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978-0-521-70077-1 - Operations Management: An Integrated Approach

Edited by Danny Samson and Prakash J. Singh

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Operations Management

An Integrated Approach

Operations Management: An Integrated Approach provides a state-of-the-art account of the systems, processes, people and technology that determine an organisation's strategy and success. With contributions from leading experts internationally, the text takes a comprehensive, comparative, and best-practice approach and applies this specifically to the Asia-Pacific region.

Rigorous in scholarship yet eminently accessible in style, *Operations Management* is replete with pedagogical features – figures and tables, discussion exercises, 'Learnings from the Internet', and a diversity of long and short case studies from around the world. Students are taken on a seamless journey from the fundamentals of operations management, through to the multiple approaches, the various innovations, challenges and risks, and ultimately to models of sustainability and evaluative tools and techniques.

The text effectively prepares future managers across every sector of the economy – whether in services, manufacturing, profit or non-profit environments – to lead, organise, plan and control a set of resources, in pursuit of identified goals.

Danny Samson is Professor of Management at the University of Melbourne.

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Contents

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List of Contributors	<i>page</i> xviii
Preface	xxi
Acknowledgements	xxiv

Part I Operations within Organisations – Building Blocks

1 What is Operations Management and Why is it Important?	3
<i>Prakash J. Singh</i>	
Learning objectives	3
Introduction	4
What is operations management?	5
Role of operations management in organisations	8
Operations management as a standalone function	8
Operations management as a ubiquitous function	9
Operations management within supply chains and networks	10
Operations management from a strategic perspective	10
An operational perspective	11
Integrated role of operations management	11
Differences and similarities between goods and services	15
Typical decision areas within operations management	17
Trends encouraging focus on operations	23
Develop a global focus	24
Think beyond organisation boundaries	24
Be more responsive to customers	24
Establish distinctive capabilities	25
Operations-led excellence	25
Treat employees as partners	25
Be an ethical operator	26
Historical evolution of the field	30
Craft production	31

vi Contents

Batch production	31
Mass production	31
Lean operation	32
Mass customisation	32
Careers in operations management	33
Summary	34
Discussion questions	35
2 Operating System Models	37
<i>David Parker</i>	
Learning objectives	37
Introduction . . . and a brief look back in time	38
Traditional and progressive operating systems	41
Delivering on the proposition	43
Work-in-progress and inventory issues	45
Philosophy of lean systems	46
What is value and what is waste?	47
Making value flow along the value stream	48
The components of lean practice	49
Building a lean organisation	54
Lean layouts and technology	55
Lean operating systems for services	56
Employee empowerment	57
The challenges of JIT management	58
Supply relationship management	58
Summary	60
Discussion questions	61
3 Key Decisions in OM	64
<i>Willem Selen and Danny Samson</i>	
Learning objectives	64
Introduction	65
Make-or-buy, outsource, or off-shore?	66
The make-or-buy decision	66
Outsourcing	68
Off-shoring	69
Alternatives to the make-or-buy decision	69
Forecasting decisions	70
Role of demand forecasting for products and services	70
Which forecasting approach to use?	72
Performance of forecasting methods	75

	Contents	vii
Location decisions	75	
Strategic importance of location	75	
Location decisions in supply chains	76	
Locating service operations	77	
Factors to consider when evaluating potential site locations	78	
Capacity decisions	79	
Issues in determining levels of capacity	80	
Capacity measurement	81	
Impact of capacity planning and control	81	
Timing of capacity change and aggregate capacity strategies	82	
Balancing of capacity and safety capacity	83	
Capacity constraints	84	
Service specific capacity issues	85	
Summary	86	
Discussion questions	88	
4 Planning and Controlling the Use of Operating Assets and Resources	90	
<i>Sum Chee Chuong</i>		
Learning objectives	90	
Introduction	91	
Inventory management	92	
Inventory costs	93	
Independent versus dependent demand	93	
Inventory systems	94	
Economic order quantity (EOQ) model	95	
Example	97	
Solution	98	
Aggregate planning	98	
What is aggregate planning?	98	
Planning options	99	
Aggregate planning strategies	101	
Techniques for aggregate planning	103	
Example	103	
Solution	104	
Master scheduling	105	
What is a master schedule?	105	
Master scheduling process	106	
Material requirements planning (MRP)	107	
Is ERP the same as MRP?	107	
Example	112	
Managing change	113	

