

PGDM/PGDM-IB, 2018-20

OPERATIONS STRATEGY (DM-542/IB-515)

Trimester-V, End-Term Examination

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.

Please be brief and to the point.

Section A

- A1. We have discussed the top-down as well as the bottom-up perspectives of strategy formulation. Which perspective dominates in practice? You may use any example from the cases we have discussed in class.

OR

The core competence of a firm is a capability. Very briefly discuss how a firm develops this capability.

[CILO 2; 5 marks]

- A2. Suppose you are an airline operator. Ben is a frequent traveller who always books business class travel with your airline. On the other hand, Priya also has to fly frequently on work and is entitled to only economy class fares. What would be your performance objectives for Ben, and for Priya, keeping in mind their respective likely requirements and preferences?

OR

Performance objectives of a firm get decided by market requirements. But these requirements change with time, for example, over the life cycle of a product. Consider the first three stages of a typical PLC – introduction, growth, and maturity. Discuss what would possibly be the performance objectives of a consumer goods company during each phase.

[CILO 1; 5 marks]

- A3. Cost-quality trade off implies that to produce and sell high quality products a business would incur high cost as well. At the same time, according to Phil Crosby 'quality is free'. How would you resolve this paradox?

OR

We have learnt about trade-offs between performance objectives of a firm. For example, cost versus variety or flexibility. However, these traditional barriers are being broken by technology. Explain with an example.

[CILO 1; 5 marks]

- A4. Company XYZ competes on cost. It is evaluating the option of outsourcing its manufacturing to bring down cost. In what ways can such a move bring down cost?

OR

You are an industrial buyer of automotive HVAC system for cars manufactured by your organization. Presently, there is only one supplier ABC that also has a technology tie up with Denso, Japan, one of the leading makers of HVAC systems in the world. Although ABC has performed well as far as product quality is concerned, you are apprehensive that it might take advantage of your dependence on it for all your HVAC needs to hike up prices. Meanwhile, another HVAC supplier XYZ has been approaching you for some time now to get a foothold into supplying the system to your company. Notably, XYZ has a technical tie up with Behr, Germany, another leading HVAC manufacturer in the global market. Would you consider XYZ as a second supplier? Please explain what you would do and why.

[CILO 2; 5 marks]

Section B

Please attempt the following questions which are based on the case 'New Balance Athletic Shoe, Inc.'.

- B1. Using the information provided in the case, analyse the athletic footwear market in the USA. On what basis is New Balance (NB) competing in the market? To answer this question, please remember that NB is catering to the end customer as well as to the retailers.
- B2. Considering its performance objectives, how does NB use its operations resources (decision areas) to compete in the market? We are told that 25% of its manufacturing is based out of the east coast of the USA, whereas its competitors have outsourced all their production to Asian suppliers. Is this strategy justified?
- B3. NB is privately owned by Jim and Anne Davis. Its financial details are not available publicly. Perhaps this is the reason why the case also provides gross/broad financial data on NB. However, it is possible that their gross margins are relatively high. Do you agree? Can you explain?
- B4. Consider case exhibit 3. Which category of retail outlets give maximum revenues to NB (revenue/outlet)? How does this value compare with the average revenue per outlet considering all categories of outlets? Does this comparison indicate how NB should chalk out its future growth strategy? What could be the greatest stumbling block to this strategy?
- B5. Should NB be worried about the impending acquisition of Reebok by Adidas? If so, what change(s) should it make to its operations strategy?

[CILO 3; 5x6 marks]