

Operations Management

MBA 7061

Executive summary

In order to ensure a proper functioning process of an organization, management needs to think mainly its operational process and arrange strategic decisions regarding the success of the organization. Since the concept of operational management differs from product to product and company to company, management need to filter the operational management concept which is suitable to their Company. In this report, it elaborates the concept of operational process which relating to the Swarnamahar Jewelers Limited, further report illustrates the key operational concepts in the business such as product development process, planning of an effective location, layout planning, people management process, the process of production scheduling etc. Every concept is linked with nature timing and scope of the above said process and their linkage of main business process. The report illustrates the impact of business process re-engineering, enterprise resource planning process and information technology in relating to the business improvements and operational process. In order to get a clear understanding of key process and improvement area, the report illustrates it through a graphically and with relevant tables. Further report has explained the capacity management and flexibility of operational process in order to manage the demand and supply conditions.

Assignment

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Introduction of Swarnamahahal Jewellers Limited

Swarnamahahal Jewellers Limited is a limited entity which 100% owned by the ETI and currently Company is the market leader in manufacturing and selling the jewelry items and gem items in the Sri Lankan market. Among of competitors such as Colombo Jewelry, Raja Jewelry, Nimalka, Nithykalyani the Company competes more effectively could be able to grab more market share in this industry. Craftsmen manufactured different jewelry items which link with modern fashion styles. Main article categories are the pendent, chains, neckless and rings and management time to time update the fashion styles and craftsmen design them according to the fashion trends. There are around 300 employees are directly employee of the Company and it has 15 island wide branch network as well. (Swarnamahahal Jewellers Limited,Annual Report,2015/16)

There are lots of factors which lead to Company uphold as a market leader in the jewelry industry among of them, right direction and supervision, right decision making process, the commitment of the employees, expertise and knowledge of the industry, brand loyalty of the customer's mind are much more important. Since the main target market is high and middle income earners, management always tries to enhance the customer service in branches, for that purpose, it allocated separate designers to each location to provide a customer service to design a good article which matching the customer requirement. Due to elasticity demand condition, most of the branches are located in the city areas and especially in western province. Management has built an efficient transport system to ensure a good inventory management therefore if one branch does not have an article which demand by a customer they have the ability to demand it from the nearest branch. In order to ensure a proper supply chain management, management has made a good relationship with pawning centers to buy unredeemed pawning articles from them to a lower cost it can lead to have a cost leadership in the industry. Management appointed a quality checker in the production plant and they are responsible for the quality of the jewelry article produce and they check the alloy addition to the articles as well. The company maintains a workshop which having 60 craftsmen. Management has been with the idea of the Company can only increase their revenue through a proper operational process in the Company therefore there are several critical decisions have taken by the management in relation to the operational process and it can be illustrated as follows. (Swarnamahahal Jewellers Limited,Annual Report,2015/16)

01. Critical Decision Points

a. Product development process

Product development is more critical in respect to the sales of the Company. Due to have a elasticity demand condition and changes of fashion conditions, management need to have looked at in the changes of the market and design articles according to that changes. In order to maintain the market leadership of the Company, management need to have developed their products according to the customer requirements. (Demaree & Rolf, 2012) There are three strategies that can be used to develop any of the product in any of the industries. Those strategies are self-service process, personnel politeness and production line. In the aspect of the Company, it is more important to do the product development through using the two methods called product line method and self-service process. Since the investment for the product manufacturing is too high, management need to evaluate the product turnover therefore time to time, company evaluates the market nature and product turnover to decide the main products that can be produced and sell more effectively. Chain, year stud, neckless are the main categories of articles that can easily sell in the market place, therefore those articles are produced in regular production line and give to branches. For the purpose of deciding the design and article category to produce, management does a survey through social media, the customer response level at branch level, secondary data, competitor details, etc. employee development is also done by the company because employee development also can increase the product development strategies and face more effectively to the market. Therefore, there are several workshop and training sessions are organized by the management with the help of professionals and industry expert regarding the jewelry article manufacturing. These programs are more effective to ensure an upgrade of knowledge of the employees and secure a proper market behavior to ensure the market leadership of the Company. Producing right product to the right customer is also much important for the product development concept and it will lead to increase the brand awareness and loyalty in the customer's mind. Therefore, evaluating the customer behavior and preferences are more powerful tool to decide the article to be produced.

