# Operations Management (2008/9)

## INSTRUCTORS

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## TEXTBOOK


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OBJECTIVES

1. Understand the role and importance of OM in an organization
2. Learn the fundamental concepts, tools and methodologies in OM
3. Acquire knowledge about context of application, managerial skills and better attitudes in learning

CLASS CONTRACT

1. Choose and fix your seat in classroom
2. Form your discussion group
3. Participate actively, both in the class and in the group
4. Complete the case assignments and readings before coming to the class

LEARNING MATERIALS

Cases

Case 1. Benihana of Tokyo
Case 2. Shouldice Hospital Limited
Case 3. Southwest Airlines in Baltimore
Case 4. Barilla Spa

Textbook

Operations Management – Processes and Value Chains
by Krajewski, Ritzman and Malhotra, 8th ed., 2007

GRADING POLICY

- Class participation 20%
- Case reports 20%
- Assignment 10%
- Mid-term exam 25%
- Final exam 25%
TIME/ SCHEDULE

Module 1  Strategic Operations Management

Session 1  (9/19) Operations as a competitive weapon

Material
1. Reading: Textbook Chapter 1
2. Reading: Rapid fire fulfillment

Session 2  (9/26) Operations Strategy

Material
Reading: Textbook Chapter 2

Session 3  (10/3) Process Strategy

Material
1. Reading: Textbook Chapter 4
2. Case 1: Benihana of Tokyo

In class we will discuss Benihana's operational design choices, the typical process flow used by a Benihana restaurant, and the impact of the design and execution of Benihana's operations strategy on the company's performance.

3. In-class video: Benihana Commercials

Case Assignment

Each group prepare a two-page notes answering the following questions:

1. What are the differences between Benihana's production process and that of a typical restaurant? How do these differences affect a customer's service experience?
2. Examine the design of Benihana's operating system in detail. What major design choices enable the meal to be served in less than one hour during the peak period?
3. Compare the operating statistics for a typical restaurant (see Exhibit 1) with those of Benihana for major categories such as food cost, beverage cost, payroll, and rent. Why does Benihana have a food cost of 30-35%, whereas the typical restaurant has a food cost of 38-48%?
Session 4  (10/17) Lean Systems

Material

1. Reading: Textbook Chapter 9
2. Case 2: Shouldice Hospital Limited

Various proposals are set forth for expanding the capacity of the hospital. In assessing them, serious consideration has to be given to the culture of the organization and the importance of preserving it in a service delivery system. In addition to issues of capacity and organizational analysis, this case describes a well-focused, well-managed medical service facility that may well point the way to future economies in the field.

3. In-class video: Shouldice Hospital

Case Assignment

Each group prepare a two-page notes answering the following questions:

1. How successful is the Shouldice Hospital?
2. How do you account for its performance?
3. As Dr. Shouldice, what actions, if any, would you take to expand the hospital capacity? How would you implement changes you propose?

Session 5  (10/24) Process Analysis

Material

1. Reading: Textbook Chapters 5
2. Short case: 帝國保險公司
3. After-class self-study A: Factory simulations (due on 10/31)

Session 6  (10/31) Constraint Management

Material

1. Reading: Textbook Chapters 7
2. Reading: 「The Goal」by Ely Goldratt (目標：天下出版)
3. Short case: Copper Kettle Catering — Textbook p. 368
Session 7  (11/7) Service Quality Management

Material
Reading: A Conceptual Model of Service Quality

Session 8  (11/14) Service Profit Chain

Material
1. Reading: Putting the Service-Profit Chain to Work
2. Case 3: Southwest Airlines in Baltimore

The number of connecting passengers through Southwest Airlines' Baltimore station has grown 100% CAGR since 1997. Originally designed as a point-to-point network, this load of connecting passengers has been stressing Baltimore ground operations, resulting in an erosion of service quality and difficulties in achieving fast plane turnarounds--one of the key elements of Southwest's low-cost strategy. This case presents comparative data to illuminate the key elements of Southwest's operating strategy and provides detailed information about the activities and information flows required to turn around a plane, allowing for a meaningful analysis of the process.

3. In-class video: Southwest Airlines Commercials

Case Assignment
Each group prepare a two-page notes answering the following questions:

1. How does Southwest Airlines (SWA) compete? What are its advantages relative to other airlines?
2. The plane turnaround process requires coordination among twelve functional groups at SWA to service, in a brief period of time, an incoming plane and match it up with its new passengers and baggage for a prompt departure. Please evaluate the plane turnaround process at Baltimore—resource utilization, capacity, bottlenecks, information flows, etc. How is the process working?
3. Why is the operational performance at Baltimore eroding? What issues do you identify that require action?
4. What would you recommend Matt Hafner do?

Session 9  (11/21) Mid-term Examination

The mid-term exam will be an in-class written exam.
Module 3  Value Chain Management

Session 10  (11/28) Project Management

Material
1. Reading: Textbook Chapter 14
2. After-class assignment #1: project management problems from ch.3 (due on 12/12)

Session 11  (12/5) Sales and Operations Planning

Material
1. Reading: Textbook Chapter 14
2. After-class self-study B: Sales and operations planning (due on 12/19)

Session 12  (12/12) Resource Planning

Material
1. Reading: Textbook Chapter 15
2. After-class assignment #2: resource planning problems from ch.15 (due on 12/26)

Session 13  (12/19) Inventory Management

Material
1. Reading: Textbook Chapter 14
2. After-class self-study C: Inventory management (due on 1/9)

Session 14  (12/26) Supply Chain Strategy

Material
1. Reading: Textbook Chapters 10
2. Reading: The Bullwhip Effect in Supply Chain
Session 15  (1/2) Supply Chain Management

Material
1. Reading: The AAA Supply Chain (AAA 供應鏈)
2. Case 4: Barilla Spa

Barilla Spa, an Italian manufacturer that sells to its retailers largely through third-party distributors, experienced widely fluctuating demand patterns from its distributors during the late 1980s. This case describes a proposal to address the problem by implementing a continuous replenishment program, under which the responsibility for determining shipment quantities to the distributors would shift from the distributors to Barilla. It describes support and resistance within Barilla approached with the proposal.

3. In-class video: Barilla Commercials

Case Assignment

Each group prepare a two-page notes answering the following questions:
1. Diagnose the underlying causes of difficulties that the JITD program was created to solve. What are the benefits and drawbacks of this program?
2. What conflicts or barriers internal to Barilla does the JITD program create? What causes these conflicts? As Giorgia Maggiali, how would you deal with these?
3. As one of Barilla’s customers, what would your response to JITD be? Why?
4. In the environment in which Barilla operated in 1990, do you believe JITD 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 operation system faces?

Session 16  (1/9) Revenue Management

Material
Reading: Handout

Session 17  (1/16) Final Examination

The final exam will be an in-class written exam.