PGDM/PGDM-IB, 2015-17

OPERATIONS STRATEGY (DM-543/IB-514)

Trimester-V, End-Term Examination: December 2016

Time Allowed: 2 ½ hours   Max Marks: 50

Roll No:

Instruction: Students are required to write Roll No on every page of the question paper. Writing anything except the Roll No will be treated as Unfair Means. In case of rough work please use the answer sheet.

Section A

Please attempt any FOUR questions. Each question carries 5 marks.

A1. What do you understand by the term 'operations'? Why are operations important?

A2. What are the operations strategy decision areas? Why are these important?

A3. Distinguish, with examples, between mix flexibility and volume flexibility.

A4. Distinguish, with relevant examples, between strategic and medium term capacity decisions.

A5. What do you understand by process technology? Give two examples each of material, information, and customer processing technologies.

A6. Do performance objectives need to change with time? Please elaborate with examples.

Section B

Please attempt the following questions which are based on the case 'Eli Lilly and Company: The Flexible Facility Decision'.

B1. How has the competitive environment in pharmaceuticals been changing in the past few years? What are the implications for the role of manufacturing within Eli Lilly? (10 marks)

B2. What performance objectives has Eli Lilly chosen to compete on in the coming years? Are these objectives compatible with each other? You may wish to compare the flexible facility option with the specialized facility option to answer this. Exhibit 3 can be used to do a cost comparison. (Assume straight line depreciation over 15 years, and determine the total cost per kg for both options). (5 marks)

B3. Will the specialized facility always enjoy a cost advantage over a flexible facility? You may realize that the cost per kg of production calculated in the question above is a function of capacity utilization. (5 marks)

B4. Which facility option will you recommend to Eli Lilly? Please back your answer with supporting arguments. (10 marks)