



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Materials Management**  
**PAPER – 18 C (New)**  
**OPERATIONS STRATEGY.**

**June 2015**

**DATE: 20.06.2015**  
**TIME: 2.00 p.m to 5.00 p.m.**

**Max. Marks: 100**  
**Duration: 03 Hrs.**

**Instructions:**

- |   |                |
|---|----------------|
| 1. The question paper is in two parts.                                    |                |
| 2. Part A is compulsory. Each question carries one mark                   | Total 32 marks |
| 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 |

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**PART A**

**32 marks**

**Compulsory -Each question carries 1 mark**

**Q.1. Fill in the blanks. (Do not reproduce the statement)**

- i) Service operations are often \_\_\_\_\_ intensive.
- ii) Stored accumulation of materials resources in a transformation system is called \_\_\_\_\_
- iii) An \_\_\_\_\_ supply chain includes suppliers of immediate suppliers and customers of the immediate customer.
- iv) \_\_\_\_\_ refers to the movement of goods from producers to consumers.
- v) Packaging can stimulate \_\_\_\_\_ buying.
- vi) Service delivery is \_\_\_\_\_ with its production.
- vii) \_\_\_\_\_ flexibility is the ability of the system to vary the production volumes of different products.
- viii) \_\_\_\_\_ helps in identifying which of the customers are profitable and which are not.

**Q.2. State True or False (Do not reproduce the statement)**

- i) Process that produce high variety and low volume products are termed as batch process.
- ii) Supply chain is a set of interrelated processes and should be viewed as a system.
- iii) Operational strategy focuses on issues of resources, processes, and people.
- iv) Quick service can be a competitive advantage.
- v) Segmentation is a process of creating niche market.
- vi) One of the ways to classify services is based on the degree of customer contact.
- vii) In RFID, the item to be read is to be brought in touch with the scanner.
- viii) Strategic surveillance is intended to monitor a very broad range of events inside and outside a firm.

**Q.3. Expand the following**

- i) ATO
- ii) CSI
- iii) GIS
- iv) SEO
- v) ISCM
- vi) SCF
- vii) DSS
- viii) EDI

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

- | A                         | B                             |
|---------------------------|-------------------------------|
| i) Business strategy      | a) Volunteer group            |
| ii) FMS                   | b) Unique features            |
| iii) Load distance method | c) Intangible                 |
| iv) Muda                  | d) Combination of basic parts |
| v) Quality circle         | e) Choice of products         |
| vi) Differentiation       | f) Automated production lines |
| vii) Service              | g) Location model             |
| viii) Synthetic process   | h) Waste                      |

**PART B**

**Marks 48**

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

- Q.5. a) Explain the six principal drivers of service quality and cost.  
b) What are the key decision areas that need to be considered while determining operations strategy?
- Q.6. a) Briefly explain technology life cycle.  
b) Discuss the ways in which an organization can differentiate their products and services

- Q.7. Write short notes on any four
- a) Operational excellence
  - b) Service quality dimensions
  - c) Supplier relationship management
  - d) Product innovation
  - e) Commercialization
  - f) Technology life cycle
- Q.8. a) What is E commerce?  
b) Explain various types of franchising.
- Q.9. a) What are the steps in designing effective supply chain partnerships?  
b) Explain flexible manufacturing system bringing out its advantages and disadvantages.

### **PART C – Case Study**

**compulsory**

**(Marks 20)**

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

Ebrahim Currim & Sons started manufacturing umbrellas in Mumbai in the year 1860. It was a period of huge transition in India. The mutiny of 1857 had been crushed, the British east India Company's rule had ended, and Queen Victoria had become the Empress of India. For several centuries, Maharajas, Nawabs, Sultans, and Noblemen were the only ones privileged to walk under an umbrella, a sign of status in medieval India. But by 1860, social structures in India had begun to change and the common man was ready to step up and claim his spot in the cool shade of the umbrella. In the midst of this social and political upheaval, Ebrahim Currim & Sons started manufacturing Stag umbrellas. And much like Ford automobiles of half-a century later, these umbrellas were strong, affordable and of any colour, as long as it was black.

Monsoon in the city on Mumbai is characterized by four months of near non-stop rain. During these months, every Mumbaikar worth his salt carries a black umbrella on him. Watching from a higher floor, a sea of black umbrellas with smatterings of colour here and there is one of the most endearing sights of the Mumbai monsoons. For 140 years, Stag umbrellas protected Mumbai from the fury of the monsoon. Stag umbrellas were handed down from one generation to the next, with the oath to protect the umbrella as a family honour. But, by the end of 20<sup>th</sup> century, umbrellas made in China had invaded Mumbai. For once, the spirit of Mumbai gave way and adopted the cheaper, although less durable, option. Old-timers

mourned the imminent demise of Stag umbrellas, obituaries were being written and it was believed that the Stag name is destined to remain only in folklore.

But the Currims had other ideas. Refusing to succumb to lower cost Chinese competition, they decided to take the battle straight to the enemy. What followed was a close study of consumer needs and market conditions. The problems were diagnosed, and recovery of the lost ground began.

**Consumers want value for money:** In order to survive Stag had to sell at the same price as the competition. Yet, there was no way to match Chinese production costs. The solution lay in an innovative business model – branded umbrellas. Currims approached brands to advertise on their umbrellas. Leading brands such as Nestle, Castrol, CNN printed their logos and messages on Stag umbrellas, thereby subsidizing the cost to the consumer. Promotional and advertising umbrellas proved effective for viral marketing during new product launches.

**Personalize and differentiate:** While several women had started opting for bright colorful umbrellas, the metro sexual men had no alternative to the black, masculine umbrella. Stag launched colorful designer umbrellas for men catering to the growing tribe of Mumbaikars wanting to stand out. Each colour and design was meant to make a personal statement, and became very popular with the young.

**One size does not fit all:** Buoyed by the success, further segmentation of the market led to the launch of a range for kids and choices between multi-coloured and single coloured umbrellas.

**Build a product range:** Noticing need gaps in several other segments, Stag extended the product range and launched garden umbrellas, beach umbrellas, commercial outdoor umbrellas and parasols.

Stag, having survived the Chinese onslaught, continues to remain the umbrella of choice in Mumbai. The lessons from Stag fairly simple and yet, ironically, often ignored in the world of business. Always deliver value for money, especially when catering to the masses. Be flexible and adapt your traditional business to survive the demands of global world. Differentiate in order to create a pull for your brand. And finally, respect (as opposed to challenge) the customer and her choices.

**Questions:**

1. Make your own analysis of the case.
2. Marketing strategy and operations strategy go hand in hand. Substantiate your answer using the case.

3. Mass customization is the need of the hour. Explain the concept from the context of the case.
4. Respect customers should be the business mantra. Do you agree? Substantiate your answer.

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