	Proper Management Decision (PMD) and Proper Engineering Decision (PED)	194
12.10	Information Needed by the Decision Maker	194
12.10.1	Operating Data	194
12.10.2	Control Data.....	195
12.10.3	Planning Data.....	195
12.11	Inter-departmental Communication Flow	195
12.12	Lateral Information Flow	195
12.13	Conclusion	196
12.14	Further Reading.....	196
	Criteria Questions	196

Chapter 13

Types of Production Situations

13.1	The Manufacturing Process.....	198
13.2	Types of Production Situations	198
13.3	Special Project Manufacture	199
13.4	Make-to-Order - (MTO).....	200
13.4.1	Definitions on Make-to-Order - (MTO).....	200
13.4.2	The system of Make-to-Order can have Two Variations	200
13.4.3	Job Production.....	200
13.4.4	Batch Production.....	201
13.5	Make-to-Stock (MTS).....	202
13.5.1	Definitions on Make-to-Stock – (MTS).....	202
13.5.2	Interestingly Make-to-Stock (MTS) too can have Two Variations.....	203

(xxiv) *Contents*

13.6	Make-to-Order vs Make-to-Stock Approaches	203
13.7	Mass Production.....	204
	13.7.1 The Characteristics of Mass Production are.....	204
	13.7.2 The Basic Benefits of Mass Production include	205
13.8	Continuous Production.....	205
	13.8.1 The Characteristics of Continuous Production are.....	205
13.9	Intermittent Production	206
	13.9.1 Characteristics of Intermittent Manufacturing Systems.....	206
	13.9.2 Intermittent vs. Continuous Production	206
	13.9.3 Advantages of Intermittent Production	207
	13.9.4 Disadvantages of Intermittent Production.....	207
	13.9.5 Advantages of Continuous Production.....	207
	13.9.6 Disadvantages of Continuous Production	207
	13.9.7 Order Control Required for Intermittent Production.....	207
13.10	Conclusion	208
13.11	Further Reading.....	208
	Criteria Questions	208

Chapter 14

Break-Even and Make or Buy Analyses

14.1	Introduction.....	212
14.2	Definitions on Break-Even Analysis.....	212
14.3	Illustration of Break Even Analysis	214
14.4	Break Even Analysis Terminology	215
14.5	Factors for Break Even Point	215
14.6	Formula for Break Even Point	216
14.7	Break Even Point vs. Payback Period	216
14.8	Case Studies of Break Even Analysis as Applicable in Several Situations	217
	14.8.1 Production batch quantity, as illustrated in example 1 below....	217
	14.8.2 Organizing seminars as illustrated in example 2 below	218
14.9	Break-even Chart	218
14.10	Make or Buy Decision	218
14.11	The Criteria that Influence Our Decision to Produce in-house.....	219
14.12	The Criteria that Influence Our Decision to Buy or Outsource	220
14.13	Impact of Control Need on the Make-or-buy Decision.....	220

14.14	Thumb Rule for Outsourcing	221
14.15	Some Definitions on Make-or-buy Decision	221
14.16	Example for Make or Buy Decision.....	222
14.17	Economic Batch Quantity	222
14.18	Conclusion	223
14.19	Further Reading.....	223
	Criteria Questions	224

Chapter 15

Cost of Production

15.1	Definitions of Terms Related to Production Cost	226
15.2	Components of Cost.....	227
	15.2.1 Material Costs	227
	15.2.2 Labour Costs	227
	15.2.3 Expense Costs	228
15.3	How the Sales Price is Built Up.....	228
	15.3.1 The Philosophy of Fixing of Selling Price	228
15.4	Economic Laws Governing Pricing Policy	229
15.5	Laws of Demand and Supply	230
15.6	Law of Demand.....	230
	15.6.1 Factors Influencing Demand.....	230
15.7	The Law of Diminishing Utility.....	230
15.8	Market Demand Curve.....	231
15.9	Elasticity of Demand.....	231
	15.9.1 Factors Governing the Elasticity of Demand	231
	15.9.2 Uses of the Concept of Law of Demand	232
15.10	Law of Supply	232
	15.10.1 Factors Influencing Supply	232
15.11	Concepts of Pricing.....	233
15.12	Equilibrium Price and Competition	233
	15.12.1 Equilibrium Price	233
15.13	General Glossary of terms Related to Demand and Supply.....	234
15.14	Equilibrium Price vs Competition.....	234
	15.14.1 Equilibrium Price under Perfect Competition.....	234
	15.14.2 Equilibrium Price under Monopoly	235

