

Advantages and disadvantages		Alternative approaches to organizing operations						
		Economies of scale	Focus by					
			Process	Volume	Variety	Geography	Product/ market	Order-winner and qualifier
Advantages		<ul style="list-style-type: none"><li></li><li></li></ul>						
Cost	High equipment utilization Minimal investment Minimal overhead costs							
Management	Less products		<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>
	Less operatives		<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>
	Smaller area		<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>
	Better communication	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	
	Easier to control	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	
Strategic	Reduced range of: – production technology – production volumes	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>			<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	
	Single, coherent task High internal fit High external fit						<ul style="list-style-type: none"><li></li><li></li><li></li></ul>	
Disadvantages		<ul style="list-style-type: none"><li></li><li></li><li></li><li></li><li></li></ul>						
Cost	Lower equipment utilization Increased investment: – more overheads – process duplication		<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li><li></li></ul>	<ul style="list-style-type: none"><li></li><li></li></ul>	<ul style="list-style-type: none"><li></li><li></li></ul>	<ul style="list-style-type: none"><li></li><li></li></ul>	<ul style="list-style-type: none"><li></li><li></li></ul>
Management	More products							
	More operatives		<ul style="list-style-type: none"><li></li></ul>					
	Larger area		<ul style="list-style-type: none"><li></li></ul>					
Strategic	Poor communication	<ul style="list-style-type: none"><li></li></ul>		<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>		
	Conflicting production volumes	<ul style="list-style-type: none"><li></li></ul>						
	Multiple, conflicting tasks	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	
	Lower internal fit	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>		
	Lower external fit	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>	<ul style="list-style-type: none"><li></li></ul>		

**EXHIBIT 7.3** The advantages and disadvantages of alternative approaches to organizing operations