Ear Stud article: main target market for the ear stud is children in different cultures such as Buddhist, Hindu, Islam, therefore company produces ear studs which reflect their religion and also company produces ear stud which suitable for year 18-22 through using the pure gold and ensuring durability.

Another main article which has more sales in the company is neckless, main target market is the women and most of the branches have a separate designer to draw a suitable design for a woman. Different neckless designs are designed based on the current fashion trends. Shining and durability is the most critical factors for the neckless therefore product development is a kind of value addition process for the customer since through product development it helps to fulfill the customer requirements.

As per the above, it can be noted that management has always tried to increase the customer value addition, through product development and main tool to use in the process of value addition are customer behavior evaluation, appointed expert designers and help training program to upgrade the craftsmen to produce a better product. (Greasley,2011)

b. Location strategy

In order to sustain in the marketplace, any of the company need to locate their business organization in the right place, therefore location strategy is much important for any of the company to make better sales. Since the Jewelry industry, is mainly target of high and middle level income people, companies are trying to locate their branches in urban areas or city areas because most of the higher income people are living in the city areas. Currently the company has 15 branches in urban areas and all of them are belong to three provinces such as western, central and Southern. Therefore, management now current concern of the expansion project, which covered the north and east provinces and north central province. Further, it plans to open a new branch in Bangladesh in order to ensure the sustainability business growth of the Company. Since most of the Tamils and Muslims are preferred to gold articles North and East provinces may have a better market opportunity to increase the customer base as well.

c. Layout planning

Layout planning is a much important concept in order to ensure an effective and efficient operational process of the Company. There are two main layout planning process called physical payout planning process and workflow planning process. The work flow planning process may lead to have a smooth operating process and ensure a better communication among the employees. Personnel management, increase the commitment, achievement of the objectives of the Company, for better expansion planning process, workflow planning method is more critical. This helps to crease a better pipeline process to ensure the effectiveness of the day to day operations of the Company. The physical layout planning process may lead to have

a better branch arrangement and make customer attractiveness to the Company. Arranging of articles in a suitable place, make a peaceful environment in the branch, secure the security of the branch and articles, equipment used in the branches to selling process are some of the factors which need to be more concern in the process of operational activities and deciding a better layout arrangement. (Demaree & Rolf, 2012)

d. Human resource management and job design

Since the company target of the higher and middle income level people it needs to be more concern on the hospitalize service and cleanliness of the branch. This also may lead to make attractiveness to the branch and customers build up a good image on the Company as well. Human resource management helps organizations to create more committed and effective workforce in order to achieve organizational objectives in a given time frame. Therefore, management of the SMJ has more concern on the human resource management and implement an effective personnel management process in order to facilitate a better operational process. Recruitment is done through using both internal and external recruitment processes. Since the Company is targeting on the higher and middle income people, management need to ensure a proper customer service in their branch network, therefore human resource management has a critical role to train employees to give an effective and efficient service to the customers and win their attractiveness. Therefore, it can be noted that the Company can earn more revenue and achieve the performance through a better customer service and train employees to cater a quality customer service. Management always believe, if the workforce of the Company is motivated and more committed to their work, then the company can easily add value to their customer and increase the revenue and performance of the company as well. Employee development are done by the Company through arranging a training program. Mentoring, grooming programs are arranged for the front end employees and craftsmen get training from industry expert and gain the knowledge to do their operational work in an effective way.

