



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Materials Management  
PAPER – 18 C

June 2017

OPERATIONS STRATEGY.

DATE: 17.06.2017  
TIME: 2.00 p.m to 5.00 p.m.

Max. Marks: 100  
Duration: 03 Hrs.

Instructions:

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|---|----------------|
| 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 |

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**PART A**

**32 marks**

( Compulsory -Each question carries 1 mark )

- Q.1. Choose the correct answer from multiple choices. [ 8 marks ]
- i) Business operations typically include all of the following key areas except
    - a) Location
    - b) Capital
    - c) Equipment
    - d) Labour
  
  - ii) Which of the following is not a production technique?
    - a) Separation/Extraction
    - b) Modification/Improvement
    - c) Assembly
    - d) Addition/Analysis
  
  - iii) Car assembly line is an example of
    - a) Mass production
    - b) Process production
    - c) Batch production
    - d) Jobbing production
  
  - iv) All are basic components of a supply chain except
    - a) Source
    - b) Plan
    - c) Deliver
    - d) Repair
  
  - v) All are characteristics of strategic decision except
    - a) Have major resource proposition
    - b) Compatible with threats and opportunities
    - c) Decisions are taken at middle level
    - d) Involves change of major kind
  
  - vi) Which of the following feature is not included in a service package?
    - a) Supporting facilities
    - b) Individual needs
    - c) Explicit services
    - d) Implicit services
  
  - vii) All are characteristics of JIT except
    - a) Stockless production
    - b) Lean production
    - c) 'Pushed through' production
    - d) Elimination of waste

- viii) All of the following are basis of market segmentation except
- a) Race
  - b) Gender
  - c) Income
  - d) Occupation

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

- i) Operations don't directly affect revenue; they do directly affect company's \_\_\_\_\_ of doing business.
- ii) \_\_\_\_\_ can be used to automate many operations and improve efficiency.
- iii) Services are \_\_\_\_\_ output of the production system.
- iv) Typically \_\_\_\_\_ is the largest cost in service operations and a key driver of customer satisfaction.
- v) \_\_\_\_\_ supply chain includes suppliers of the immediate supplier and customers of the immediate customer.
- vi) Product development cycle is shortened through \_\_\_\_\_ engineering.
- vii) \_\_\_\_\_ occurs when a brand tries to change its market position to reflect a change in consumer's tastes.
- viii) Service firms differentiate themselves by offering a service \_\_\_\_\_.

**Q.3. State True or False (Do not reproduce the statement) [ 8 marks ]**

- i) The term production also applies to the creation of services.
- ii) Jobbing is a process that produces low variety and high volume products.
- iii) CRM helps organizations to understand customers and respond to their needs effectively.
- iv) Strategic decisions results in sustainable advantage.
- v) Decreasing cost and increasing customer satisfaction are two major goals of physical distribution.
- vi) Concept developed by Michael Porter states that competitive strategies can be developed through 'Resource based approach'.
- vii) Internal quality drives customer satisfaction.
- viii) Agents take title or physical possession of goods they deal in.

**Q.4. Match A and B [ 8 marks ]**

- | <b>A</b>                      | <b>B</b>                    |
|-------------------------------|-----------------------------|
| i) Psychographic segmentation | a) Service quality          |
| ii) Customized marketing      | b) Intermittent             |
| iii) Gap model                | c) lifestyle                |
| iv) Differentiation           | d) Automatic identification |
| v) Batch production           | e) Unique products          |
| vi) Cell manufacturing        | f) Facility location        |
| vii) Factor rating            | g) Group technology         |
| viii) RFID                    | h) Unique features          |

## **PART B**

**48 marks**

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

- Q.5. a) Explain various techniques of production.  
b) Explain in your own words what you understand by operations strategy.
- Q.6. a) Briefly explain technology life cycle.  
b) What are the ways in which operations influence competitiveness?
- Q.7. Write short notes on any four  
a) Concurrent Engineering  
b) Supplier relationship management  
c) E commerce  
d) Franchising  
e) SPIRE approach
- Q.8. a) Explain service quality dimensions  
b) Packaging is regarded as a major aspect of differentiation in most consumer goods. Elucidate.
- Q.9. a) Explain primary and secondary services  
b) What do you understand by flexible manufacturing system?

## **PART C – Case Study**

**20 marks**

**(Compulsory)**

- Q. 10.** Volvo is the world's second largest manufacturer of trucks after Daimler AG. In India, it has been supplying heavy trucks to industries such as mining and construction. Its trucks were expensive and sold in small numbers. It realized that it would have to sell trucks at lower prices if it wanted a larger market share. It also wanted to make India a base for exporting trucks to other developing countries. Eicher manufactured trucks and buses, but it did not have the technology to compete with Tata Motors and Ashok Leyland. Eicher is a trusted brand in India, while Volvo has built reputation for quality, comfort and reliability around its luxury buses and value-added trucks.

Eicher Motors and AB Volvo have formed a joint venture to manufacture commercial vehicles. The joint venture is called VE Commercial Vehicles (VECV). Eicher has transferred its truck and bus business to the joint venture. Besides contributing Rs1082 crore to the joint venture, Volvo has brought its sophisticated manufacturing technology along. It is injecting technology into the low-cost manufacturing process of Eicher to manufacture high-quality vehicles at lower costs. Frugal Engineering of Eicher is being combined with high end technology of Volvo. VECV has set up an engine factory at Pithampur in Madhya Pradesh, which can manufacture 100,000

engines annually. The engines conform to Euro-VI emission standards and are being exported to Europe. VECV also plans to set up a bus body plant.

Volvo has transferred its heavy trucks distribution business to VECV and has set up new processes for after-sale service. VECV has set up a component distribution centre to help in after-sale service. Component inventory is closely monitored at Eicher's warehouses and retail outlets so that repairs do not suffer.

VECV uses Eicher as its brand name. VECV has garnered market share of 31 per cent in the light and medium trucks segment, 5 per cent in the heavy vehicles segment, and 14 per cent in buses (FY12). It is also exporting to countries in Southeast Asia, West Asia, and Africa. VECV uses Volvo's extensive distribution network to reach out to overseas customers. Volvo is happy carrying low-priced, Eicher-branded vehicles in its distribution network as this does not dilute its image of being a manufacturer of high-priced, premium vehicles.

**Questions:**

- 1) Is there a strategic issue involved in joint venture formed between Eicher and Volvo? Elucidate.
- 2) What is the purpose of the joint venture formed between Eicher and Volvo?
- 3) What do the two parties bring to the joint venture?
- 4) Why VECV has selected Eicher as its brand?

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