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**FACULTY OF BUSINESS, HUMANITIES & HOSPITALITY**

**MASTER IN BUSINESS ADMINISTRATION**

**BANKING AND FINANCE**

**BM4402**

**OPERATIONS MANAGEMENT**

**SELF INSTRUCTIONAL MATERIALS**

**ACADEMIC YEAR 2021**

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| Lectures: Topics | Tutorials/Assignments |
| 1. Introduction to Operations Management  (HRM: c 1)* Operations management = Operations & Process Management
* Its importance
* What operations managers do?
* Trends in operations management
 | Case: Hard Rock Café: Operations Management in Services |
| 2. Managing projects (HRM 3): A process involving:* Planning , Scheduling & Controlling
* PERT and CPM framework
 | Southwestern University Stadium project |
| 3. The Global Environment and Operations Strategy (HRM: c. 2):* Globalization of developing countries, global competitiveness and its effects on companies.
* Strategic operations management decisions
* Key success factors and core competencies.
* Integration of OM with other organizations
* Global Operations strategy options
 | Case: Rapid-Lube – vehicle service provider |
| 4. Quality Management & International Stds, JIT, TPS  & LO, TQM (HRM: c.6):* Quality and its importance & international quality standards
* Total quality management (TQM)
* Just-in-time, Toyota production system and lean operations
* Measuring the cost of quality
 | 1. How does TPS contribute to competitive advantage?2. Evaluate the findings that improving the quality of products can result in reducing the cost of production. |
| 5. Product Design (HRM: c.5): * Product Strategy Options & life-cycle
* New products and product development
* Ethics, environmentally-friendly designs and sustainability
* Service design
 | Examine 6 issues relating to product design |
| 6. Forecasting Demand (HRM: c. 4):* Concept of forecasting & approaches
* Techniques for seasonality - regression and correlation analysis
* Forecasting in the service sector
 | Questions involving 4 issues: methods of forecasting, forecasting system, tracking signal and seasonality. |
| 7. Managing Supply Chain (HRM: c. 11):* supply-chain for competitive advantage
* Problems with an integrated supply chain
* Logistics management
 | Evaluate supply chain to gain CA**.** |
| 8. Capacity Planning (HRM: . 7 supplement):* Capacity (throughput) and demand
* Designing an effective capacity Demand and capacity management in the service sector
* Bottlenecks analysis and the theory of constraints
* Breakeven analysis and reducing risk with incremental changes
 | Examine issues in designing an efficient capacity of a plant, and bottleneck.**.** |
| 9. Facility Location Planning (HRM: c. 8):* Strategic importance & reasons for location change
* Factors influencing location of production facility
* Factors to consider before deciding on a location for the facility; clustering
* Looking for alternative locations and methods to evaluate such locations
 | Case: IKEA furnishes the worldExamine 3 issues: factors to locate a plant, location problems and staffing in foreign locations. |
| 10. Layout Planning (HRM: c. 9)* Basic concepts: Intermittent and continuous operations
* Three basic layout designs
* Strategic importance of layout decisions
* Designing product layouts & process layouts
 | Examine 9 issues related to layout planning  |
| 11. Process Design (HRM: c.7)* Concept of process design - transformation of resources to goods and services
* Four types of process design
* Flexible manufacturing systems (FMSD)
* Service process design
* Importance of technology
* Sustainability of a process design
 | Examine 4 issues: process strategy, process redesign, techniques to improve service productivity and computer integrated manufacturing. |
| 12. Managing Inventory (HRM: c. 12):* Importance of managing inventory
* Function of inventory
* Economic order quantity (EOQ)-Munising costs
 | Examine the EOQ model. |
| 13. Scheduling (HRM: c. 15):* Scheduling production to meet outputs for customers
* Concept of aggregate scheduling
* Production relates to demand
* Aggregate planning for services
* Concept of disaggregating the aggregate plan (schedule) - master schedule
 | Schedule to meet fluctuating demands – aggregate scheduling |
| 14. Revision | - |

Recommended Textbooks:

1. Heizer, J., Render, B. and Munson, A. (2017). *Operations Management* (11th ed.).

 Prentice Hall.

2. Meredith, J.R. and Shafer, S.M. (2010). *Operations Management for MBAs* (4th ed.),

 John Wiley & Son, Inc.

3. Slack, N., Chambers, S., Johnston, R. and Betts, A. (2009). *Operations and Process*

 *Management (Principles and Practice for Strategic Impact (2nd ed, Prentice Hall, Italy.*

4. Lee J. Krajewski, Manoj K. Malhotra & Larry P. Ritzman (2019*). Operations*

 *Management Processes and Supply Chains* (12th edition), Pearson, UK.

