



GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2017 - 19) END TERM EXAMINATION (TERM -II)

Subject Name: **Operations Management**

Time: **02.00 hrs**

Sub. Code: **PG-14**

Max Marks: **100**

Note:

- 1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**
- 2. All questions are compulsory in Section A, B & C. Section A carries 2 Case Studies of 20 marks each, Section B carries 2 questions of 20 marks each and Section C carries 5 questions of 4 marks each.**

SECTION - A

20×02 = 40 Marks

Case: Ginger Hotels- A recipe for success

Ginger Hotels is the largest chain of branded hotels and the pioneer of budget hotel space in India. Known for their unique blend of caring and efficiency, Ginger Hotels are an excellent choice for leisure and business travelers, alike. Launched in June 2004, operated under the company name Roots Corporation Limited, Ginger Hotels has 42 properties panned across 31 locations in India.

Ginger Hotels created a revolution when it unveiled the innovative ‘Smart Basics’ concept. Many of their hotels are in towns and places of business significance like Ahmedabad, Nashik, Bhubaneswar and Vadodra etc. which support both business and leisure travelers. Their presence across the country and increasing customer base has helped them to understand the evolving needs of the customer. For instance, despite being a no-frills hotel, they have introduced limited room service allowing guests to order a select range of snacks.

The first prototype of their no-frills hotel was launched in mid-2004 under the IndiOne brand. They have launched the brand with rooms that carried a tag of just Rs 999 a night, promising hassle-free and comfortable stay. In mid-2006, after fine-tuning the facilities and services based on customer feedback, the company re-launched the ‘Smart Basics’ hotels as the brand Ginger, a name designed to convey a stylish, warm and modern identity. ‘Smart Basics’ is a philosophy of providing intelligent, thought-out facilities and services at a value pricing. It reflects the new emerging lifestyle in which people want to get things done quickly and efficiently. The acceptance of this concept has been extremely high as a majority of the travellers focus on the offerings inside the room, such as a posturepedic mattress (back-supporting) complemented with duvets, LCD television, tea / coffee maker, mini fridge, Wi-Fi, attached bathroom with 24-hour hot and cold water, etc. All these basic services are offered in a ‘smart’ format.

Location Selection:

Ginger hotels shortlist the locations for starting their new hotel after detailed studies across various parameters such as current and near-term potential of the market, clusters of clientele, seasonality in demand, current presence and anticipated increase in competition, etc, amongst other parameters. Building a large network of hotels in a region works extremely well with the corporate customers of Ginger Hotels.

Pricing and Capacity:

Pricing at Ginger is based upon multiple factors, but they have ensured that the customer continues to get great value, which has been the proposition at Ginger since the launch of the brand. They have moved away from static prices and have adopted a ‘dynamic’ pricing approach that delivers better value to the customers. Ginger operates on a ‘best available rates’ basis and hence offers the most attractive rates if the customer plans ahead. Since beginning they introduced a completely revamped new website with live rates where customers can check the best available tariff at any point in time in any Ginger hotel across the country. To improve capacity utilization Ginger Hotels

launched exclusive day use – Hotel Deal (Stay Your Way for Half a Day!). In this offer customer can reach and do early check in (from 7 AM) to relax and get refreshed at a Ginger Hotel and Check out by 7 PM .The price are almost up to 50% off on normal charges.

Recently market research firm HVS, suggests that at 62 per cent average country-wide occupancy, the budget segment has not only outperformed the other segments, it marked a growth in occupancy when other segments fell. For Ginger, however, occupancy levels are key to sustain economic feasibility, which is around 70-75 per cent. P K Mohankumar, MD & CEO, Roots Corporation, says, "Budget hotels have seen encouraging occupancies over the last two years, despite the industry slowdown and capacity infusion in a majority of the key cities."

Layout and Design:

At glance, a Ginger Hotel will appear to be very similar to any other hotel. A ginger hotel offers all facilities that a normal hotel offer like check-in, room service, digital safes, wi-fi connections etc. A ginger Hotel distinguish itself from other hotels in several manners such as:

- Self Service Check- In's: The hotel provides a feature of self-check-in to the rooms with automated check-in kiosk, so no interaction required with the front desk to enter in to room.
- Give and Take Counter: The hotels have a “ Give n Take” counter where guests can deliver used clothes for laundry In the morning and get them washed on the same day evening after 7.30 pm
- Smart Get Set: Ginger hotels also provide Ironing facility and the hotel inmates can use it whenever there is a need and there is a Water dispenser in each floor where the inmates can fill their bottles with cold and hot water anytime. Both the ironing rooms and water dispensers are available in all floors.
- Smart Knick Knack: There are vending machines for hot and cold beverages and packed snacks which can be accessed anytime during the stay in hotel regardless of restaurants working or not.
- Smart Mart: There are vending machines that supply things such as toiletries, tooth paste, comb, hygiene products, etc.

The company summarizes “The Ginger Experience” as one providing intelligent, well thought-out facilities and service at great value and with no frills attached.

Q. 1(a): Can you identify the strategic and operational benefits that Ginger Hotels are getting from the operations strategy and operations processes design that it has chosen?

Q.1(b): Ginger hotels have so far selected the business locations to start new hotel but their existing capacity utilization was average. What would be your suggestions to select new locations for their upcoming hotels and initiatives to improve capacity utilization (Room occupancy)?

