

A

Inputs

Dryden makes vacuum cleaners. It takes **raw materials** like steel and plastic and makes some of the **components** or **parts** used in its products. Other components are made by other companies.

Materials and parts are just some of the inputs. The others are **labour** (workers and managers) and **capital** (money). **Knowledge** is also important because Dryden is a leader in vacuum technology.

Vacuum cleaners that are being made are **work-in-progress**. At any one time, Dryden has **goods** worth millions of dollars in its factories and warehouses: the products that have been made – its **finished goods** – and materials and components.

Quantities of raw materials, components, work-in-progress and finished goods in a particular place are **stocks**.



Note: **Goods** is rarely used in the singular.



Work-in-progress

BrE: work-in-progress; AmE: work-in-process
BrE: stocks; AmE: inventories

B

Suppliers and outsourcing

Dryden receives materials and components from about 20 companies, its **suppliers** or **partners**.

The company is doing more **subcontracting**: using **outside suppliers** to provide components and services. In other words, it is **outsourcing** more, using outside suppliers for goods or services that were previously supplied **in-house**: within the company.

C

Just-in-time

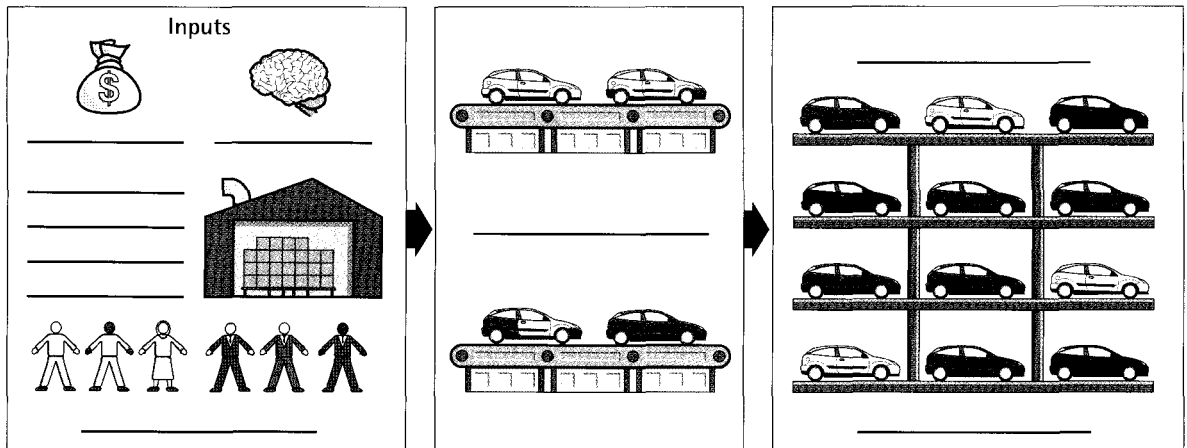
Of course, it costs money to keep components and goods **in stock**: stocks have to be **financed** (paid for), **stored** (perhaps in special buildings: **warehouses**) and **handled** (moved from one place to another). So Dryden is asking its suppliers to provide components **just-in-time**, as and when they are needed.

This is part of **lean production** or **lean manufacturing**, making things **efficiently**: doing things as quickly and cheaply as possible, without waste.



A warehouse

17.1 Use words from A opposite to label the diagram.



17.2 Match the sentence beginnings (1–4) with the correct endings (a–d).
The sentences all contain words from B opposite.

- | | |
|---|---|
| 1 Computer manufacturer XL is cutting back on in- | a contractors' maintenance work is worrying train operating companies. |
| 2 The poor standard of some sub | b suppliers are causing delays in production, the Azco group claims. |
| 3 Retail giant Sharks Ltd have decided to out | c house production work in a bid to reduce costs and increase efficiency. |
| 4 Late deliveries from outside | d source canteen and cleaning services, to focus better on its buying and selling activities. |

17.3 Replace the words in speech bubbles with the correct forms of words from C opposite.

- 1 Let's get the materials in *only when we need them* to keep costs down.
- 2 It's difficult to find the right *special buildings* to put our finished goods in.
- 3 You'll have to decide well in advance how *to pay* for all this.
- 4 It's very important that we *keep* these components at the right temperature.
- 5 There must be a *quicker and cheaper* method than this!
- 6 They want to introduce a system of *making things efficiently*.

Over to you

What are the advantages and disadvantages of:

- outsourcing?
- using outside suppliers?
- asking for components 'just in time'?
- lean production?