**BM4402 (Operations Management)**

**Welcome**

Welcome to this module, Operations Management. It plays a vital role in national and world economies. The operations function exists in virtually every organisation. It can make or break a business. Today operations management is considered to be an integration of production of products and the non-core production related processes such as purchasing, physical distribution and after sales services and others. The term operations management actually involves the whole organisation. Therefore all parts of an organisation are involved with production. Therefore this module is to provide you with the holistic concept of operations management.

**Description of the Course**

Operations and process management is fundamentally about how organisations produce goods and services. The persons involved in the operations are the operations manages while other managers in an organisation are involved in managing the operation processes such as marketing, sales and finances, making marketing plans, sales forecasts, budget and others.

A business organisation is made up of the operation function and the related operation processes. The operation is concerned with the transformation of inputs into outputs while the processes are the component parts of the operation.

The difference between operations and processes is one of scale and complexity. Both transform inputs into outputs, but processes are the smaller version. They are the component parts of operations, so the total operations function is made up of individual processes. Therefore, within any business, the production of products and services is not just confined to the operations function; it is also concerned with managing processes.

**Aims of the Course**

1. It is to study how people organise themselves for productive enterprise.

2. It is learn how goods and services are produced.

3. It is to know and understand what operational managers do.

4. It is to learn that OM provides the major opportunity for an organisation to improve its profitability and enhance its service to society.

5. It is to know and understand that OM is the costly part of an organisation where a large percentage of the revenue is spent and its strategic importance lies in reducing the cost of production and the development of capabilities to attain competitive advantage

**Course Learning Outcome**

After the successful completion of this module, students should be able to:

* develop an understanding of how operations can provide a competitive advantage in the marketplace.
* acquire a knowledge of the issues related to designing and managing operations and the techniques to do so.
* analyse specific situations and propose appropriate operational management strategies.

 Support and Contact Details

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Assessment

Assessment Methods and Types

**Coursework and Final Exam**

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| --- | --- |
| **Coursework** | **Marks** |
| **TWO Individual Assignments**1. A Case Study: Kare-Full Katering company2. A Case Study: IKEA | 2020 |
|  |  |
| **ONE Group Assignment**As a group of consultants fired by certain investors who intended to set up a business in Malaysia to present a report in relation to certain areas:Breakeven in relation to capacity planningMaintaining the cost of quality in relation to TQMLocation of Production FacilitySupply Chain Management | 20 |
|  | 60 |
| **Final Exam** | 40 |
|  **Total** |  100 |

Formative Assessment (20%)

Kare-Full Katering Company

Tony Hill is a forty year old married with two children, aged six and ten. He has a master degree in education and teaches science in a secondary school in a small town in Perak. He has just inherited the family food-catering business from his father just three months ago. However, if Tony is not interested to be involved, then it is willed that the two employees should be given the option to purchase it at a fair and reasonable price. However, if Tony becomes involved, the two employees have the option to purchase a significant, but less than majority, interest in the company.

Tony has been involved with this business, was as an hourly employee during high school and college summers. He is confident that he could learn and perhaps enjoy the marketing side of the business and that he could retain the long-time head of accounting-finance. But he would never really enjoy day-to-day operations. In fact, he does not understand what operations management really involves.

The company has enjoyed about $4 million annual sales and a net profit of 10% of sales for the last 15 years. There are 200 employees in the labour-intensive business. It has institutional contracts that account for over 70% of sales and include partial food services of three colleges, six captive commercial establishments (manufacturing plants and banks), two long term care facilities and five schools. However, Tony expects that if he becomes active in the business, one of the two key employees, the manager of operations will leave the company.

Tony has decided to complete the final two months of this school year and then spend the school holiday around the catering business to assess whether he wants to become involved in the business. He is particularly interested in finding out as much as possible about operations.

Questions

1. Prepare a worksheet of operations activities that Tony should inquire about during the school holiday. (25 marks)
2. To manage the company, how much does Tony need to know about operations? Why?

(25 marks)

1. What problems do you expect Tony to encounter this school holiday at the company?

(25 marks)

1. If you were Tony, what would you do? Why? (25 marks)

**Instructions**

1. Use font size 12 and 1.5 spacing
2. Have a cover page that should state the title of the group assignment, the name of the student, and the name of the lecturer and the date of submission.
3. Pages should be numbered. Students should proper references using the APA approach.
4. Use a heading for each new paragraph. A heading may be divided into sub-headings. Very long sentences can be broken down. Check your spelling and grammar before submitting your work.
5. Kindly note that marks will be deducted for presentation errors as well as for poor referencing, grammar and expression.

**Submission: 2nd week**

**Late submissions**: Late submission without a valid reason will result in a mark of 0%.

BM4402: Group Assignment

As a group of consultants hired by certain investors who intended to set up a business in Malaysia, you are required to present a report in relation to the following areas of a certain production facility in Malaysia:

1. **Breakeven in relation to capacity planning.**
2. **Maintaining the cost of quality in relation to TQM**
3. **Location of the production facility in setting up a new facility**
4. **Supply Chain management of a manufacturing firm.**

**Task:**

Your report on the four roles of operations management should provide an interesting in-depth knowledge and aspiration specific to each role necessary to enable the proposed business to attain competitive advantage.

