

# Operations Policy and Strategy (OM 585)

Winter 2009

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Tue-Thu 11:45-1 PM

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## 1. Course Material:

Readings and cases posted on Blackboard

## 2. Course objectives

This is a capstone course in Operations Management, which tries to present global operations concepts in a unified fashion. The course deals with the structural changes that corporations have to make in facilities, locations, technologies, and organizational structure. The course also deals with infrastructural changes—management policies and practices that enable the structure to operate at its full potential.

The course relies heavily on the case method of instruction. The cases essentially deal with:

- Problems encountered in managing operations
- identification of the constraints on the system performance
- Tradeoffs faced in operations decisions, and,
- Opportunities derived from effective operations management.

Above all, the cases place the operations management decisions in the context of the larger questions of corporate strategy, policy and style. Tools and techniques, while given general importance, will not be emphasized. Process understanding and managerial issues will be stressed.

This world is full of contradictions. Skinner in his seminal article pointed out the conundrum that operation strategy is: operations are rarely considered strategic. Thus to begin this course, I have a word of caution. I am not apologizing for it. I am just stating it. Contradictions are a way of life. Living amongst contradictions is the “pure” strategist.

One problem that I will try to resolve in this course is the lack of a coherent framework to study the subject. Initiatives such as Total Quality Management, reengineering, Just in Time, Time Based Competition, Design for Manufacturability, and others, are typically bombarded upon the student without resolution of a critical question: What did we learn? How does it relate to other things we have learned? What is the context of this learning? How are we going to operationalize this learning?

This course is intended for students with a strong interest in understanding operations in either manufacturing or service industries and the role operations can play in global business strategy and competitive advantage. Because the course has a strong managerial focus (sizing up a situation, taking effective action, getting things done), it will be of value to all students with an interest in general management. It will be particularly relevant to those who see their career involving at least a stint in operations over the coming decade, or who see themselves doing consulting in operations for client businesses, or who plan to work in businesses where operations play an important role. We will explore a variety of strategic issues in operations and their connection with other functional and business strategies.

### 3. Course Requirements

|         |     |
|---------|-----|
| Cases   | 30% |
| Quizzes | 50% |
| Paper   | 15% |
| CP      | 5%  |

#### ***3.1 Class Participation (5%)***

Class participation grades are based on regular preparation and active involvement in the class discussions. It is not simply attendance, although attendance is an obvious requisite for participation. I will record my perception of class participation at the close of each session. Quality of participation will be rewarded more than quantity. You must prepare the case and/or other materials before class while giving serious thought to resolution of the questions presented in each case.

#### ***3.2 Written Case Assignments and Presentation (2 x 7.5%+1 x 15%)***

The written assignments for this course include preparing written analysis of 2 cases individually and one case with 4-5 students per group. Written analyses are due at the beginning of the period the case is to be discussed. You will make a formal presentation of the group case. Thus you must form your case group and schedule your presentation as quickly as possible. Presentations are expected to be 20 minutes long followed by a question/answer session. Group Case assignments will be on first come first served basis. You may assume that I have read the case and am reasonably familiar with the action and setting within which a decision must be made. The narrative portion of your written case analyses should not be longer than two pages of single spaced typescript. You may attach any amount of exhibits to support your recommendations.

The report should be concise, direct, and convincing. Grammar, punctuation, and the writing style affect the report's grade. Late assignments will not be accepted. Reports that are not typed or that are poorly presented will not be graded. The format of the report should be:

1. The Problem Statement should concisely state the question that must be addressed, and the restrictions (financial, time, resource limitations; or policies) that affect the resolving of the problem. Be sure that you address the central problem, not the symptoms of it.
2. The Recommendations must focus on a plan of action that will correct the situation. Your plan must be practical and implementable.
3. The Alternative and Analysis section should outline the major alternatives that you considered and provide an analysis that leads to the selection of the recommended plan.
4. The Limitations section must expand upon the recommended plan of action taking into account the caveats or limitations that may restrict its practicality.

#### ***3.3 Quizzes (2 x 25%)***

Two quizzes (shown on schedule) will cover essentially material from the lectures... I will announce more details in class as well as provide examples on Blackboard. Quizzes will be short answers and short cases; a few questions on the quiz may be posted ahead of time to allow you to sharpen your focus in preparation. Quizzes will be closed book closed notes.