Allocate an effective job description for employees is another factor to consider by the management in day to day activities. Because if an employee gets a specific job responsibilities and power then they can easily move into that job and perform their duties towards the success of an organization. Management delegate a proper job description and power to all of the employees and ensure a better employee relationship. Grievance handing, employee development, rewards and performance appraisal are also done in an effective manner and take decisions by focusing on the employee welfare. Human resource management tries to achieve

work life balance of the employees through an effective collaboration procedure between employee and management, sports day, annual trip and get together part are organized by the management in order to ensure a proper relationship with employees. (Greasley,2011)

e. Scheduling of operations

Forward scheduling and backward scheduling are the main two types of scheduling in any of the organization. Schedule the articles production needs in the upcoming months and allocate relevant resources according to that is called as backward scheduling and considering the available resources and plan the production schedule is called as forward scheduling. According to the nature of the production and demand patters for the company article. Backward scheduling is more appropriate for the peak season because management can determine the resource need to ensure demand conditions of the Company in peak season. The forward scheduling process is more important in the off peak season to determine the operational plan for the demanding conditions. In the manufacturing plant, management use two separate scheduling processes, if the article is ordered by a branch, then production manager use normal production process and allocate it to a normal craftsman to do it. If an article ordered by a customer, then management gives that order to the most experienced craftsmen who can produce that article according to pre specified instructions of the customer.

02. Short Notes & Business Processes

Section 01

I. Business process re-engineering

In order to change the operational process in the kind of dramatic nature, then business process re-engineering is more important. Main expected improvements can be expected from the business process re-engineering are reduced cycle time, reduce wastages, increase the productivity of the manufacturing process, etc. As per the above, it can be noted that there are eight steps in the business process re-engineering concept. These aspects can be illustrated as follows.

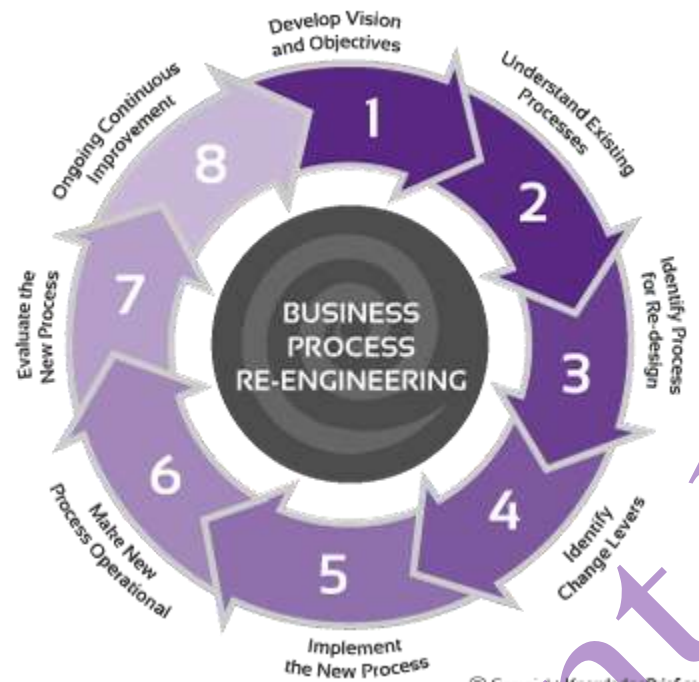


Figure 1 - Business process re-engineering

Identify objectives and vision of the Company.

Management needs to identify the objectives with regard to the business process re-engineering. Because those objectives need to be linked with vision of the Company. Setting the objectives to be achieved in the operational process is much important for the business process re-engineering because it provides a basis of improvements need. If management able to establish a clear vision, then it more facilitated to other employees to motivate and adjusting their job description to achieve the expected results of the process. (Greasley,2011)

Understanding the existing process.

In order to change the business process to match with the vision and objectives of the Company, management need to get a clear understanding of the existing business processes of the organization. Then only they can achieve a better business process re-engineering in the operational side. For the purpose of getting a clear understanding of the existing process, management need to have do an observation, interview with front people, collection of secondary data from trusted sources. Then management can clearly identify the need for improvements in the existing process.

