

**Operations Management**

**SBS MBA / MSc**

**Assignment – Al Ain 2020**

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| STUDENT ID |  |  |  |  |  |

UNIT TITLE / CODE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAME (in Full): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## GENERAL INSTRUCTIONS

* All assignments are to be submitted **7th May 2020** on to [examinationboard@atmsedu.org](mailto:examinationboard@atmsedu.org) and cc to [azrafatima@atmsedu.org,](mailto:afatima@atmsedu.org) [assignmentsubmission2019@gmail.com](mailto:assignmentsubmission2019@gmail.com)
* If assignment is not submitted on date, will follow with penalty of 10% deduction of marks for every day.
* Similarity between students work is strictly not accepted, any student found with similar work will be graded Zero and fail for the course. However, Plagiarism is an academic offence and will not be tolerated under SBS
* Assignment once submitted to exam board is final for marking.
* Total 100 marks

## GUIDELINES FOR ASSIGNMENT

1. If assignment is Question & Answer based then.
   * Introduction is needed for each question.
   * Question has to be answered based on the mark allotted for each question with references if any idea or information is taken from other source.
2. If assignment is case based then,
   * Executive summary
   * Table of content
   * Body of assignment (questions related to case need to be answered)
   * Conclusion / Recommendation if any
   * References (in-text + citation) to be used.

## Total Marks / 100

**PLAGIARISM**

Plagiarism is a form of **cheating**, by representing someone else's work as your own or using someone else's work (another student or author) without acknowledging it with a reference. This is a serious breach of the Academic Regulations and will be dealt with accordingly. Students found to have plagiarised can be **excluded from the program**.

Plagiarism occurs whenever you do any of the following things without acknowledging the original source:

* Copy information from any source (including the **study guide**, books, newspapers, the internet)
* Use another person's concepts or ideas
* Summarise or paraphrase another person's work.

## How do I avoid plagiarism?

To ensure you are not plagiarising, you must acknowledge with a reference whenever you:

* use another person's ideas, opinions or theory
* include any statistics, graphs or images that have been compiled or created by another person or organization
* Paraphrase another's written or spoken word.

## What are the penalties?

The penalties for plagiarism are:

* Deduction of marks,
* A mark of zero for the assignment or the unit, or
* Exclusion from the program.

Plagiarism is dealt with on a case-by-case basis and the penalties will reflect the seriousness of the breach.

## Please note claiming that you were not aware of need to reference is no excuse.

**Assignment I**

**Go through the case given and answer the questions that follow:**

Toyota's history goes back to 1897, when Sakichi Toyoda (Sakichi) diversified into the handloom machinery business from his family traditional business of carpentry. He founded Toyoda Automatic Loom Works (TALW) in 1926 for manufacturing automatic looms. Sakichi invented a loom that stopped automatically when any of the threads snapped. This concept of designing equipment to stop so that defects could be fixed immediately formed the basis of the Toyota Production System (TPS) that went on to become a major factor in the company’s success.

In 1933, Sakichi established an automobile department within TALW and the first passenger car prototype was developed in 1935.

Sakichi's son Kiichiro Toyoda (Kiichiro) convinced him to enter the automobile business. After this the production of Model AA began and Toyota Motor Corporation was established in 1937. Kiichiro visited the Ford Motor Company in Detroit to study the US automotive industry. He saw that an average US worker's production was nine times that of a Japanese worker. He realized that the productivity of the Japanese automobile industry had to be increased if it were to compete globally.

Back in Japan, he customized the Ford production system to suit Japanese market. He also devised a system wherein each process in the assembly line of production would produce only the number of parts needed at the next step on the production line, which made logistics management easier as material was procured according to consumption. This system was referred to as Just-in-Time (JIT), within the Toyota Group.   
  
The JIT production was defined as 'producing only necessary units in a necessary quantity at a necessary time resulting in decreased excess inventories and excess workforce, thereby increasing productivity.'

Kiichiro realized that by relying solely on the central planning approach, it would be very difficult to implement JIT in all the processes for an automobile. Hence, TPS followed the production flow conversely. People working in one process went to the preceding one to withdraw the necessary units in the necessary quantities at the necessary time...

**Just-In-Time Production System:**

Developed by the Japanese, the JIT production system was one of the most significant production management approaches of the post-World War II era. The system comprised a set of activities aimed at increasing production volume through the optimum use of inventories of raw materials, work-in-process, and finished goods. In a JIT production system, a workstation gets a part just in time, completes its work and the part is moved through the system quickly.

JIT was based on the principle of producing only what is needed and nothing more than needed. The Japanese believed that anything produced over the quantity required was a waste...

