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Centre for Open and Lifelong Learning

FEEDBACK TUTORIAL LETTER

1st SEMESTER 2020

TEST 1

Operations Management (old Business Operations)
OPM611S

FEEDBACK TUTORIAL LETTER – TEST 1

Business Management (OPM 611S) OLD BOP611S

Let me congratulate you in writing the test 1 for BOP 611S, in general your performance has been good and satisfactory.

I have highlighted feedback, pertaining to your test 1 below, please go through and make sure you understand, it might be of vital importance for your preparation for the exams.

Question 1 (Multiple choice)

Choose the correct answer. Please **note** that 2 marks are allocated for question 8.

9 marks

1. Defining characteristics of services does not include:
 - a) **Superior value retention**
 - b) Uniqueness
 - c) Labour intensive
 - d) All of the above
 - e) None of the above

2. System design refers to:
 - a) Review of target market requirements
 - b) Design match to strategy
 - c) **New product fit in existing organisation processes**
 - d) Detailed design specifications
 - e) B & D

3. Which of the following are the three core goals of sustainability?
 - a. Social, Ethics and Globalisation.
 - b. Environment, Geographical distribution and Marketing.
 - c. Planning, Organising and Control.
 - d. **Social, Economic and Environment**

4. The strategic decision-making areas include all, except:
 - a) Certainty in decision environment
 - b) **Industry performance**
 - c) Price of decisions
 - d) Degree of intricacy/complexity
 - e) Activity span

5. Managing continuity and configuration management refers to:
 - a) Managing change that that can't be handled by continuous improvement
 - b) Inspire people to move and make objectives real and relevant
 - c) **Ensuring uninterrupted production**

- d) Moving from an older method of production to a new one
 - e) None of the above
6. Average payment period for production materials refers to:
- a) **Time from receiving material to paying for material**
 - b) How much inventory is being sold & re-stocked
 - c) How quickly revenue can be collected from customers
 - d) Number of days between paying suppliers and getting paid by customers
 - e) Order value that arrives on or before the requested shipping date
7. Inventory in the supply chain calls for buffer stock under:
- a) Economies of scale
 - b) Product availability
 - c) Management of raw material
 - d) **Uncertainty**
 - e) Work in progress
8. Essentially, the design team have the following two traits from the list below:
- a) **Multi-disciplinary**
 - b) Build customer relationships
 - c) Consider competitors and their roles
 - d) **Holistic approach to product development**
 - e) Develop budget and products costing plans

Question 2 (True/False questions)

(5 marks)

Please cross (x) out correct choice.

- 1. Financial and commercial pressures have driven many companies to introduce the design function. T F **False**
- 2. In a decentralised system, the local operations manager determines needs, delivery date and time T F **True**
- 3. Goods design includes all the activities connected with bringing forth a new service. T F **False**
- 4. Tolerance design establishes specifications, which represent the transition from a designer's concept to a producible design. T F **False**
- 5. Supply chain drivers determine the performance of the supply chain. T F **True**

Question 3: Introduction to Operations Management

(6 marks)

The importance of operations management lies in the value added to inputs that are transformed into outputs. Distinguish between order qualifiers and order winners. Use a relevant example.

Simply put, order qualifiers are products that customers **consider buying**, whereas order winners are products that are **actually purchased**. Price, quality, and rapid delivery are some of the factors that customers consider when comparing various order qualifiers. High levels of **product uniqueness** (as desired by customers) usually help products evolve from order qualifiers to order winners.

Question 5

[18 marks]

Read the following case study and answer the questions that follow.

Ice Icy Us CC

You have been appointed as the new Operations Manager for an ice-cream producing company – **Ice Icy Us CC**. This company's main product is assorted ice cream with flavours such as vanilla, chocolate, strawberry, etc. The main ingredients are: water, milk or cream products, **emulsifiers*, eggs, flavouring and sugar. You are in the process of evaluating suppliers that will be able to supply these ingredients according to your strict specifications – because high quality ingredients make the best ice cream. This is a critical strategic element of your supply chain. The organisations that you choose should be able to contribute to this product because you cannot afford to produce and deliver a sub-standard product.

