

How Does Operations Management Affect The Overall Business Performance?

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Operations management affects business performance because it converts strategy into the daily processes through which products and services are created and delivered. Marketing can generate demand and finance can provide resources, but the organization still depends on operations to manage capacity, quality, inventory, employees, suppliers, technology, scheduling, and customer delivery. When these processes work well, the business can compete through cost, quality, speed, dependability, flexibility, or service. When they fail, problems spread into cash flow, customer satisfaction, employee productivity, and brand reputation (Haksever, 2018).

Recent operations-strategy research confirms that performance is multidimensional. A 2024 systematic review covering more than a decade of scholarship identified supply-chain integration, lean strategy, service operations, operational capabilities, and responsiveness among the major themes linking operations strategy with competitive advantage (Singh, 2025). This means that operations management should not be judged only through production volume or cost. The relevant question is whether operational choices support the organization's competitive priorities and produce sustainable performance across customers, employees, finance, and resilience.

Operational Capabilities

Resource management is one of the most visible operations responsibilities. Managers must ensure that people, materials, equipment, information, and capacity are available when needed without creating excessive waste. In manufacturing this includes raw materials and production schedules; in a service business such as a pub, it includes staffing, food and beverage inventory, table capacity, kitchen throughput, cleaning, maintenance, reservation flow, and service timing.

Capacity decisions directly affect both cost and customer experience. Too little capacity creates queues, stockouts, rushed employees, and lost sales. Too much capacity creates idle labor, unused space, excess inventory, and unnecessary fixed cost. A pub, restaurant, hospital, retailer, or logistics company therefore needs demand forecasts that are good enough to schedule resources while preserving flexibility for uncertainty.

Quality management is equally important. Quality should not be understood only as inspection after a product or service has been completed. Operations management designs processes so that errors are

less likely to occur. Standard recipes, food-safety procedures, equipment maintenance, supplier specifications, training, service standards, and complaint analysis all help prevent defects before they reach customers.

Delivery speed and dependability can become competitive capabilities as well. A business that promises fast service but regularly misses the promise may perform worse than a slightly slower competitor that is consistent. Dependability reduces uncertainty for customers and lowers internal costs because employees spend less time correcting mistakes, handling complaints, or expediting orders.

Flexibility matters when demand changes. A rigid operation may perform efficiently under stable conditions but struggle when customer preferences, technology, supply availability, or regulations shift. Resilience research increasingly treats redundancy, flexibility, supplier diversification, visibility, and contingency planning as operational capabilities rather than as emergency measures used only after disruption (Roshani, Walker-Davies, & Parry, 2024).

Performance Effects

Operational improvement affects financial performance through several mechanisms. Higher productivity can lower unit cost, while better quality reduces rework, returns, waste, and complaints. Reliable supply can reduce lost sales. Faster throughput can improve asset utilization. Better scheduling can reduce overtime. Stronger inventory management can release working capital. These benefits may appear in different financial measures rather than in one immediate profit increase.

Operations also affects revenue. Customers are more likely to return when service is reliable, products are available, and quality is consistent. In service businesses, operational experience is often part of the product itself. A pub customer is not purchasing only food and drink; the customer experiences waiting time, atmosphere, cleanliness, staff behavior, payment, music, seating, and the consistency of the entire visit.

For that reason, operations performance should be measured through a balanced set of indicators. Financial measures such as margin and cost are necessary, but they are lagging outcomes. Leading indicators may include wait time, order accuracy, equipment downtime, inventory availability, staff turnover, waste, complaint frequency, supplier reliability, and repeat customer behavior. A 2024 systematic review of balanced-scorecard research in operations management found that financial, customer, process, and learning measures interact rather than operating independently (Hristov et al., 2024).

Trade-offs should also be recognized. Increasing service speed may reduce quality if employees are rushed. Carrying more inventory may improve product availability but increase waste and working capital. Standardization may improve efficiency while reducing customization. Operations strategy therefore involves choosing which performance dimensions matter most to the customer and then

managing trade-offs rather than trying to maximize everything simultaneously.

