



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Materials Management**  
**PAPER – 18 C (New)**  
**OPERATIONS STRATEGY.**

**June 2016**

**DATE: 18.06.2016**  
**TIME: 2.00 p.m to 5.00 p.m.**

**Max. Marks: 100**  
**Duration: 03 Hrs.**

**Instructions:**

- |   |                |
|---|----------------|
| 1. The question paper is in two parts.                                    |                |
| 2. Part A is compulsory. Each question carries one mark                   | Total 32marks  |
| 3. In part B answer 3 questions out of 6. Each question carries 15 marks. | Total 48 marks |
| 4. Part C is a case study which is compulsory                             | Total 20 marks |

---

**PART A**

**32 marks**

**Compulsory -Each question carries 1 mark**

**Q.1. Choose the correct answer from multiple choices. 8 marks**

- i) A process that operates continuously to produce very high volume of standard product is referred as
- |                       |                       |
|-----------------------|-----------------------|
| a) Process production | b) Mass production    |
| c) Batch production   | d) Project production |
- ii) Computer directing manufacturing process is the heart of
- |                                  |                                 |
|----------------------------------|---------------------------------|
| a) Flexible manufacturing system | b) Computer aided engineering   |
| b) Computer aided design         | d) Computer aided manufacturing |
- iii) All are generic competitive strategies except
- |                    |                          |
|--------------------|--------------------------|
| a) Cost leadership | b) Extensive advertising |
| c) Differentiation | d) Focus strategy        |
- iv) Which of the following is not a dimension of service quality?
- |                |                   |
|----------------|-------------------|
| a) Empathy     | b) Responsiveness |
| c) Reliability | d) Durability     |
- v) Four P's of marketing are Product, Price, Place and \_\_\_\_\_
- |               |              |
|---------------|--------------|
| a) Population | b) Promotion |
| c) Position   | d) Packaging |
- vi) Which of the following is not a process related option to be decided up on?
- |                |                |
|----------------|----------------|
| a) Make or Buy | b) Flexibility |
|----------------|----------------|

c) Level of mechanization

d) Product choice

vii) Scanning technology is associated with which of the following

a) Bar code

b) Satellite systems

c) EDI

d) Expert systems

viii) BPO stands for

a) Basic product optimization

b) Business process optimization

c) Business process outsourcing

d) Best promotional offer

**Q. 2. Fill in the blanks. (Do not reproduce the statement) 8 marks**

- i) Labour is the largest cost in service operations and key driver of customer satisfaction.
- ii) A retailer is an independent seller who purchases the rights to a distribution or sales territory of a single product/service.
- iii) Operational strategy focuses on resources, processes, and people.
- iv) Movement of goods from supplier to producer is known as distribution.
- v) Two objectives of distribution are to reduce cycle time and increase customer satisfaction.
- vi) Facility design process progresses from sub-micro level to global level in distinct sequential steps.
- vii) Standardization kills uniqueness.
- viii) Packaging provides a marketing advantage at the point of sale.

**Q.3. Expand the following**

**8 marks**

- i) MPI
- ii) VAR
- iii) CRM
- iv) ATO
- v) GIS
- vi) SRM
- vii) FMCG
- viii) SEO

**Q.4. Match A and B**

**8 marks**

<b>A</b>	<b>B</b>
i) TPS house	a) Mission statement
ii) Customer	b) Real time data
iii) Generalship	c) Path for goods movement
iv) Corporate strategy	d) Toyota production system
v) Value	e) Growth
vi) Customer loyalty	f) Strategy
vii) Trade channel	g) Relative measure
viii) RFID	h) Final destination

**PART B**

Marks **48**

**(Attempt any 3 Questions, each question carry 16 marks )**

- Q.5. a) Explain six drivers of service quality and cost.  
b) Explain product development process.
- Q.6. a) Briefly describe E commerce.  
b) Explain indirect distribution system.
- Q.7. Write short notes on any four  
a) Factor rating analysis  
b) Operational excellence  
c) Product Innovation  
d) Product process matrix  
e) Strategic surveillance
- Q.8. Distinguish between  
a) Internal supply chain and external supply chain  
b) After sales service and customer relationship  
c) Customization and standardization  
d) Process analysis and operational analysis
- Q.9. a) Discuss the gap model for service quality.  
b) What are the steps involved in designing an effective supply chain relationship.

## PART C – Case Study

### Compulsory

**Marks 20**

- Q. 10.** Jack Haley, a senior buyer for the Dynamite Truck Company, was confronted with an interesting predicament – and possibly a trip overseas. Rising gasoline costs and increased competition had caused the management at the Dynamite Truck to develop a new truck powered by an air-cooled diesel engine. From bumper to tailgate, the new vehicle was designed as a full performance diesel truck. It was heavy-duty throughout: frame, suspension, brakes, axles and steering. It was built to endure. Under normal operating conditions, the new truck, using an efficient air-cooled diesel engine, was designed to yield 18 to 20 miles per gallon. The warranty was for 100,000 miles or two full years, whichever came first.

Jack had been actively involved in the development of the new truck. He provided the Dynamite engineers with information on the availability and cost implications of various materials, components, and subassemblies under consideration. From a technical, cost, availability, and service point of view, the diesel engine was the most crucial item to be purchased for the new truck.

Jack obtained technical data on four air-cooled diesel engines that appeared to satisfy Dynamite's requirements. Two of the manufacturers of these engines were located in Europe, one in Japan, and one in the United States. Discussions with the program manager indicated that from a technical point of view, each of the diesel engines was acceptable. Accordingly, all four manufacturers were invited to submit bids. The request for bids stipulated an estimated requirement of 10,000 engines per year for each of the next three years.

All four firms, submitted bids by the established date. Dutzel Diesel of Gailsdorf, Germany, was the lowest bidder with an FOB destination price of \$14,263 for the first year, and a standard price escalation clause for the second and third years. The second lowest bidder was a US firm, the Great American Diesel Company. Its price bid for the first year was \$16,287 per engine. The price for the second and third years contained the same economic escalation clause as Dutzel's bid.

Jack sat contemplating a course of action. He wondered if the \$2,024 per unit differential required to buy the US engines could be justified. He also wondered about the necessity of a trip to Gailsdorf to perform a survey on Dutzel prior to awarding the contract.

**Questions:**

- 1) Is a strategic issue involved in the sourcing of the engines? Analyze.
  
- 2) What type of supplier relationship would you recommend for the engine supplier?  
Why?
  
- 3) Is Jack's supplier visit justified?

\*\*\*\*\*