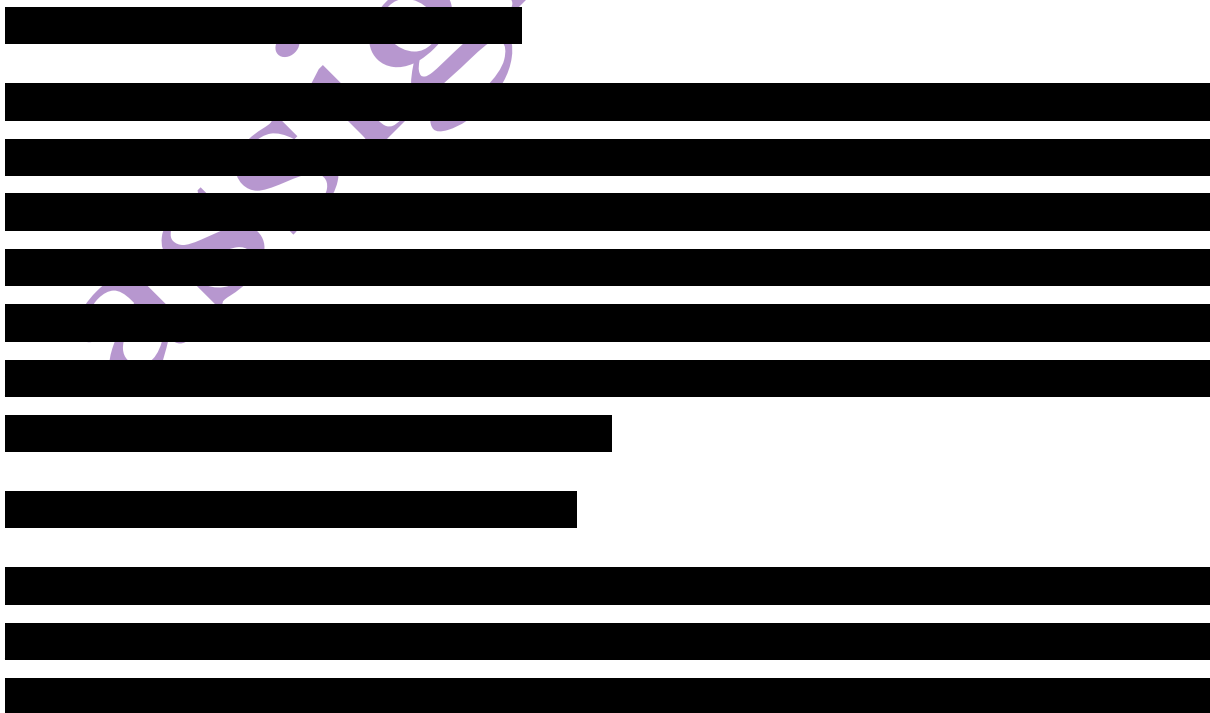
Identify the process for re-design

After getting a clear picture of the current business practices and improved points, then management can think of the weaknesses area to overcome and improvement points. Then redesign or introduce new processes for the operational activities which make smooth the operations and facilitate to add value to customers. In the process of redesign and introducing new processes, management need to address the resistance of the employees to new system, therefore management need to establish a proper sound communication process and communicate the advantages that the employees. It can act to freeze the new processes in the mind of employees as well. (Demaree & Rolf, 2012)

Determine the change drivers.

Identify the relevant change person can lead to overcome the resistance to change to the new system. Communicate the responsibility and power of the relevant persons in relation to implement the new processes are much important. Change person can have a power to implement this change and they can act a role model for the organizational re-engineering process. (Greasley,2011)

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Figure 2 - Enterprise resource planning

