FEEDBACK TUTORIAL LETTER

2ND SEMESTER 2019

Assignment 1&2

Business Process Management (BBP712S)
Dear BBP712S students

It was a pleasure meeting all of you. You showed hunger for learning which is highly commendable. I am thankful for your participation during our vacation class and I wish you the very best in your exams and future endeavours. Herewith find the feedback for the two assignments.

Scholarly yours,

Dr Asa

**Assignment 1**

2.1 Students may choose any process of service delivery and apply their mind to narrate how technology improves our lives and how it is not perfect and upsets satisfaction and expectations.

2.2 The vertical axis classifies different process types (projects, job shops, flow shops and continuous flow processes);

the horizontal axis classifies different manufactured good characteristics in terms of volume, degree of customization and the number and range of goods produced.

The most appropriate match between type of product and type of process occurs along the diagonal in the product-process matrix.
As one moves down the diagonal, the emphasis on both product and process structure shifts from low volume and high flexibility to higher volumes and more standardization.

This also suggests that as products evolve, particularly from entrepreneurial startups to larger and more mature companies, process changes must occur to keep pace. What often happens in many firms is that product strategies change but managers do not make the necessary changes in the process to reflect the new product characteristics.

If product and process characteristics are not well matched, the firm will be unable to achieve its competitive priorities effectively. By selectively and consciously positioning a business off the diagonal of the product-process matrix (often called a “positioning strategy”), a company can differentiate itself from its competitors.

2.3 The theory of the product-process matrix has been challenged by some who suggest that advanced manufacturing technologies may allow firms to be successful even when they position themselves off the diagonal. These new technologies provide manufacturers with the capability to be highly flexible and produce lower volumes of products in greater varieties at lower costs. Therefore, off-diagonal positioning strategies are becoming more and more viable for many organizations and allow for “mass customization” strategies and capabilities.

2.4 **ANS:**

![Diagram](image)

*Is a useful framework for strategy development that ties corporate and marketing strategy to operations strategy, which focuses on operations design choices and infrastructure. It was originally developed for goods-producing organisations, but it can also be applied to service-providing firms. This framework defines the essential elements of an effective operations strategy in the last two columns - operations design choices and building the right infrastructure.*
**Operations design choices** are the decisions management must make as to what type of process structure is best suited to produce goods or create services.

**Infrastructure** focuses on the non-process features and capabilities of the organization and includes the work force, operating plans and control systems, quality control, organizational structure, compensation systems, learning and innovation systems and support services.

Four decision loops:
Loop # 1: ties together corporate strategy- which establishes the organization’s direction and boundaries- and marketing strategy- which evaluates customer wants and needs and target market segment. By focusing on the desired set of competitive priorities and target markets, the organisation can develop a set of relative priorities for each target market segment.

Loop # 2: The output of loop # 1 is the input for loop # 2. Decision loop #2 describes how operations evaluate the implications of competitive priorities in terms of process choice and infrastructure. The key decisions are: Do we have the process capability to achieve the corporate and marketing objectives per target market segment? Are our processes capable of consistently achieving order winner performance in each market segment?

Loop # 3: Lies within the operations function of the organization and involves determining if process choice decisions and capabilities are consistent with infrastructure decisions and capabilities. It is concerned with determining consistency between process choices and capabilities.

Loop # 4: Represents operations’ input into the corporate and marketing strategy. Corporate decisions makers ultimately decide how to allocate resources to achieve corporate objectives.

The management decisions represented by these four loops are iterative and highly integrated. The more integration and communication about “what is desired” and “what is possible,” the better the organisation is achieving its objectives.

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**Assignment 2**

1. 

\[ VLC = P \times RF \times CM \times BLC \]

\[ P = \text{Price} \]

\[ RF = \text{Repurchase Frequency} \ (1/n) \]

\[ CM = \text{Customer Margin/Gross Margin} \]

\[ BLC = \text{Buyer Life Cycle} \ (1/\text{Defection rate}) \]
Defection rate = 1 - Customer retention rate

a) \( 550 \times (1/4) \times (40/100) \times (1/0.2) \)
   \( = 550 \times 0.25 \times 0.4 \times 5 \)
   \( = N$ 275.00 \)

b) What will be your total market share if the company gains 102 customers in a year? [2 Marks]
\[
VLC \times \text{Number of Customers Gained} = \text{Total Market Share}
\]
   \( = 275 \times 102 \)
   \( = N$ 28050.00 \)

2.

<table>
<thead>
<tr>
<th>Smartphone Type</th>
<th>Quantity</th>
<th>$/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huawei</td>
<td>4000 Phones</td>
<td>$1720</td>
</tr>
<tr>
<td>Samsung</td>
<td>6000 Phones</td>
<td>$1830</td>
</tr>
<tr>
<td>Labour Hours for Huawei</td>
<td>5000 Hours</td>
<td>$24/Hour</td>
</tr>
<tr>
<td>Labour Hours for Samsung</td>
<td>7200 Hours</td>
<td>$28/Hour</td>
</tr>
</tbody>
</table>

a) What is the labour productivity in hours for each smartphone type? [5 Marks]
\[
\text{Productivity} = \frac{\text{Outputs}}{\text{Inputs}}
\]
Huawei: \( \frac{4000 \text{ phones}}{5000 \text{ Hours}} = 0.8 \text{ Phones / Hour} \)
Samsung: \( \frac{6000 \text{ phones}}{7200 \text{ Hours}} = 0.83 \text{ Phones / Hour} \)

b) What is the labour productivity in dollars for each smartphone type? [8 Marks]
Huawei: \( \frac{(4000 \times $1720)}{(5000 \times $24)} = \frac{6880000}{120000} \)
\( \approx $57.33 / \text{phone} \)
Samsung: \( \frac{(6000 \times $1830)}{(7200 \times $28)} = \frac{10980000}{201600} \)
\( \approx $54.46 / \text{phone} \)

c) Which smartphone is cheaper to manufacture? [2 Marks]

Therefore, based on the productivity calculations from data set above, Samsung is cheaper to produce.
3. **Productivity = Output/Input**

*In this case output is not given, therefore we use 100. Considering the figures are in dollars.*

*Because labor costs are given, we will use a total labor-cost productivity measure. With no knowledge of actual output figures, we index output for period 1 as 100 and for period 2 as 98 (or 1.0 and 0.98, for example). Then we divide the output index for each period by the sum of the input costs to obtain the productivity measure. The total labor costs for each period are shown below.*

<table>
<thead>
<tr>
<th>Type of Employee</th>
<th>Labor Hours per Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period 1</td>
</tr>
<tr>
<td>Laborer</td>
<td>N$ 200</td>
</tr>
<tr>
<td>Machine Operator</td>
<td>N$ 180</td>
</tr>
<tr>
<td>Quality Assessor</td>
<td>N$ 180</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>N$ 560</strong></td>
</tr>
</tbody>
</table>

The **productivity indexes**

*Period 1 is 100/560 = 0.18;*

*Period 2 is 98/730 = 0.13.*

*The relative change in productivity is (0.13 - 0.18)/0.18 = -0.28, or a decline of 28 percent. Management should identify possible reasons factory productivity decreased in period 2 and work to fix or improve the problem or situation.*

**The End**