15.14.3	Equilibrium Price under Monopolistic Competition	235
15.14.4	Equilibrium Price under Oligopoly	235
15.15	Total Cost/Marginal Costs under Long Run/ Short Run Conditions.....	235
15.15.1	Total Costs under Short Run Conditions	236
15.15.2	Short Run Average and Marginal Costs.....	236
15.15.3	Long Run Average Cost Curve	237
15.15.4	Why the Average Cost Curve is Always Cup Shaped?.....	238
15.16	Total Average and Marginal Revenue	238
15.16.1	Total Revenue	238
15.16.2	Average Revenue	238
15.16.3	Marginal Revenue	239
15.16.4	Relationship between TR, AR & MR	239
15.17	Conclusion	239
15.18	Further Reading.....	239
	Criteria Questions	240

Chapter 16

Plant Location

16.1	Introduction	242
16.2	Plant Location	242
16.3	City vs Suburban vs Urban Location	243
16.3.1	Conditions Suggesting a City Location.....	243
16.3.2	Conditions Suggesting a Suburban Location	243
16.3.3	Conditions Suggesting a Rural Location.....	243
16.3.4	Advantages of Urban Location	243
16.3.5	Advantages of Rural Location	244
16.3.6	Advantages of Suburban Location	244
16.4	Information Required for Plant Location	244
16.5	Alfred Weber's Factors for Plant Location.....	245
16.6	Cost Factors and Non-Cost Factors.....	245
16.6.1	Cost Factors.....	245
16.7	Least Cost Centre Analysis	246
16.8	The Centre-of-gravity Method of Plant Location	246
16.9	Non-cost Factors	247
16.9.1	Proximity to Raw Materials and Markets	247
16.9.2	Manpower	248

16.9.3	Electric Power	249
16.9.4	Fuel.....	249
16.9.5	Water.....	249
16.9.6	Government Policy	249
16.10	Illustrations of Typical Non-Cost Factors	250
16.10.1	Fish Canning Factory	250
16.10.2	Oil Refineries	250
16.10.3	Breweries	250
16.10.4	Beach Hotels	250
16.10.5	Airports	250
16.11	Procedure for Non-Cost Factor Analysis	250
16.11.1	Weightage Allocation for non-cost Factors	251
16.11.2	Weightage-wise Points Scored by Non-cost Factor	252
16.11.3	Non-cost factor Analysis.....	252
16.12	Other Factors Contributing for a Location Change are.....	252
16.13	Particle Swarm Optimization	253
16.14	Conclusion	253
16.15	Further Reading.....	254
	Criteria Questions	254

Chapter 17

Plant Layout

17.1	Introduction.....	256
17.2	Factors Contributing to the Necessity for Layout Changes	256
17.3	Definitions on Plant Layout	257
17.4	Objectives of Plant Layout.....	258
17.5	General Rules and Objectives of Successful Plant Layout	259
17.6	Richard Muther's Guidelines for Successful Systematic Layout Planning ..	259
17.7	Influence of Plant Layout on Production Planning and Control.....	259
17.8	Symptoms of Poor Plant Layout	260
17.9	Benefits of Plant Layout.....	260
17.10	Types of Plant Layout.....	261
17.11	Fixed Position Layout	261
	17.11.1 Advantages of Fixed Position Layout	261
	17.11.2 Disadvantages of Fixed Position Layout.....	262