#### ***3.4 Final Paper (15%)***

A Group Paper with 4 Members, 8-10 page double-spaced paper is due in the seventh week. Group selection will be by random draw. The paper should address a significant managerial issue in operations strategy. Your paper may be a field project in a firm or a research paper.

Field project: This option will allow you to complete a field study on operations strategy. I will provide the contacts if you are interested in pursuing this option. Your task is to document the dimensions of strategy for

this firm and point out the consistencies and inconsistencies in operations vis-a-vis the business strategy. I will allow comparisons of two functional strategies here also, for example, the synergies and discords between the firm's operations and marketing strategy, or operations and human resources, or operations and engineering. In any case, expect to make at least three trips to the site and meet with me at least twice after your first trip out.

Research: This option allows you to focus and develop expertise on a specific topic of choice. This includes a comprehensive literature review of this topic as well as your own creative interpretation of the topic. You must choose your topic carefully and narrowly. Thus, "benchmarking" may be a good topic but "quality" is not. Re-engineering order entry processes may be a good topic but re-engineering is too broad.

Suggested topics for the paper:

1. Co-ordination strategies in supply chains: buyback, VMI, etc.
2. Volume and mix flexibility
3. Service operations strategy – review of methods
4. Develop operations strategy profile for a local firm
5. Capacity planning and co-ordination in services (revenue management)
6. Tradeoff theory in operations
7. Facility planning and configuration of charters
8. Value of time and timely deliveries
9. ERP systems – status and future
10. Emerging theory in project management

I expect papers to be done professionally (i.e. with endnotes, references etc.).

Due dates: **January 15:** Paper abstract must be at least 1 page single spaced with the following sections: key idea, background research so far, outline of the paper, other sources to be researched.

**March 12:** Electronic and paper copy of paper due.

#### 4. Hints on class schedule and preparation

- Don't miss classes and don't come late; I am pretty finicky about that.
- Read the case before coming to class. Read the case questions before reading the case and summarize key points of cases before class. Its OK if you fall behind on readings, but not OK if you don't read the case.
- Each individual case submission (executive memo) should take you at least 4 hours.
- Group case presentation: see me as a group after you have read and discussed the case
- Group paper: See me as a group for your paper in weeks 3-5. Zero in on a topic quickly and use library resources (ABI/Inform) to do research on the paper topic. I might run the papers through plagiarism software (turnitin.com) so you have to write an original piece,

#### **Golden Rules**

**Attend Every Class**  
**Prepare every Case**  
**Prepare material for review**  
**Participate**

## 5. Course Schedule

Individual summaries may be submitted for any two cases from week 2 onwards other than the case that your group is presenting. Individual case submissions are due on the day of the case before the case is discussed. Group presentations are scheduled for the day of the case. We will start the class with the group presentations on that day/

| Week            | Tuesday  | Thursday  |
|-----------------|--|---|
| 1<br>1/6, 1/8   | 1. Operations Strategy and Performance management – Raturi | 2. Indalex  |
| 2<br>1/13, 1/15 | 3. Operations Strategy—Market and Resource perspectives    | 4. Southwest<br>Submit paper abstract on Thursday; schedule group meeting with Prof in weeks 3-5                                  |
| 3<br>1/20,1/22  | 5. Product and Service Design and Development - Raturi     | 6. Bank of America  |
| 4<br>1/27/129   | 7. Process Technology – Beckman and Rosenfield             | 8. Andreas Stihl  |
| 5<br>2/3,2/5    | 9. Vertical Integration                                    | Quiz 1 on Thursday  |
| 6<br>2/10,2/12  | 10. Sensormatic  | 11. Capacity and Facilities Planning  |
| 7<br>2/17,2/19  | 12. Sea Pines  | 13. Supply network behavior   |
| 8<br>2/24,2/26  | 14. Barilla  | 15. Information technology & ERP  |
| 9<br>3/3,3/5    | 16. Geneva Pharma  | 17. Operations development and Improvement  |
| 10<br>3/10,3/12 | 18. GM Powertrain  | Wrapup<br>Submit an electronic copy of the final paper on Thursday to: <a href="mailto:amit.raturi@uc.edu">amit.raturi@uc.edu</a> |
| 11<br>3/19      |  | Quiz 2<br>Thursday, March 19, 10:30-12:20pm   |

## 6. Guideline questions for cases:

### Indalex

Put yourself in Mcllwraith's position. Given a business plan that forecasts a total production tonnage in 1983 about 50% higher than 1977 (see Exhibit 6a), and no major changes in product mix, prepare a capacity expansion plan for 1978-1980. Please be specific regarding the order in which you would expand the different processes, and when each capacity addition should be expected to become operational. How would you persuade divisional management to accept your proposal? What other changes in Indalex's operations would you propose?

