



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
PAPER No. 16

June 2014

Business Strategies and World Class Practices

Date :19.06.2014

Max. Marks :100

Time : 2.00 p.m to 5.00 pm

Duration : 3 Hrs.

Instructions:

1. The question paper is in three parts
2. Part A is compulsory. Each sub question carries one mark.
3. In Part B answer any 3 questions out of 5. Each question carries 16 marks
4. Part C is a case study with sub questions and it is compulsory.

Total marks-32

Total marks-48

Total marks-20

PART A

(1 x32 = 32 marks)

Q.1. Fill in the blanks. (Please do not reproduce the statement)

- a) _____ is a process that cuts across national boundaries, integrating and connecting communities in new space-time combinations.
- b) The ability to quickly, efficiently and effectively respond to change is _____
- c) _____ will be the primary competitive motive of business in the 21st century.
- d) World class manufactures consider suppliers as their _____
- e) The challenge of managing product complexity is _____
- f) Price, quality and reliability are determined by the _____ employed in making the product.
- g) A process of reducing labour force to improve profit is known as _____
- h) Reducing number of parts in a product is _____

Q.2. Please state True of False

- a. A transnational company is a firm that seeks to combine the benefits of global scale efficiencies with the benefits of local responsiveness.
- b. Industrial age was characterized by machines and white collar workers.
- c. For a company to be world class manufacturer, its inventory turnover should be around 30
- d. Drastic measures to improve performance is benchmarking
- e. Conventional quality management focus on inspection to achieve quality.
- f. A company's ability to introduce new product is measured through productivity.
- g. MBNQA has seven criteria and evaluation is conducted in seven stages.
- h. According to Crosby, performance standard for quality is the price of non-conformance.

Q.3. Expand the following

- a) CRAFT
- b) AIS
- c) ASRS
- d) PWP
- e) SMED
- f) RDBMS
- g) CSF
- h) MTS

Q.4. Match A and B

- | A | B |
|-----------------------|-----------------------------|
| 1) Competition | a) Bottleneck |
| 2) Market uncertainty | b) Customer focus |
| 3) Order winner | c) Repeat sales |
| 4) External quality | d) Shorter product life |
| 5) Seven wastes | e) Improve flexibility |
| 6) TQM | f) Variability |
| 7) TOC | g) Shingo |
| 8) Sigma | h) Differentiating criteria |

PART B

48 marks

(attempt any three, each question carry 16 marks)

- Q.5. a) Briefly discuss operating environment for information age business.
b) Explain the characteristics of world class customers.
- Q.6. Compare the WCM models of Schonberger, Hall and Gunn.
- Q.7. a) Explain material processing and handling tools
b) Discuss the concept of Statistical Quality Control.
- Q.8. a) Explain briefly cost of quality with examples.
b) Explain POP system

Q.9. Write short notes on any four

- a) Theory of constraints
- b) Malcom Baldrige Quality award
- c) Flexible manufacturing system
- d) Rapid prototyping
- e) SMED

Part C

(Case Study)

20 marks

Q.10. In the mid 1960's a new electronics company, Wonder Tech, was founded with a unique high-tech product – a new type of computer. Because of its engineering expertise, Wonder Tech had a virtual lock on its market. The demand for the products was enormous, and the investors were plentiful. Sales in the first three years were so good that backlogs of orders began to pile up midway through their second year. Even with steadily increasing manufacturing capacity (more factories, more shifts, more advanced technology), the demand grew so fast that delivery times began to slip. Originally Wonder Tech promised to deliver within eight weeks. They intended to return to that standard, but management told investors, "Our computers are so good that some customers are willing to wait 14 weeks for them. We know it is a problem, and we are working to fix it, nonetheless they are still glad to get the machines, and they love them when they get them".

The top management knew they had to add production capacity. After six months of study, they decided to borrow the money to build a new factory. To ensure growth, they pumped much of the incoming revenue back into sales and marketing. The company sold its products only through a direct sales force, so they had to hire and train more sales people. During the company's third year the sales force doubled.

Despite these efforts, sales started to slump at the end of the third year. At this point the new factory came on-line. Top management began to panic. The marketing VP was under fire to turn sales around. He held high-powered sales meetings with a single message: "Sell! Sell! Sell!". He fired the low performers and increased sales incentives, added special discounts, and ran new advertising promotions.

Sales rose again, so did the order backlogs. Delivery times began to rise again – first to 10 weeks, then to 12 and eventually to 16. The debate over adding capacity started anew. This time management was more cautious. Eventually the approval for a new facility was granted, but no sooner had the papers been signed than a new sales crisis began. The same situation recurred over the next several years. High sales growth occurred in spurts, followed by periods of low or no growth. The

company prospered modestly but never came close to fulfilling its original potential. Gradually, top managers began to fear competition and frantically introduced ill-conceived improvements in the product. They continued to push hard on marketing, but sales never returned to its original rate of growth. Eventually the company collapsed.

- a) What factors led to the demise of Wonder Tech?
- b) What business strategy would have made Wonder Tech successful?
- c) What are your suggestions for the company to adopt world class practices?
