



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management- 3 years
PAPER – 18 C
OPERATIONS STRATEGY

July 2019

DATE: 27.07.2019
TIME: 2.00 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 |

PART A

32 marks

Compulsory -Each question carries 1 mark

Q. 1. Expand the following

8 marks

- a) SCM
- b) ETO
- c) CAD
- d) SEO
- e) GIS
- f) SRM
- g) CSI
- h) EDI

R. Q.2. Fill in the blanks. (Please do not reproduce the statement) 8 marks

- a) Service operations are always ____ intensive and complex to manage.
- b) _____ strategy is often stated explicitly in mission statement.
- c) The ability to respond to changes is _____
- d) A philosophy and a way of working involving eliminating all forms of waste is known as _____ production.
- e) _____ helps companies to take advantage of economies of scale.
- f) A _____ is defined as the route along which goods move from producer to ultimate consumer.
- g) A strategic alliance between groups of people who have specific relationship and responsibilities with a common goal to dominate market is known as _____.
- h) A _____ is a self-sufficient unit in which all operations required to make components or product can be carried out.

S. Q.3. Please state True or False. (Please do not reproduce the statement) 8 marks

- a) Processes that produce high variety and low volume products are termed as batch production system.
- b) The ability to perform promised service both dependably and accurately is referred to as responsiveness.
- c) Product differentiation refers to the process of developing and releasing a new or intrinsically altered version of a product.
- d) Customization is intended to add increased customer perceived value to a product.
- e) Agents do not take title or physical possession of goods they deal.
- f) Service cannot be separated from source.
- g) A differentiation strategy is more efficient when many rivals follow similar approach.
- h) Automation is mechanization that is self-acting and self-regulating.

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

No.	Column A		Column B
1	Strategy	A	Automated production lines that can be adapted to produce more than one kind of product
2	Distribution	B	Major change in positioning for branded products
3	FMS	C	Decision taken at the top most level that are uncertain and involve risks
4	Repositioning	D	Movement of goods from producer to consumers
5	After Sale Service	E	The process of splitting the entire market into smaller groups that share similar traits
6	Differentiation	F	Type of business or commercial transactions that involves transfer of information across the internet
7	Segmentation	G	Various processes that make sure customers are satisfied with product or service they purchased
8	E commerce	H	A process by which a company distinguishes itself from its competitors and their offerings

PART B**48 marks****(Attempt any 3 Questions, each question carry 16 marks)**

- Q.5.** a) Define operational excellence. Explain with the help of formula. **8 marks**
b) Discuss operations strategy as part of business strategy. **8 marks**
- Q.6** a) Packaging is regarded as a major aspect of differentiation in most consumer goods. Substantiate. **8 marks**
b) Describe the commercialization process. **8 marks**
- Q.7** a) Discuss direct and indirect distribution system. **8 marks**
b) Explain the gap model for service quality. **8 marks**
- Q.8. Differentiate between (any two 2 x 8 =16 marks)**
a) Internal supply chains and external supply chains
b) Flow production and batch production
c) Strategic surveillance and environmental scanning
d) Engineer to order and make to order
- Q.9. Write short notes on any four (4 x 4 = 16 marks)**
a) Technology lifecycle
b) Market segmentation
c) JIT
d) Product Process matrix
e) E commerce

PART C – Case Study - compulsory (20 Marks)

Q. 10 . Answer the questions given below the case.

Zara is the largest division and flagship brand of the Spanish retail group Inditex. It sells up-to-the-minute 'fashionability' at low prices, in stores that are clearly focused on one particular market.

The first store opened by accident in 1975 due to a large pyjamas order cancellation. This typically can be said to be an emergent strategy as the Zara store today was not an intended strategy.

As described in a case study of Zara's supply chain, the company is vertically integrated, controlling most of the processes in its supply chain. On the average, 50% of its products are manufactured in Spain, 26% in the rest of Europe and 24% in Asian countries. Zara outsources products of high labour intensive processes but maintains in-house capital intensive processes, protecting knowledge and know-how. It takes less than two weeks for a skirt to get from Zara's design team in Spain to a Zara stores in any part of the globe, as much as 12 times faster than the competition. And with shorter lead times, Zara can ship fewer pieces, in a greater variety of styles, more often and they can more easily cancel lines that don't sell as well, avoiding inventory backlogs.

Zara's quick response capacity is made possible by the fact that it controls the 3 main stages of its operations that define the competitive edge of the company: design, manufacturing and distribution. This strategy is embraced to focus on the operations which can enhance cost efficiency while boosting service delivery and value proposition. As a fashion imitator, Zara 's priority was to focus its attention on understanding the dynamic fashion trends, aligning these changes to meet its customers' wants rather than on promoting predicted season's trends via fashion shows and similar channels of influence, which the fashion industry traditionally used. Other production activities are completed via a network of about 500 subcontractors in close proximity to Zara's operations at La Coruna.

Mr. Ortega the CEO of the Inditex, the parent company of Zara, once said that the secret to retail success is to 'have five fingers touching the factory and five touching the customer'.

Questions:

- 1) Analyze Zara's operational strategy as understood from the case. **7 marks**
- 2) What contributed to Zara's quick response capacity? **6 marks**
- 3) Evaluate Zara's supply chain **7 marks**