(xxviii) *Contents*

17.12	Process or Functional Layout.....	262
17.12.1	Advantages of Process Layout.....	262
17.12.2	Disadvantage of Process Layout	263
17.13	Product or Line Layout	263
17.13.1	Advantages of Product Layout.....	263
17.13.2	Disadvantages of Product Layout	263
17.14	Comparison between Product and Process Layout	264
17.15	Combination Layout	265
17.16	Group Technology	265
17.16.1	Advantages of Group Layout.....	266
17.17	Cellular Layout	266
17.17.1	Advantages of Cellular Layout	267
17.17.2	Disadvantages of Cellular Layout.....	267
17.18	Flow Pattern	268
17.18.1	Straight Line Pattern	268
17.18.2	U-shaped Pattern	268
17.18.3	S-shaped Pattern.....	269
17.18.4	W-shaped Pattern	269
17.18.5	L-shaped Pattern	269
17.18.6	O Typed Pattern	269
17.18.7	Vertical Flow Pattern	270
17.19	Roof Shapes for Industrial Buildings.....	270
17.19.1	Gable Roof	270
17.19.2	V Roof.....	270
17.19.3	Flat Roof	270
17.19.4	Inverted V Roof	271
17.19.5	Saw-tooth Roof	271
17.19.6	Mono-pitched Roof.....	271
17.20	Conclusion	271
17.21	Further Reading.....	271
	Criteria Questions	272

Chapter 18

Systematic Layout Planning

18.1	Introduction	274
18.2	Systematic Layout Planning.....	274
18.3	Phases of Plant Layout Design.....	275

18.4	Input Data for SLP	275
18.5	Richard Muther's Guidelines for Successful Layout Planning.....	275
18.6	SLP Procedure.....	277
18.6.1	Operation Process Chart.....	278
18.6.2	From to Chart	278
18.6.3	Activity Relationship Chart.....	279
18.6.4	Activity Relationship Diagram	280
18.6.5	Space Requirement Chart.....	281
18.6.6	Initial Layout Plan.....	282
18.7	Visual Aids in Layout Planning	282
18.8	Templates vs 3D Models.....	283
18.9	Resistance to Change	283
18.10	Computer Software used for Plant Layout.....	283
18.10.1	CRAFT	284
18.10.2	CORELAP	284
18.10.3	ALDEP	285
18.10.4	AUTO LAY 2010	286
18.10.5	Other Software for Layout Planning	286
18.11	Conclusion	287
18.12	Further Reading.....	287
	Criteria Questions	287

Chapter 19

Product and Process Development

19.1	Introduction.....	290
19.2	Stages of New Product Development	291
19.3	Fundamental Requirements for Product Development	293
19.3.1	Problems in New Product Development	293
19.4	3 S's of Product Development	293
19.4.1	Specification.....	293
19.4.2	Standardisation.....	293
19.4.3	Specialization.....	294

19.5	Aspects to be Considered for New Product Design (NPD)	294
19.5.1	Marketing Aspect.....	294
19.5.2	Functional Aspect	294
19.5.3	Operational Aspect.....	295
19.5.4	Durability and Dependability Aspect.....	295
19.5.5	Aesthetics Aspect.....	295
19.5.6	Safety Aspects.....	295
19.5.7	Economic Aspects.....	296
19.6	Product Life Cycle	296
19.7	Process Development.....	298
19.8	What are to be Planned in Process Development.....	298
19.9	Skills Needed For Process Planning	299
19.10	Computer-Aided Process Planning (CAPP).....	299
19.11	Variant Approach and Generative Approach of Process Planning	299
19.11.1	Pros of Variant Approach.....	300
19.11.2	Cons of Variant Approach	300
19.11.3	Pros of Generative Approach.....	300
19.11.4	Benefits of CAPP	300
19.12	Charting of the Production Processes	301
19.12.1	Operation Process Chart.....	301
19.12.2	Process Planning Layout	301
19.12.3	Flow chart	302
19.13	Material Layout Planning.....	302
19.13.1	Significance of Material Layout Planning	303
19.13.2	Material Layout Planning Applied to Sharing Operations	304
19.14	Case Study for Material Layout Planning.....	304
19.14.1	Bill of Materials	304
19.14.2	In short the process is	305
19.14.3	Existing Operation Sequence for Producing the Blanks	305
19.14.4	Recommended material layout and the process	306
19.14.5	Summary of Results Achieved.....	310
19.15	Conclusion	310
19.16	Further Reading.....	310
	Criteria Questions	311
	Appendix	312

