

Question 1

Alice Smith has read the biographies of many great business leaders. She would like to follow in the footsteps of these successful leaders. Alice has just taken over as the CEO of The Traveller's Helpmate, a business that publishes print and online travel guides. Her observation is that her staff are professional, highly educated and independent. In private conversations, some staff have said that they felt underappreciated by the previous CEO as positive feedback was rarely provided.

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Question 2

d. The key elements of an operations management system are inputs, processes and outputs.
 Discuss how ethical and socially responsible management practices could affect each of these elements.

Question 3

The following is the first page from the 2017 'Report to Shareholders' of Shandra's Dairy Ltd.

Commencing as a family-run business 15 years ago, we are now one of the largest independent dairies in Australia. We are proud of the fact that our raw materials are sourced from local suppliers and that customer satisfaction remains at the centre of our operations. We use a strict quality control strategy to maintain the overall excellence of our products.



Business highlights in 2017

- Market share increased from 15% to 17%
- Increase in volume of sales to over 10 million litres of ice-cream
- Installation of four modern wind turbines at a total cost of \$1.25 million, reducing carbon emissions by 3 500 tonnes per year, thus assisting us in meeting our 2020 renewable energy target
- A saving of \$500 000 per year on electricity bills due to the installation of 600 solar panels

One of our key objectives is to enhance levels of environmental sustainability and make our entire site self-sufficient through renewable energy. Our CEO, Johanna Taylor, is eager to ensure that over 23% of the electricity used comes from renewable sources by 2020. This fits in with the Australian Government's Renewable Energy Target.

'Our commitment to renewable energy has meant an increase in expenses and debt in the short term, but shareholders will continue to see value as the saving in electricity costs will be sustained into the future.'

– Johanna Taylor

Another objective is to become a truly global brand – to do this we need to diversify. Our aim is to launch into the snack food market, concentrating on potato chips. These can be produced at our present manufacturing plant and with the use of our existing suppliers. We believe that this could commence by 2020 and we could export to markets in over 20 countries.

Future goals

- Implement a second strategy to improve quality by 1 July 2018
- Diversify into the snack food market within the next three years

Explain a strategy that Shandra's Dairy Ltd could use to improve the efficiency and effectiveness of its operations in relation to materials.

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Question 4

In the chocolate industry, four large-scale organisations dominate the market, collectively accounting for 92% of all chocolate sales. Currently these four organisations compete on price. The smallest of the four organisations, Websters, is less able to take advantage of economies of scale than the three larger organisations. As a result, Websters has decided to focus on competing on quality rather than price to ensure its long-term success.

Sam Webster, grandson of the founder of the business, is currently the CEO and has identified that numerous changes must be made.

As the focus of Websters shifts to quality, it will need to measure quality as part of its operations management. A human resources audit has identified that the current staff do not have the necessary capabilities to implement this change. To allow the staff to develop the necessary capabilities, Mr Webster has identified two preferred options.

- improve the capabilities of the current staff
- purchase and import state-of-the-art equipment from Belgium

While the purchase of equipment will be more expensive initially, it will improve productivity and reduce waste and carbon emissions in the longer term.

- e. Describe one difference between the operations management of a manufacturing organisation, such as Websters, and a service organisation.

2 marks

Question 5

- c. Outline **three** differences between the operations management of service and manufacturing organisations.

3 marks

Question 6

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b. Identify and explain **two** methods from the strategy of managing quality that Websters could use to ensure a high-quality chocolate product.

Question 7

ZX Bank is a large retail bank that operates in all states in Australia.

In response to a recent market survey of its customers, it is considering opening its branches on Saturdays and Sundays.

Currently, the bank's employees feel that their expectations regarding conditions of employment and work-life balance are being met.

The employees have been asked about the proposed change in opening hours and 70 per cent said that they would prefer not to work on weekends but, if they had to, they would expect higher pay rates on those days.

The Human Resource Manager has responded, saying that an increase in pay rates might make opening on weekends unprofitable. The bank executives are hoping to reach an agreement with the employees that keeps pay rates at current levels.

Both sides believe that it is important to discuss this issue further.

d. Discuss the likely consequences of banks or other large-scale organisations introducing new technology to optimise operations.

6 marks

Question 8

Small Goods Pty Ltd is a manufacturer of various types of processed meats, including ham, salami and sausages. The Operations Manager, Heidi, is concerned about the increasing level of wastage. She has set an objective to reduce wastage from the production process by 90% over the next two years.

a. Describe the principles of lean management.

2 marks

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Question 9

- b. Heidi has investigated the introduction of lean management principles.

Explain how lean management principles might assist in the reduction of the level of wastage at Small Goods Pty Ltd.

4 marks

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Question 10

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