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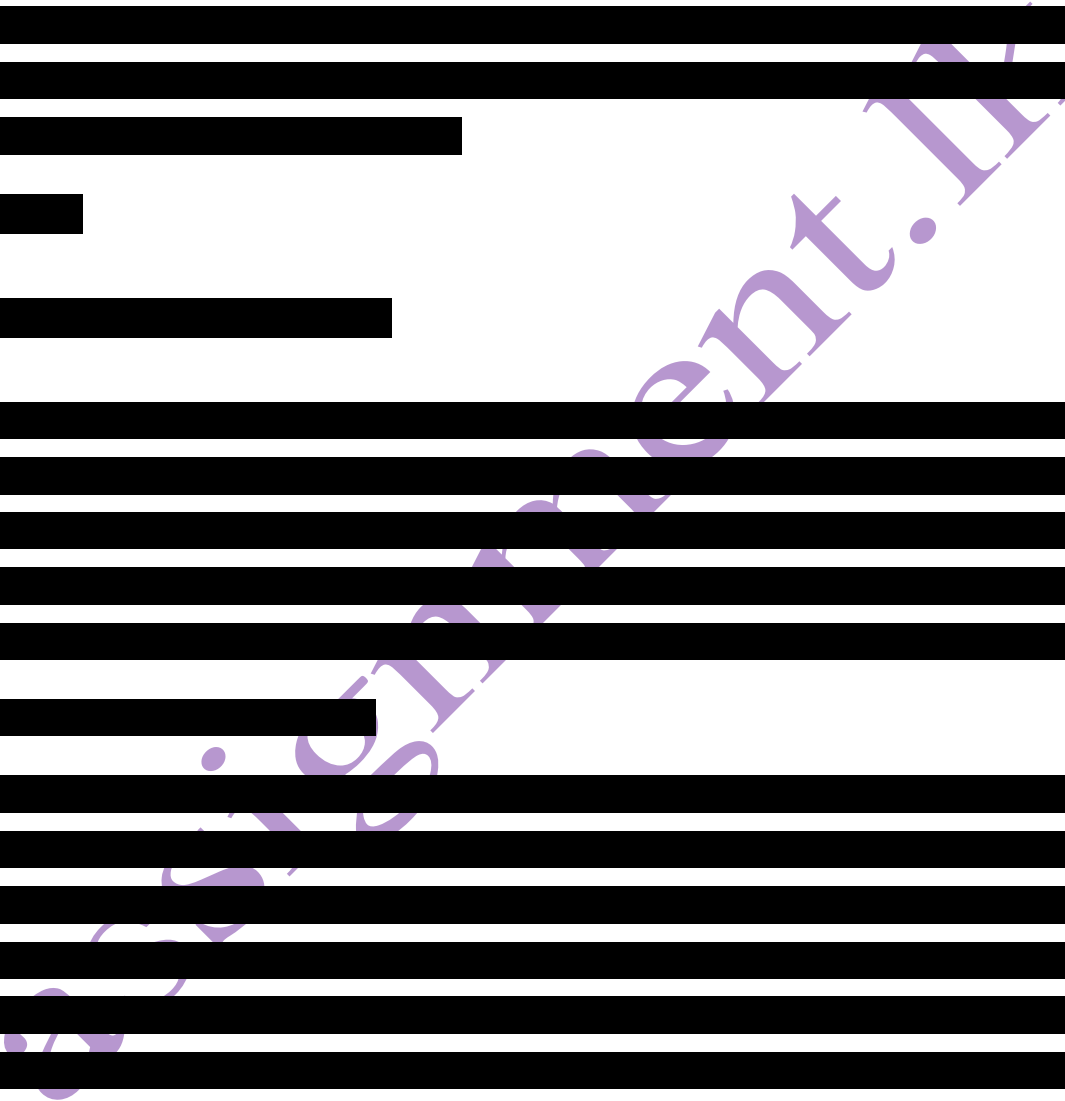