Section IV: Production Planning and Control

Chapter 20

Capacity Planning

20.1	Introduction	316
20.2	Strategic Capacity Planning	316
20.3	Definitions on Capacity Planning	317
20.4	The Three Phases of Capacity Planning.....	318
	20.4.1 Long Term Capacity Planning	318
	20.4.2 Medium Term Capacity Planning	318
	20.4.3 Short Term Capacity Planning	318
20.5	The Four Strategies of Capacity Planning.....	319
	20.5.1 Lead Strategy	319
	20.5.2 Lag Strategy	319
	20.5.3 Match Strategy	319
	20.5.4 Adjustment Strategy.....	319
20.6	Factors Influencing Capacity Planning	319
	20.6.1 Demand Forecasts	319
	20.6.2 Plant and Labor Efficiency.....	319
	20.6.3 Subcontracting	320
	20.6.4 Multiple Shift Operations.....	320
	20.6.5 Management Policy.....	320
20.7	Rough Cut Capacity Planning (RCCP).....	320
	20.7.1 Capacity Planning using Overall Factors (CPOF)	320
	20.7.2 Bill of Labor (or Bill of required types of Machine Hours) Approach	320
	20.7.3 “Resource Profile” Approach.....	321
20.8	Demand v/s Capacity Planning	321
20.9	Measure of Capacity	321
20.10	Assessing the Machine Capacity.....	323
20.11	Load Checking	323
	20.11.1 Capacity Adjustment Method	323
	20.11.2 Load Adjustment Method	323
	20.11.3 Load Factor	324

(xxxii) *Contents*

20.12	Conclusion	324
20.13	Further Reading.....	324
	Criteria Questions	324

Chapter 21

Aggregate Planning

21.1	What is Aggregate Planning?.....	328
21.2	Importance of Aggregate Planning	328
21.3	Definitions of Aggregate Planning.....	329
21.4	Stages of Aggregate planning	330
21.5	Aggregate Planning Inputs.....	330
21.6	Strategies for Aggregate Planning	331
21.7	Static and Dynamic Production Programming.....	333
	21.7.1 Static Production Programme	334
	21.7.2 Static Inventory Programme	335
	21.7.3 Combination of the Two Systems	335
21.8	Impact of Forecasting on Aggregate Planning.....	336
21.9	Guidelines for Aggregate Planning.....	337
21.10	Disaggregating	337
21.11	Aggregate Planning for Service Industries	337
21.12	Summary of the Aggregate Planning Methods	338
21.13	Case Study on Aggregate Planning.....	338
21.14	Conclusion	341
21.15	Further Reading.....	341
	Criteria Questions	342

Chapter 22

Routing, Scheduling and Loading

22.1	Introduction	344
22.2	Routing.....	344
22.3	Some Definitions on Routing.....	345
22.4	Routing Procedure.....	345
22.5	Information Required for Routing	346
22.6	Factors of Routing.....	346

Contents (xxxiii)

22.7	Route Card and Route Sheet	346
22.7.1	Route Sheet	346
22.7.2	Route Card (sometimes called as the move card)	347
22.8	Routing in IT and Internet.....	347
22.9	Scheduling.....	348
22.10	Definitions on Scheduling.....	348
22.11	History of Production Scheduling.....	348
22.12	Characteristics of Production Scheduling	349
22.13	Levels of Production Schedules.....	350
22.13.1	Master Production Schedule	350
22.13.2	Detailed Schedules.....	350
22.14	Types of Scheduling Issues.....	351
22.15	Manufacturing Lead Time.....	351
22.16	Loading	352
22.17	Choice of Appropriate Machine.....	352
22.18	Characteristics of Machine Loading	352
22.19	Distinction between Loading and Scheduling.....	353
22.20	Procedure of Loading.....	353
22.21	Priority Sequencing.....	355
22.21.1	Selection Criteria for Priority Sequencing	355
22.22	Computer Software Available for Machine Scheduling and Loading	355
22.23	Conclusion	356
22.24	Further Reading.....	356
	Criteria Questions	357

Chapter 23

Master Production Schedules

23.1	Introduction.....	360
23.2	MPS comes before MRP	360
23.3	General Terms of Reference Related to MPS	362
23.4	Definitions of Master Production Schedule	363
23.5	Rough Cut Capacity Planning (RCCP)	363

