

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

First Year Second Semester Examination in Master of Business

Administration 2016/2017

(January / February 2018) Proper / Repeat

MBA 1093 – Operations and Process Management

Answer all five questions

Time: 03 Hours

- Q1) a) *“Operation Management is concerned with the management of the entire system that produces a good or delivers a product”*

Based on the above statement, explain operations management and its objectives with the focus on to the customer service and resource utilization.

(06 Marks)

- b) *“A company has to be good at developing new products, without products there would be no customers. Without customers, there would be no revenue. Developing a new product is a major activity.”*

Based on the above statement define the term “Product development”, and explain the product development process.

(07 Marks)

- c) *“Nowadays process improvements became an important element in the entire world, and reengineering is about achieving a significant improvement in processes so that contemporary customer requirements of quality, speed, innovation, customization, and services are met.”*

Based on the above statement explain the Principles or Rules for reengineering.

(07 Marks)

(Total 20 Marks)

Q2. MOC is a small mail-order company, which sells direct to established customers on its mailing list (Using catalogues and leaflets), and to new customers via newspaper advertising. The range of its products covers men's and women's leisurewear toys and games and luggage. The product sold by MOC are from three sources: (i) -bought in as finished goods from outside supplies (the majority of business); (ii) manufactured in its own factory; and (iii) bought is as basic components from other manufacturers and assembled or finished in its own factory.

MOC has a steady demand throughout the year for 250,000 padded bags, which are used for sending customers' orders through the post. MOC uses a variety of suppliers all of which charge Rs. 80 per 100, and supply in lots of 100 bags. At present 50 weekly orders per year are made, each one for 50 lots, i.e. 5,000 bags. (There are 50 working weeks in the year) MOC's order cost is Rs. 128 each time an order is placed. Annual stockholding costs are 20% of the purchase price of the bags.

Based on the above case information answer the following questions.

- a) Calculate the optimum order size and frequency of ordering for padded bags.
(05 Marks)
- b) Calculate the annual order cost and stockholding cost for;
 - i. The optimal system; and
 - ii. The current system.(08 Marks)
- c) If MOC's demand for bags actually turned out to be 20% higher than estimated, what would be the effect of keeping the optimal level rather than switching to a new optimal level?
(07 Marks)

(Total Marks 20)

- Q3 a) *"The primary goal of the plant layout is to maximize the profit by arrangement of all the plant facilities to the best advantage of total manufacturing of the product."*

Based on the above statement briefly explain the objectives of plant layout

(06 Marks)

- b) *“Master Production Schedule gives formal details of the production plan and converts this plan into specific material and capacity requirements”.*

Based on the above statement explain the main functions of Master Production Schedule (MPS).

(08 Marks)

- c) *The Quality of a product or service is the fitness of that product or service for meeting or exceeding its intended use as required by the customer”.*

Based on the above statement, identify and explain the fundamental factors which are affecting the quality of products and services.

(08 Marks)

(Total Marks 22)

- Q4 a) *“Materials management is a function, which aims for integrated approach towards the management of materials in an industrial undertaking.”*

Based on the above statement define the term “Materials Management”, and explain the parameters of purchasing.

(06 Marks)

- b) *“The main purpose of method study is to eliminate the unnecessary operations and to achieve the best method of performing the operation.”*

Based on the above statement define method study, and explain its steps of method study to a manufacturing organization of your choice.

(06Marks)

- c) *“High productivity refers to doing the work in a shortest possible time with least expenditure on inputs without sacrificing quality and with minimum wastage of resources”.*

Based on the above statement explain the influence of controllable and uncontrollable factors on productivity of an organization.

(10 Marks)

(Total Marks 22)

- Q5 a) *“Operations management is seen by some as being concerned largely with the routine aspects of business, it is in fact at the very forefront of almost all business challenges.”*

Based on the above statement explain the major operational challenges faced by organizations.

(08 Marks)

- b) *“Value is the relationship between what someone wants and what he is willing to pay for it”.*

Based on the above statement, select a product or a service of your choice and explain in which way the value of product or service would be increased.

(08 Marks)

(Total Marks 16)