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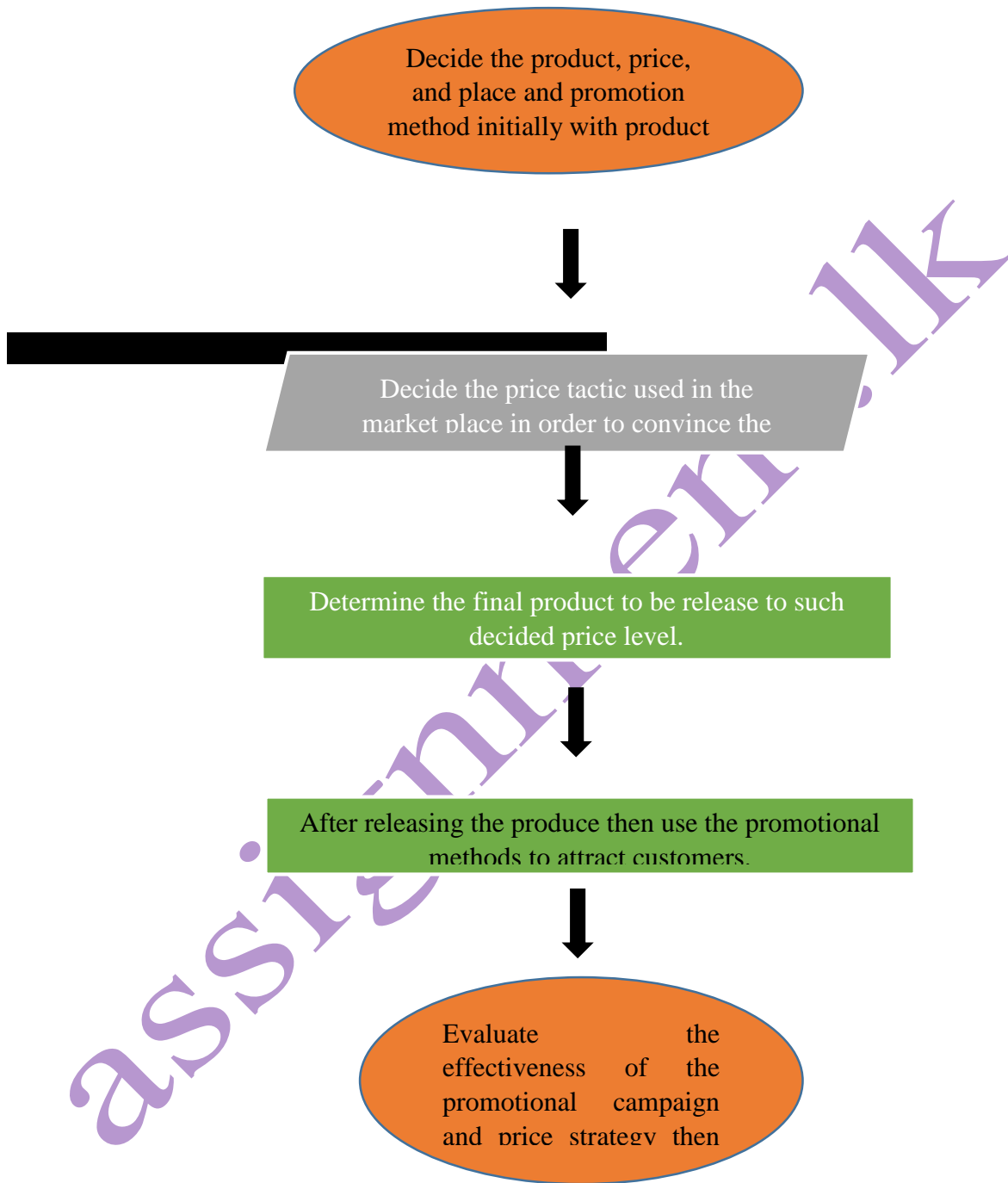