Case 2: Metro Cash and Carry- Supply Chain and Quality Assurance

Metro Group represents a hypermarket chain network, founded in 1964 by Otto Beisheim at Mulheim-Ruhr nearby Dusseldorf in Germany as nowadays is being named Metro Cash & Carry. The first hypermarket based on Cash & Carry system represented a new way of selling products, where the customers could purchase their needed goods by paying cash money and removed by merchants. At the moment Metro Group owns 670 hypermarkets Cash & Carry in 29 countries where are operating over 100,000 employees. Metro C&C entered the Indian wholesale market by opening two stores in Bangalore (Year 2003) and thereafter opened a new store in Hyderabad in 2006. Company has built 20 stores in past 9 years.

Supply Chain Management

The goal of supply chain at Metro is to efficiently handle thousands of orders, shipments and deliveries and ensure that goods arrive at the right place at the right time. A supply chain consists of three types of entities: customers, a producer, and the producer's suppliers. Supply Chain Management plays an important role in our high-performance logistics system and enhances capacity to supply food and non-food products on a daily basis with consistent high quality, diversity and freshness.

Logistics and Material Resources Planning

Logistics Administrator is the overall boss of the logistics department. He has every sort of order generated through systems. The floor manager and the store manager can make the order demand in system. After that the order demand is delivered to supplier automatically through systems.

In Metro, the sales person informs the supervisor about the order of the goods. The supervisor then forwards the request to store manager and the floor manager. Both can generate the demand on systems. After all this process the data is sent to the MIS department where they generate order demand list using an MIS and after that demand list is sent to different suppliers. Reports are formed on daily basis. In Metro ordering is of two types i.e. Head office ordering and store ordering. In head office ordering the head office products or goods because through this they keep their control over the demand. In store ordering the floor manager or the store manager can generate the demand order. Software used in Metro Cash & Carry is Global Management System for the generating orders through systems. It gives up to information is based on MIS e.g. operation, stock management etc. Reports are formed on daily basis. Metro receives payment from these customers digitally and ships the orders using GPS-enabled trucks, so that customers can track their shipment.

On a pilot basis, In financial year 2016-17 it has launched OPD (order, payment, delivery) for traders and kiranas to facilitate online order placement and door-step delivery. It has provided around 500 grocery stores with digital point-of-sale terminals, which can replace the paper-and-pen method of keeping books. This helps them print GST-compliant bills, manage inventory and working capital, and a detailed record of purchases by customers. Last year, Metro launched OPD (order processing, payment, collection and delivery), its version of an Omni-channel strategy to reach as many small business owners

Q. 2(a): What are the key initiatives being taken by Metro Cash and Carry to improve on Logistics and Material Resources planning?

Q. 2(b): What is role of technology in supply chain processes of Metro Cash and Carry? How the supply chain is getting impacted after using technology?

SECTION – B

20×02 = 40 Marks

Q. 3: A Steel manufacturing firm is looking for suitable location for setting-up new plant. The company management has identified 3 locations. Each of these locations has few advantages and also some limitations. Based on a survey, the company has identified five factors that will determine the suitability of site for setting up the new plant. The factors and the score out of 100 for each of them are given below:

Sr. No.	Factors for consideration	Score(out of 100)
1	Availability of iron ore mines	80
2	Availability of labor	60
3	Availability of land	90
4	Government policies and tax benefits	50
5	Quality of basic and social infrastructure	70

The company management has done survey at each location and evaluated basis on the factors (mentioned above) and they have given the score on zero to 100 scale for each factor for each location as per table below:

Sr. No.	Factors for consideration	Site 1	Site 2	Site 3
1	Availability of iron ore mines	50	80	90
2	Availability of labor	70	60	70
3	Availability of land	60	70	50
4	Government policies and tax benefits	90	65	70
5	Quality of basic and social infrastructure	80	50	60

As an operations manager you have to assess the attractiveness of each site. Rank each site based on the above data and identify most appropriate site for locating the new plant.

Q. 4: Target costing is primarily a technique to strategically manage a company's future profits. It achieves this objective by determining the life-cycle cost at which a company must produce a proposed product/services with specified functionality and quality. Target costing was used when a new product/services was to be designed to meet the target cost and a substantial part of the production cost consisted of out-sourced materials. To enable a product to hit its price target profitably, the firm will have re-conceptualize the product in comparison to its competitors' offerings. Take an example of low cost airline and explain how low cost airlines have used the concept of target costing to deliver their services.

SECTION – C

04×05 = 20 Marks

Q.5 (A): Vishal Rai & Company at Raipur makes transformers and use copper conductors as an important input material into making of transformers. The company's annual requirement for the copper conductor is 40,500 kg. Copper is expensive and carrying cost of Rs 150 per kg per year. The cost of placing the order is Rs 6800 per order. Calculate the quantity of copper ordered every time and number of such orders placed per year?

Q. 5 (B): Briefly explain parameters of services design and list down process steps of services with example of any Quick Service Outlet (e.g. Mc Donald / KFC/ Burger King etc.)

Q. 5 (C): How can good understanding of Technology Life Cycle (TLC) contribute to long term success in product category of an organization? Briefly explain with example

Q. 5 (D): Project processes deal with discrete products. Take an example of Rafale Order by Indian government and explain the project process?

Q. 5 (E): What is role of concurrent engineering in the Product development process? Explain with example of Mahindra Automobile 4 wheeler SUV "Scorpio".