You must demonstrate a high level of analytical skills and sound interpretation to justify our suggestions. This implies you are expected to research widely to obtain information.

Your analysis should be supported by examples and descriptions of the identified patterns.

As a guide, word length expected is about 2400 words, references are not to be included plus appendices if applicable.

**Instructions**

1. Adhere to the following instructions when writing your report:
2. Use font size 12 and 1.5 spacing
3. Have a cover page that should state the title of the group assignment, the name of the student, and the name of the lecturer and the date of submission.
4. Pages should be numbered. Students should proper references using the APA approach.
5. A bibliography, typed on a separate page and listed in alphabetical order of author surname, detailing all sources used in preparation.
6. Assignments should preferably not exceed, or fall below, the set 2400 words limit by less/more than 10%.
7. Use a heading for each new paragraph. A heading may be divided into sub-headings. Very long sentences can be broken down. Check your spelling and grammar before submitting your work.
8. Kindly note that marks will be deducted for presentation errors as well as for poor referencing, grammar and expression.

**Submission**: 6th week

**Late submissions**: Late submission without a valid reason will result in a mark of 0%.

**BM4402: Summative Assessment**

**IKEA furnishes the world**

In 50 years, Ingvar Kamprad has built Ikea into the world’s leading furniture retailer. It operates 150 stores in 29 countries. The average size is 17,250 sq.m. Each, when fully stocked, carries 10,000 separate lines. Allowing for colour and size variations, inventory can exceed 80,000 items. With 100 million copies, the catalogues is among the world’s biggest print runs.

Kamprad’s breakthrough was to encourage suppliers to use line production for flat-packed furniture coupled with self-service in huge stores. When the first IKEA store opened in Imhult in 1958, furnishing a flat could cost five times a new graduate’s annual salary. From IKEA nowadays, the same furniture and fittings would cost less than half a year’s pay.

International operations started with stores in Norway and Denmark (1963). IKEA’s largest current market is Germany (from 1974), followed by the United Kingdom (1987) and the United States (1985).

Although 10 per cent of items come from the Swedwood subsidiary, IKEA has around 1700 closely monitored suppliers in 53 countries. Sweden (17%), China (9%), Poland (9%), Germany (7%), and Italy (7%) are the most important.

Expansion continues. In 2000, IKEA opened 25,000 sq. m. stores in San Francisco, Beijing, Shanghai and Moscow. Thirty-five thousand Muscovites turned up at the Moscow opening to hear Kamprad, who had chosen the city ‘on a hunch’ greet them in elementary Russian. The aim is to double worldwide sales in five years, with up to 70 new stores. In the United Kingdom, plans are to spend almost £800 million over 10 years to expand from 10 to 30 outlets. Glasgow will be followed by Cardiff, Sheffield and Southampton in 2003. There will be a new £40 million distribution centre in Peterborough.

Despite the popularity of the brand, development often meets opposition. United States applications met resistance from local retailers. Now local authorities are concerned with congestion and the environment. Yet they welcome the stores for their several hundred jobs and up to £1 million of local sales taxes. Furthermore, as ‘magnet’ stores, they enhance the prestige of shipping developments and contribute to urban renewal. In the United States, agents find potential sites and conduct the statutory environmental impact reports. In the San Francisco area, they found three 8-hectare sites close to major traffic flows, each capable of holding 25,000 sq.meters building with 1500 parking spaces. Further, they identified a 180,000 sq.m. warehouse to serve the west coast. Meanwhile, Chicago rejected, on traffic grounds, an application for a site near a busy intersection. In Boston, IKEA has searched for 15 years for the right combination of space and location. Boston is attractive for its numbers of college graduates aged 20 to 50.

Questions:

1. List and rank the factors in IKEA’s location strategy. Explain your ranking.

2. How does IKEA offer a wide range of products at low prices? What are the implications

 of scale for retain service?

3. What risks and uncertainties are faced by IKEA in globalising its particular business?

4. In your view, how would IKEA control its quality and reduce its costs of production?

**Instructions**

1. Use font size 12 and 1.5 spacing

2. Have a cover page that should state the title of the group assignment, the name of the student, and the name of the lecturer and the date of submission.

3. Pages should be numbered. Students should proper references using the APA approach.

4. Use a heading for each new paragraph. A heading may be divided into sub-headings. Very long sentences can be broken down. Check your spelling and grammar before submitting your work.

5. Kindly note that marks will be deducted for presentation errors as well as for poor referencing, grammar and expression.

**Submission: 10th week**

**Late submissions**: Late submission without a valid reason will result in a mark of 0%.

21/5/2021 …………………………………..