23.6	Functions of MPS.....	364
23.7	Benefits of Master Production Schedules	364
	23.7.1 Inputs for MPS	365
	23.7.2 Outputs from MPS	365
23.8	Stages of Master Production Schedules	365
23.9	MRP Models to Determine the Lot Size	366
23.10	Job Shop Scheduling vs Job Order Scheduling.....	367
	23.10.1 Typical Approaches for Job Shop Scheduling	367
23.11	Forward Scheduling (Setting Forward).....	368
23.12	Backward Scheduling (Setting Backward)	369
23.13	Optimal Scheduling Without Machine Interference	370
23.14	Backorder	371
23.15	Other Issues of MPS	371
	23.15.1 Lot Sizing.....	372
	23.15.2 Time Buckets	372
	23.15.3 Rolling Plan.....	372
	23.15.4 Time Fencing	372
	23.15.5 Schedule freezing.....	372
23.16	Conclusion	372
23.17	Further Reading.....	373
	Criteria Questions	373

Chapter 24

Sequencing and Line Balancing

24.1	Product Sequencing.....	376
24.2	Line Balancing or Line of Balance	377
	24.2.1 Objective of Line Balancing	378
24.3	Origin of Line Balancing	378
24.4	Statics Dynamic Line Balancing.....	379
24.5	Equipment Line Balancing.....	379
	24.5.1 Illustration of Equipment Line Balancing.....	379
24.6	Machine Interference	381
24.7	Assembly Line Balancing	383
24.8	Precedence Constraint and Demand Rate	383
24.9	Optimal Method of Line Balancing	384

24.10	Heuristic Method of Line of Balance.....	384
24.11	Case Study.....	384
24.12	Static vs Dynamic Line Balancing.....	385
24.13	Simulation in Line Balancing.....	385
24.14	Johnson's Rule.....	386
24.15	Conclusion	387
24.16	Further Reading.....	387
	Criteria Questions	387

Chapter 25**Dispatching and Expediting**

25.1	Dispatching	390
25.2	Definitions on Dispatching	390
25.3	Principles of Dispatching	391
25.4	The Functions of Dispatching	391
25.5	Documents Raised for Dispatching.....	392
25.6	Expediting	393
25.7	Other uses of these Records	394
25.8	Follow Up	394
25.9	Progress Reporting	395
25.10	Visual Controls Charts	395
	25.10.1 The Characteristics of Visual Charts can be cited as	396
	25.10.2 Some of the Charts used in Production Control are	396
25.11	Gantt Chart.....	396
	25.11.1 Gantt Chart for Project Control vs. Production Control.....	397
	25.11.2 Gantt Chart Symbols	398
	25.11.3 Characteristics of Gantt Charts	398
25.12	Sched-U Graphs	399
25.13	Other Visual Control Charts.....	399
25.14	Weekly Cumulative Charts	399
25.15	Conclusion	399
25.16	Further Reading.....	400
	Criteria Questions	400

Chapter 26

Just in Time & Kanban

26.1	Just in Time System	404
26.2	Conventional vs Just-In-Time Systems.....	405
26.3	Advantages of Just-In-Time Systems.....	405
26.4	Disadvantages of Just-In-Time Systems	406
26.5	Pull System and Push System	406
26.6	Kanban System	407
26.7	Definitions on Kanban	408
26.8	Kanban Card	409
26.9	Kanban Board	410
26.10	Six Rules for an Effective Kanban System	411
26.11	Five Core Kanban Practices	411
26.12	Scrumban	411
26.13	Just in Sequence (JIS)	412
26.14	Conclusion	412
26.15	Further Reading.....	412
	Criteria Questions	413

Chapter 27

Systems and Procedures

27.1	Development of Systems and Procedures	416
27.2	Uses of Systems and Procedures.....	416
27.3	Industrial Engineering Systems and Formats.....	417
	27.3.1 How work study precedes the PPC procedures and formats.....	418
27.4	Standard Time Declaration	419
27.5	Operational Time Standards.....	419
27.6	Component-wise Operational Timings	419
27.7	Machine-wise Operational Timings	420
27.8	Machine Capacity Computation.....	420
27.9	Process Planning Layouts Sheets	421
27.10	Bill of Materials	422
27.11	Revision Frequency of the Time Standard Data	422

Contents (xxxvii)