**emulsifiers* - a substance that stabilizes a blend, in particular an additive used to stabilise processed foods.

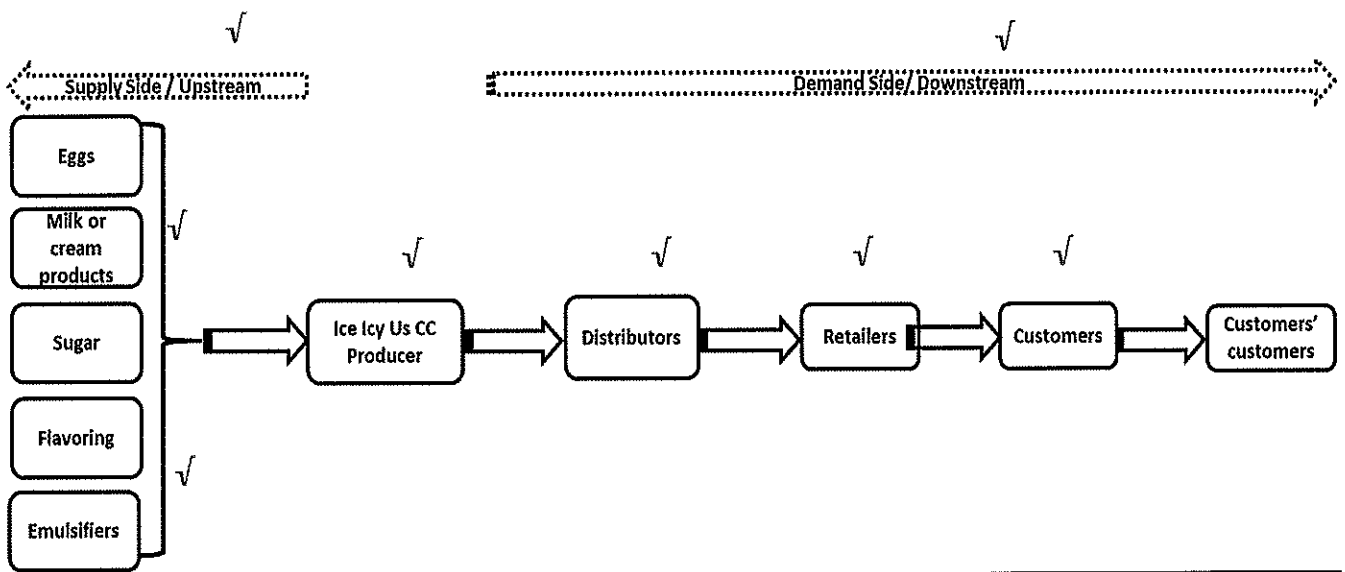
- i. Define the terms supply chain, supply chain management, and supplier. **(6 marks)**

A supply chain is a set of organizations directly linked by upstream and downstream flows of products, services, finances and information from suppliers to customers and finally end users.

SCM is the management of a network of interconnected organizations involved in the production of goods/services required by consumers in the chain and involves logistics, production and storage of inventory from the point of origin to the point of consumption.

Supplier is an entity that provides raw material, semi-finished goods, finished goods and services to another organization

- ii. By making use of a diagram, present a possible supply chain for Ice Icy Us CC illustrating the supply and demand sides, and upstream and downstream of the supply chain. **(8 marks)**



iii. Name possible strategic partnerships of **Ice Icy Us CC** and briefly discuss their importance (4 marks)

Strategic partners – suppliers, distributors, customers: allow for operational improvements; lead to value creation.

Question 5: Design of Goods & Services

(12 marks)

1. List and briefly summarize the steps in product design and development
 - a) **Planning phase** – investigates all requirements, determine design strategy; plan all the steps
 - b) **Concept development** – analyze and evaluate concepts: accept or reject
 - c) **System design** – all sub-systems and systems, how new product fits into existing production process, modify where need be
 - d) **Detailed design** – product specifications and process plans, Material, quality, tolerance levels of components specified and documented
 - e) **Testing and improvement** – prototype development and testing
 - f) **Production initiation** – actual production and launch

Good luck for the upcoming exams!

Ms. D. Shikale