### Southwest

General: What is SW's value proposition? Sources of competitive advantage? Driving factors of airlines' performance? How critical are frequent flier programs to performance?  
Specific: Should SW save a few lower number boarding cards for frequent fliers? Your rationale? Should passengers who merit the status of the most frequent fliers, in the event of a missed flight, be permitted to take

the next available flight or be required to wait for the next available flight with an empty seat in the same fare class? Your rationale?

### **Bank of America**

How would you characterize Bankam's new system for developing new services? Focus on its process, organization, management and culture. Compare it to other systems for similarities and differences. What is the role of experimentation/ how do firms maximize learning from experimentation? Should Butler and Brady accept 10 additional branches into its experimentation portfolio? Why or why not? How would you react to management's offer?

### **Andreas Stihl**

In the early 80s Andreas Stihl embarked upon an experiment in job design to provide this situation which allows for the investigation of the fit of a work system to the operating task at hand and to employee preference and skill. *How would you explain the results Von Woedtke found? What would it be like to manage a work structure like the instituted at Stihl? What issues require particular attention? Ethical Issues: Should AS accept government funding to undertake the work structure experiment at the new plant? How appropriate is it to use survey of worker's preferences to determine job assignments? What are some ethically significant features of each type of line process? From an ethical perspective, which is preferable: "one best line" or multiple work structures?*

### **Sensormatic**

#### **To be provided**

### **Sea Pines**

What is Baker's dilemma? What are his options? How many tennis courts will be needed in July '74? How does the requirement compare to present capacity? What should he do for the upcoming season? For next year? What are the implications for Baker regarding the future of tennis at Sea Pines?

### **Barilla**

Diagnose the underlying causes of the difficulties that the JITD program was created to solve. What are the benefits and drawbacks of this program? What conflicts or barriers internal to Barilla does the JITD program create? What causes these conflicts? As Giorgio Maggiali, how would you deal with these?

As one of Barilla's customers, what would your response to JITD be? Why? In the environment in which Barilla operated in 1990, do you believe JITD (or a similar kind of program) would be feasible? effective? If so, which customers would you target next? How would you convince them that the JITD program was worth trying? If not, what alternatives would you suggest to combat some of the difficulties that Barilla's operating system faces?

### **Geneva Pharma**

Complete an audit of the ERP implementation process at Geneva. Your submission should include:

1. Key lessons learnt so far from Phase I and Phase II including mistakes made, lessons learnt from those mistakes (corrections to project plan), strategies that helped improve on those mistakes.
2. Evaluation of the SOP and ATP implementation visualized in Phase III and what specific issues need greater attention.

### **GM Powertrain**

What is your assessment of the operations changes that Hinrichs has introduced in the Fredericksburg plant? What is your assessment of the change process? Of Hinrichs as a leader of the change process? What should Hinrichs do about the broken press? What criteria should be considered in making this decision?

## 7. My checklist for OM 585, Winter 2009

My chosen individual case assignments are:

| Case | Date due | Completed |
|------|----------|-----------|
|      |          |           |
|      |          |           |

My group case and members are:

| Case          |       | Presentation and report due on: |            |
|---------------|-------|---------------------------------|------------|
| Group members | email | Phone                           | Other info |
| 1.            |       |                                 |            |
| 2.            |       |                                 |            |
| 3.            |       |                                 |            |
| 4.            |       |                                 |            |
| 5.            |       |                                 |            |

My paper details are:

| Title   |       |       |            |
|---|-------|-------|------------|
| Abstract submission date  |       |       | 1/15/09    |
| Meeting with Prof on (in weeks 3-5)   |       |       |            |
| Final paper due<br>√ electronic copy email to <a href="mailto:amit.raturi@uc.edu">amit.raturi@uc.edu</a><br>√ paper copy submitted in class |       |       | 3/12/09    |
| Group members   | email | Phone | Other info |
| 1.  |       |       |            |
| 2.  |       |       |            |
| 3.  |       |       |            |
| 4.  |       |       |            |
| 5.  |       |       |            |