

Master of Business Administration - Semester II

MB0044 - PRODUCTION AND OPERATION MANAGEMENT

Q1. People's productivity key to Indian manufacturing competitiveness: Boston Consulting Group

Namrata Singh, TNN | Mar 14, 2013, 09.34PM IST

MUMBAI: People productivity is the key to Indian manufacturing competitiveness, says a report by the Boston Consulting Group (BCG).

In most global people productivity surveys, not only does people productivity of Indian manufacturing sector lags developed nations such as US and Japan, but also lags in most manufacturing sectors to China. While earlier, many explained this to differences in technology, level of automation, etc., the report suggests such differences are not only rapidly shrinking, but they do not fully explain the significant gaps in productivity that exists.

Skill gap and engagement gap are the two critical factors that explain lower people productivity. Under gap in skill, Indian manufacturing sector faces significant challenges in attracting quality manpower that is 'right' skilled prior to entering the workforce. In addition, continuous skill development efforts are required for the work force, throughout their careers, as processes and technologies evolve.

On the other hand, many manufacturing studies have indicated a direct correlation between workforce engagement and productivity. For most Indian manufacturing companies, the level of engagement and alignment with corporate vision, amongst their union work force and contract labour is extremely low, when compared to their global peers.

"An improvement in people productivity can be beneficial across all levels of an organization. At the employee level, it results in higher wages and enhanced job satisfaction. At company level, the direct correlation between profits and resource productivity has been established through research multiple times. And at industry level, increased people productivity leads to improved skills and better working environment—thus paving the way for higher investments and faster economic growth. Therefore, it is critical for the Indian manufacturing sector to work toward enhancing people productivity to achieve the goals it has set for itself," the report says.

The subject gains importance in the backdrop of a slowdown in western economic countries and China, as well as cost increases in China. Indian manufacturing sector stands at the cusp of a tremendous opportunity.

After reading the case study answer the following questions:

- a. What do you think are the reasons for low people productivity in India?
- b. Compare and analyze India's productivity with respect to other countries?
- c. What suggestions do you offer to improve the situation?

Source: <http://timesofindia.indiatimes.com/city/mumbai/Peoples-productivity-key-to-Indian-manufacturing-competitiveness-Boston-Consulting-Group/articleshow/18974957.cms>. accessed August 16th 2018.

Q2. List the elements of operations strategy. Explain any TWO elements of operations strategy.

Elements of operations strategy:

- Designing of the production system
- Facilities for production and services
- Product or service design and development
- Technology selection, development, and process development
- Allocation of resources
- Focus on facilities planning

i) Designing of the production system

Organizations that have well-designed products or services are more likely to realize their goals than those with poorly designed products or services. Objectives of product and service design: profit, competitive, customer satisfaction, and quality.

The designing of the production system involves the selection of the type of product design, processing system, inventory plan for finished goods, etc. The product design has two varieties. They are

- 1) *Customised product design* – The design is customised when the volume is low and special features are inbuilt. Examples: Industrial products like turbines, boilers, air compressors, etc.
- 2) *Standard product design* – The designer adopt a universal design so that the product will have wide acceptance across the customers. Also the demand is more and quantity is high. Examples: Air conditioners, TV, fans, etc.

ii) Product or service design and development

The stages followed in developing a product:

- Generating the idea
- Creating the feasibility reports

- Designing the prototype and testing
- Preparing a production model
- Evaluating the economies of scale for production
- Testing the product in the market
- Obtaining feedback
- Creating the final design and starting the production.

Any product designed and introduced into the market has its own life cycle. The various stages of life cycle are:

- Introduction stage
- Growth stage
- Maturity stage
- Decline stage

The brief description of these stages is as follows. In the introduction stage, the sales depends on promotion and marketing efforts. The product which is successful at this stage will enter the next stage of growth, where the organisation takes the decisions on the capacity to be augmented and the investments to be made. During the maturity stage, the organisation focuses on improving the efficiency of the processes, minimising the costs, etc. At declining stage, the product may meet the obsolescence both in technology and in customer requirements, thus warranting the stop of production. There are many products that lost its market after going through at the above stages. For example, pagers, floppy drives, tapes for recording and playing, click-type cameras, typewriters, etc.

Q3. What are the basic capacity (production) options a company can choose?

Q4. Write short notes on:

- Qualitative methods of forecasting**
- Taguchi's quality loss function**

Q5. Describe the process of value analysis.

Q6. Write short notes on

- Tools for implementation of operations**
- Fixed position layout**

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Rajdeep: 098662 48187 / 077958 40110

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