27.12	Production Planning and Control Systems and Formats	422
27.12.1	Annual/Aggregate Planning	422
27.12.2	Monthly Production Planning	422
27.13	Route Sheet	424
27.14	Work Order	425
27.15	Material Warrants	427
27.16	Time Ticket.....	429
27.17	Move Order.....	429
27.18	Inspection Order.....	430
27.19	New Item Indent Request.....	431
27.20	Production Control Statements	431
27.21	Conclusion	432
27.22	Further Reading.....	432
	Criteria Questions	433

Section V: Concepts Related to PP&C

Chapter 28

Theory of Constraints

28.1	Introduction.....	436
28.2	History of Theory of Constraints	436
28.3	Definitions on Theory of Constraints.....	437
28.4	What is a Constraint?	438
28.5	Internal or External Constraints	438
28.6	Five Basic Steps of ToC Approach.....	439
28.7	Breaking a Constraint.....	440
28.8	Buffer Management	440
28.8.1	Drum Buffer Rope (DBR) Solution	440
28.9	Typical Applications of ToC Related Solutions	441
28.10	Lean Management vs Theory of Constraints	441
28.10.1	Similarities	441
28.10.2	Comparisons.....	442
28.11	Un-refusuable or Mafia Offer	442
28.12	A Common Illustration of the Theory of Constraints	442
28.13	Computer Applications in ToC Approach	443

(xxxviii) *Contents*

28.14	Conclusion	443
28.15	Further Reading.....	443
	Criteria Questions	444

Chapter 29

Scientific Inventory Control

29.1	What is Inventory?	446
29.2	Types of Inventories.....	446
29.3	Conditions Leading to Increased Inventory	447
29.4	Disadvantages of Excessive Stocks	447
29.5	Costs Involved with Inventories.....	448
29.6	Selective Control in Inventory Management	448
29.7	Scientific Material Planning.....	449
29.8	Classification and Codification	449
29.9	ABC Analysis	450
	29.9.1 Procedure for ABC Analysis.....	451
29.10	Inventory Control Parameters	452
29.11	Inventory Carrying Costs or Costs Resulting from Owning the Item.....	453
29.12	Stock-out or Down Time Costs.....	454
29.13	Economic Order Quantity	454
29.14	Inventory Models under Uncertainties.....	456
	29.14.1 Fixed Order Quantity (Q system) by Varying the Re-order Level	456
	29.14.2 Fixed Period Ordering (P system) by Varying the Order Quantity	456
	29.14.3 Fixed Maximum Stock Ordering (I_{max} system) by Varying Order Quantity and Re-order Level	457
	29.14.4 Fixed Safety Stock Ordering (I_{min} system) by Varying Order Quantity and Re-order Level	457
29.15	Two-bin Inventory Control System	457
29.16	Recent Trends in Inventory Control.....	459
29.17	Supplier Partnership	459
29.18	Collaborative Planning, Forecasting and Replenishment (CPFR)	459
29.19	Conclusion	460

Contents (xxxix)

29.20	Further Reading.....	460
	Criteria Questions	460
	Appendix	463

Chapter 30

Material Requirement Planning (MRP)

30.1	Why MRP?.....	470
30.2	MRP vs Scientific Inventory Management	470
30.3	Evolution of MRP	471
30.4	History of MRP	472
30.5	Definitions on MRP	472
30.6	Objectives of MRP	474
30.7	The Five Major Elements of MRP	474
30.8	Independent Demand and Dependent Demand.....	474
30.9	Data needed for MRP	474
30.10	Reports based on MRP.....	475
30.11	Bill of Materials (BOM).....	476
	30.11.1 Bill of Materials of a Tramp oil Remover.....	476
30.12	Benefits of MRP.....	478
30.13	Drawbacks of MRP	478
30.14	Conclusion	478
30.15	Further Reading.....	478
	Criteria Questions	479

Chapter 31

Manufacturing Resource Planning - MRP-II

31.1	What is MRP II?	482
31.2	Key Functions of MRP II.....	483
31.3	Evolution of MRP II	483
31.4	Distinction between MRP I, MRP II and ERP	483
31.5	Outputs of MRP II.....	485
31.6	Definitions for Manufacturing Resource Planning - MRP II.....	485
31.7	Some Abbreviations used in Manufacturing Resource Planning	488
31.8	How Does MRP II Work?.....	488