Technology can improve operations when it solves a defined process problem. Point-of-sale data can support demand forecasting, scheduling systems can align staffing with busy periods, and inventory software can reduce stock discrepancies. In manufacturing, automation, IoT, analytics, and Industry 4.0 tools can improve visibility and control. However, recent research shows that technology produces stronger performance when combined with process discipline and appropriate organizational capabilities rather than being treated as a substitute for them (Biondo et al., 2024).

Oak Pub Case

The original Oak Pub case describes a service business with low sales, an unattractive environment, a limited menu, dependence on food and bar revenue, and weak promotion. These are not all operations problems in isolation; some involve marketing and strategy. The value of operations management is to translate the chosen market strategy into a service system that can deliver it consistently.

The first step should be diagnosis rather than immediate redesign. Management should examine sales by day and hour, customer reviews, average spend, repeat visits, table utilization, food waste, stockouts, preparation times, staff turnover, labor cost, menu profitability, and nearby competitors. A nostalgic 1980s or 1990s theme could be successful, but it should be tested with customers rather than selected simply because popular television programs use similar imagery.

Menu redesign should follow the same principle. Adding many new food items can attract customers, but it can also increase ingredient complexity, waste, preparation time, training requirements, and kitchen congestion. Menu engineering should identify high-margin and high-demand items, remove weak products, and add only those new items that fit the kitchen's capability and the target customer. Customization can create value, but excessive customization may slow service and increase errors.

Event services may provide diversification, but they create a different operating model. Off-site events require transport, equipment, temporary staff, scheduling, food-safety controls, contracts, venue coordination, and contingency planning. The pub should test this service at small scale before assuming that events will automatically increase profitability. The relevant measure is contribution after all incremental costs, not total event revenue.

Promotion should also be connected to capacity. A highly successful social-media campaign can damage the customer experience if the pub cannot handle the resulting demand. Marketing and operations should therefore coordinate campaign timing, staffing, inventory, reservation limits, and menu availability. Reviews can support awareness only when the underlying service is strong enough to generate positive experiences.

A practical improvement sequence would begin with service reliability and product quality, followed by selective menu changes, atmosphere improvements, local promotion, and small-scale event trials. Each stage should have measurable targets. For example, management might track order-to-service time, food waste, repeat visits, customer ratings, average spend, labor cost as a percentage of sales, and event contribution margin.

Strategic Operations

Operations management creates the most value when it is connected directly to strategy. A low-cost business requires efficient processes and tight cost control. A premium business needs consistency, high service standards, and careful quality management. A company competing through customization needs flexibility and skilled employees. Operational design should therefore reflect what the organization promises customers.

This alignment can become a competitive advantage because operational capabilities are difficult to copy quickly. Competitors can imitate a menu item or promotional campaign, but it is harder to reproduce a system of trained employees, reliable suppliers, well-designed processes, data discipline, and continuous improvement. The 2024 operations-strategy review emphasizes that capabilities and supply-chain integration are central to long-term performance, not merely administrative support functions (Singh, 2025).

Continuous improvement should be built into daily management. Managers can analyze recurring defects, test small process changes, measure the result, and standardize improvements that work. Lean methods can help identify waiting, excess movement, overproduction, defects, and unnecessary inventory. Recent meta-analytic research suggests that combining lean principles with digital technologies can improve performance, but results vary by implementation context, confirming that tools must be adapted rather than applied mechanically (Biondo et al., 2024).

Sustainability is becoming another operations objective. Energy use, packaging, waste, supplier practices, transportation, and resource efficiency affect both cost and environmental performance. A 2024 review of operations management and Industry 5.0 argues that people, sustainability, and organizational resilience should be treated together rather than as separate operational concerns (Garrido, Muniz, & Ribeiro, 2024).

Operations management therefore affects business performance through more than production efficiency. It determines whether strategy can be executed reliably, whether resources are used productively, whether customers receive consistent value, and whether the business can adapt when conditions change. In the Oak Pub case, improvement depends not on one creative theme or promotional campaign but on aligning customer demand with capacity, quality, menu design, staffing, supplier management, and financial discipline. Strong operations turns a business idea into repeatable performance.

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