Figure 3 - Marketing and publicity process



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Description	Production	Purchasing	Finance	Information Tech
Raised the purchase requisition after checking the inventory level.				

Get the recommendation for the requisition				
Check the available gold prices in both local and foreign suppliers.				
Select a lowest price to purchase the gold				
After received of gold issue the GRN				
Check the quality of the gold and convert it to 22 K gold				
Get the final invoice and pay to suppliers.				
Update the general ledger				

Table 1 - Purchasing process of the Company

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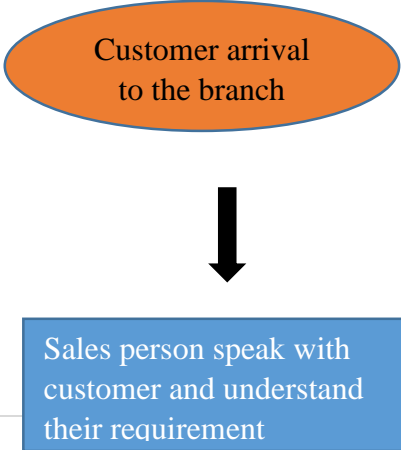
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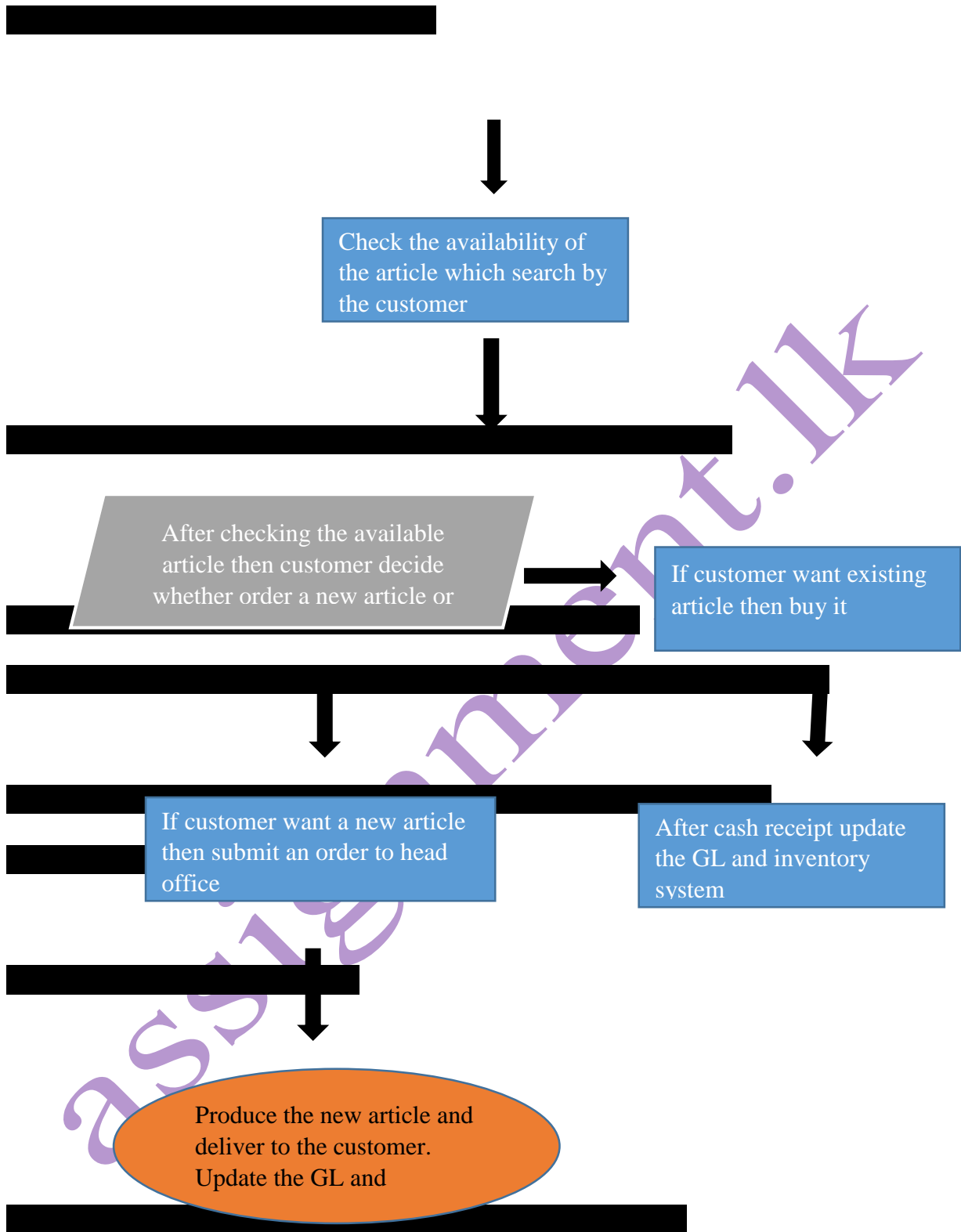


Figure 4 - Purchasing process of the Company

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[REDACTED] to maintain the industry leadership.

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