**JIT In TOYOTA**

In the early 1930s, the technology used by American automobile companies was superior to that used by Japanese companies. Kiichiro therefore decided to learn new automobile production techniques from American manufacturers. He soon realized that to catch up with the Americans, he had to master basic production techniques. He then reorganized the production system in Toyota in a unique way. This reorganization eventually led to the development of JIT concept...

**FUTURE OF JIT:**

Although many automobile companies around the world adopted JIT, the system was far from perfect and difficult to implement. It was based on the key assumption that sources and channels of supply were reliable and dependable at all times. Analysts felt that it did not take into account the possibility of labor strikes at automotive plants. Moreover, JIT involved high set up costs and Special training and reorganization of policies and procedures in the company were necessary to implement JIT. The supplier relations of the company also needed to be improved to ensure timely delivery. In the absence of good supplier relations, JIT increased the risk of inventory shortage...

**Questions:**

1. **What in your understanding is JIT?**
2. **Do you feel the concept of JIT is applicable to any sector or only to organizations in manufacturing automobiles? Provide your answer with reasoning.**
3. **Do you feel the concept of JIT will work in the context of Japanese Culture or it could work well with any culture?**
4. **JIT production system does not produce any wastage. Comment.**
5. **In your opinion JIT concept is a success or failure? Indicate based on your understanding of a chosen organization’s operations of your choice?**

**Assignment II**

**Case Study - Kozmo, the online convenience store to shut down**

**Read out the case study given below and answer the questions that follow.**

New York-based Kozmo, the 3-year-old company announced that it would stop delivery service in all nine cities it operates. New York-based Kozmo, which dispatched legions of orange-clad deliverymen to cart goods to customers' doors, is the latest dot.com dream to evaporate in the market downturn. Amazon com, venture capital firm Flatiron Partners and coffee giant Starbucks were among the investors in Kozmo.

Kozmo said in December that investors promised a total of $30 million in private funding. But last month the company learned that an investor had backed out of a $6 million commitment. Kozmo executives had been working on a merger deal with Los Angeles-based PDQuick, another online grocer, sources said. The deal collapsed when funding that was promised to PDQuick did not materialize. Sources said Kozmo still has money but decided to close now and liquidate to ensure that employees could receive a severance package.

Just last month, Kozmo Chief Executive Gerry Burdo was upbeat about Kozmo's future, saying he was looking to steer Kozmo away from its Internet-only business model and toward a "clicks and bricks" approach. But some analysts say Kozmo's business model only made sense in the context of a densely packed city such as New York. Vern Keenan, a financial analyst with Keenan Vision, said the service had a chance to work in only a few other cities around the world, such as London, Stockholm or Paris. "This seemed like a dumb idea from the beginning," Keenan said. "This grew out of a New York City frame of mind and it simply didn't translate."

Kozmo was started by a pair of twenty-something former college roommates. They got the idea for the company on a night when they craved videos and snacks and wished a business existed that would deliver it to them. Kozmo offered free delivery and charged competitive prices when it launched in New York. Though customers loved the service, the costs of delivery were high.

After co-founder and former Chief Executive Joseph Park stepped down, Burdo slashed Kozmo's overhead, instituted a delivery fee and oversaw several rounds of layoffs. The company also closed operations in San Diego and Houston. Burdo said last month that profitability was not far away. The company had reached a milestone last December when it reported profits at one of its operations for the first time. Kozmo later saw two more operations reach profitability as a result of brisk holiday business.

Online delivery companies have been among the most ravaged by the Internet shakeout. Kozmo's rival in New York, Urban fetch, shuttered its consumer operations last fall. Online grocers such as Webvan and Peapod have also struggled, and smaller operations such as Streamline.com and ShopLink.com have dosed down. Peapod was days away from closing last year when Dutch grocer Royal Ahold agreed to take a majority stake.

From the very beginning, supply chain management was to be a core competency of Kozmo. The promising dot.com would deliver your order everything from the latest video to electronics equipment in less than an hour. The technology was superior, the employees were enthusiastic, the customers were satisfied. But eventually, Kozmo ran out of time and money.

**Questions:**

**1. What is your understanding of the case?**

**2. Based on your reasoning, List the factors and reasons for Kozmo’s failure**

**3. Why KOZMO’s supply chain management could not deliver what it had promised?**

**4. What could have prevented the shutting down of KOZMO?**

**5. As a Supply Chain consultant for Kozmo, what would be your suggestions for its revival?**

**6. What are the pros and cons of online shopping grocery chain?**