31.9	Benefits of MRP II	489
31.10	Detailed modules of MRP II System	490
31.11	Requirements for a Successful MRP II Implementation.....	492
31.12	MRP II Software System	492
31.13	Conclusion	494
31.14	Further Reading.....	494
	Criteria Questions	495

Chapter 32

Critical Path Method

32.1	Introduction.....	498
32.2	Was CPM Adapted in Egypt's Pyramid Construction?	498
32.3	Elements of CPM	498
32.4	Definitions of Critical Path Method.....	500
32.5	Illustration of How to Construct a Critical Path Diagram.....	501
32.6	The Basic Parameters for Constructing a Project Model	503
32.7	Basic Steps of the Critical Path Analysis.....	503
32.8	Application of CPM in Production Scheduling Function	504
32.9	Program Evaluation and Review Technique.....	505
32.10	Distinctions between CPM and PERT	506
32.11	Gantt Chart vs. CPM Chart	507
32.12	Benefits of CPM.....	508
32.13	Other Variations of CPM	508
32.14	Software for CPM	509
32.15	Conclusion	510
32.16	Further Reading.....	510
	Criteria Questions	511

Chapter 33

CIPMS- Computer Integrated Production Management System

33.1	Why CIPMS?	514
33.2	Effective Production Management.....	514
33.3	Definitions of CIPMS	515
33.4	Functions of CIPMS.....	516

33.5	Three Major Areas of CIPMS Application	517
33.6	System for Production Order Validation.....	517
33.7	Theory of Constraints (TOC) Approach	517
33.8	Emphasis on TOC Software.....	518
33.9	Computer Software used in Production Planning and Control	518
	33.9.1 Dassault DELMIA	518
	33.9.2 DELMIA Version 5.....	519
	33.9.3 DELMIA Version 6.....	519
	33.9.4 Dassault Solidworks Enovia	519
	33.9.5 Preactor APS	519
	33.9.6 Product Life Cycle Management software.....	519
33.10	Conclusion	519
33.11	Further Reading.....	520
	Criteria Questions	520

Chapter 34

Industry 4.0

34.1	What is Industry 4.0?	522
34.2	The Industrial Revolutions.....	522
	34.2.1 The First Industrial Revolution	522
	34.2.2 The Second Industrial Revolution.....	523
	34.2.3 The Third Industrial Revolution.....	523
	34.2.4 The Fourth Industrial Revolution.....	523
34.3	Definitions on Industry 4.0	525
34.4	Ten Technology Areas that Underpin Industry 4.0.....	526
34.5	Design Pre-requisites for Industry 4.0	528
34.6	Smart Machines.....	529
	34.6.1 Machine Learning	530
34.7	Concept of Smart Correct.....	530
34.8	Benefits of Industry 4.0.....	531
34.9	Limitations of Industry 4.0.....	532
34.10	Conclusion	532
34.11	Further Reading.....	533
	Criteria Questions	533

Chapter 35

Internet of Things

35.1	Introduction to Internet of Things	536
35.2	Origin of IoT	536
35.3	Definitions on Internet of Things.....	540
35.4	Glossary of Terms Related to Internet of Things.....	541
35.5	Internet of Things and Information Flow.....	541
35.6	Intercommunication between Things.....	544
35.7	Protocols used for Transmitting the Data.....	544
	35.7.1 HTTP (Hypertext Transfer Protocol)	544
	35.7.2 MQTT (Message Queue Telemetry Transport)	544
	35.7.3 CoAP (Constrained Application Protocol).....	545
	35.7.4 Comparison between MQTT and CoAP	545
	35.7.5 Other Protocols	546
35.8	Embedded Vision Systems.....	546
35.9	Webinars on Embedded Vision Systems	547
	35.9.1 AIA Vision Conference at Boston in April 2018	547
35.10	Machine Learning	548
	35.10.1 Deep Learning.....	548
35.11	Arduino	548
35.12	Conclusion	551
35.13	Further Reading.....	551
	Criteria Questions	552
	Summary of the University Syllabi	553
	Bibliography	567
	Word Index.....	573