



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management

June 2018

PAPER – 18 C

OPERATIONS STRATEGY

DATE: 17.06.2018

Max. Marks: 100

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

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 Fill in the blanks:

- The easiest way to bring the delayed job within the promised delivery time by using extra shift or weekly holiday is _____.
- The _____ breakdowns usually cost more, partly due to damage done to the adjustment components and partly due to emergency actions.
- The _____ must ensure that the product satisfy the functional requirements of its usage.
- The _____ are the definitions of the measurable as well as non-measurable characteristics of the product.
- A strategy used to learn more about customers need & behaviours in order to develop stronger relationship with them is _____.
- _____ is a deep understanding of ones emotions, strengths, weaknesses, needs, drives & their effects on self and others.
- The _____ are distinct little business set up as units in a larger company.
- Companies employ trained _____ to develop "competency models" to identify potential leaders.

Q. 2 State True or False:

- Exceptional or unique organizational resources are known as core capabilities.
- Within an industry, an environment can present opportunities to one organization and pose threats to another.
- "Strategic model" is a term that is often used in conjunction with strategic management and strategies.
- Evaluating an organization's intangible assets is part of doing an internal analysis in the strategic management process.
- SWOT analysis includes an analysis of an organization's environmental opportunities and threats.
- Corporate-level strategies are developed for organizations that run more than one type of business.
- Diversification is an example of a corporate retrenchment strategy.
- Turnaround is one type of renewal strategy.

Q. 3 Select the right answer:

- 1) **Inadequate production capacity ultimately leads to**
(A) Poor quality (C) Poor inventory control
(B) Poor Customer Service (D) All of the above
- 2) **Like roots of a tree, _____ of organization is hidden from direct view.**
(A) goodwill (C) Higher management
(B) core competence (D) Capital investment
- 3) **Business is rated on which dimensions**
(A) Market attractiveness (C) both (A) and (B)
(B) Business strength (D) none of the above
- 4) **Limitations of Traditional cost accounting are**
(A) Assumes factory as an isolated entity (C) both (A) and (B)
(B) It measures only the cost of producing (D) none of the above
- 5) **The following is not a major contributor in the development of Control Charts and Sampling plan**
(A) F H Dodge (C) Walter Schewhart
(B) H G Roming (D) J M Juran
- 6) **Which of the following Principles of Management is not advocated by F W Taylor?**
(A) Selection of best worker for each particular task (C) Training and development of the workmen
(B) Division of work between worker and management (D) Involvement of workers in strategy planning
- 7) **Which of the following is not the characteristic of Project Production?**
(A) Continuous flow of material (C) Virtually zero manufacturing cycle time
(B) Highly mechanised material handling (D) All of the above
- 8) **-Which of the following are activities of corrective maintenance?**
(A) Overhauling (C) Modifications and improvements
(B) Emergency repairs (D) All of the above

Q. 4 Expand the words

- a) CRM
- b) ERP
- c) SERVQUAL
- d) EOQ
- e) JIT
- f) TPM
- g) QA
- h) GIS

PART B

48 marks

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

- Q.5** What do you mean by services? Discuss characteristics and classification of service.
- Q.6** What is e-commerce? Elaborate model of e-commerce with example.
- Q.7** "Role of Strategic Management in Global Competitiveness" Explain.
- Q.8** Discuss strategic management with suitable example of strategic management process.
- Q.9** What do you mean by strategic decision making? Discuss its characteristics. Differentiate strategic decision with administrative and operational decisions

PART C – Case Study - compulsory 20 marks

- 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?
