

2.3 Making operational decisions

Key word	Definition
Bespoke	Designed and made for an individual customer
Automation	Using machinery or robotics to do jobs instead of using people to do them
Profit	The proportion of revenue left over after costs have been deducted
Economies of scale	A situation where average costs (of production, distribution and sales, for example) falls as business increases the amount of product that it produces, distributes and sells
Downtime	Time when a person or machine is not producing anything
Standardised	When every example of a product is exactly the same as the others
Cost per unit (average cost)	How much it costs to make each product or service, taking into consideration all of the variables
Supply chain management (SCM)	The management of the flow of goods and resources through the production process
Procurement	The process of managing a business's major purchases, from raw materials to delivery vans
Variable costs	Costs paid by a business that change depending on how many products or services the business sells
Fluctuate	Rise and fall in number or amount
Logistics	The organisation and management within a business of the transport of raw materials and goods
Perishable	Likely to go out of date or go off quickly
Quality mark	A standard of quality given to a business that is accredited by a professional body
Competitive advantage	An advantage a business has over its rivals that is unique and sustainable
E-tailing	Retailing to customers through the internet, such as through an e-commerce website
Retailing	Selling products or services to customers – in this case, in a physical shop
Transaction	The act of buying or selling something
Quantitative	Concerning the quantity or amount of something that can be measured in numbers
Metric	A standard of measurement
Qualitative	Concerning the quality of something that cannot be shown in numbers
Differentiate	Show that something (in this case, a product) is different from similar things