viii Contents

Other considerations	113
Successful MRP system	115
Enterprise resource planning (ERP)	116
How does ERP connect the functional areas?	116
Summary	118
Discussion questions	119
Part II Approaches to Understanding OM	
5 Strategic Approach to Operations Management	123
<i>Senevi Kiridena and Prakash J. Singh</i>	
Learning objectives	123
Introduction	124
Strategy: general organisational perspectives	129
Defining strategy: reconciling multiple view points	129
Strategy and the organisational hierarchy	131
Strategy: content, process and context	132
Competitive advantage and generic strategies	135
Market-based view of competition	136
Resource-based view of competition	136
Market-driving vs market-driven organisations	138
Generic competitive strategies	139
The strategic approach to operations: key concepts	140
Strategic operations decision areas	141
Operations' contribution to competitive advantage	142
Competitive priorities	144
The concept of trade-offs in operations	144
Technology and the trade-offs concept	147
The 'sand cone' model	148
Defining operations strategy	149
Operations strategy: content, process and context	151
Operations strategy in practice	153
Major improvement programs as operations strategy	154
Specific organisational practices as operations strategy	154
Entrepreneurial initiatives as operations strategy	155
Operations strategy process in practice	155
Summary	156
Discussion questions	157
6 Processes and Systems in Operations Management	161
<i>Daniel Prajogo, Prakash J. Singh and Danny Samson</i>	
Learning objectives	161
Introduction	162

	Contents	ix
What does 'process' mean?	163	
Classification of processes into generic types	169	
Factors affecting choice of process type	169	
Project process type	170	
Job process type	171	
Batch process type	172	
Line or mass process type	173	
Continuous process type	174	
Process types in services	174	
Process layout	175	
Layout decision	176	
Fixed-position layout	176	
Process-focused layout	177	
Product-focused layout	177	
Cellular layout	178	
Layout in services sector organisations	179	
People and technology in processes	181	
The role of people in processes	181	
The role of technology in processes	182	
Process analysis and measurement	185	
Quality	186	
Productivity	186	
Utilisation	186	
Standard time	187	
Throughput time	187	
Delivery-in-full-on-time-in-specification (DIFOTIS)	187	
Flowchart or process mapping	188	
Service blueprinting	189	
Scheduling	189	
Scheduling in high volume systems	191	
Scheduling services	197	
Summary	197	
Discussion questions	198	
7 Supply Chain or Network Approach to Operations Management	201	
<i>Richard Lane</i>		
Learning objectives	201	
Introduction	202	
What is a supply chain?	204	
Companies and situations	205	
Operating the supply chain	206	
Sourcing and strategic issues	208	
Designing success with SCOR®	210	

x Contents

The Internet and IT	211
Strategy and the Internet	211
Internet and operations	213
Bullwhip and the Internet	215
Infrastructure and services	216
Infrastructure	216
Service providers	217
Current challenges and success	218
Summary	219
Discussion questions	221

**Part III Moving Forward with OM – Creating
 Competitive Advantage**

8 Innovation, Technology and Knowledge Management	225
<i>Paul Hyland and Claudine Soosay</i>	
Learning objectives	225
Introduction	226
The challenges and benefits of innovation success	227
The customer value proposition challenge	227
The channel to market challenge	228
The scale up and supply challenge	228
The key people challenge	228
The sustainable development challenge	229
The return on financial investment	229
Meeting the six challenges	230
Managing innovation	231
Innovation and its impact on operations management	231
Balancing operational effectiveness and innovation capacity	232
Rates of innovation	233
Radical innovation	233
Incremental innovation	234
Continuous innovation	234
Discontinuous innovation	235
Forms of innovation	236
Product and service innovation	236
Process innovation	237
Market position innovation	238
Paradigm innovation	240
Managing technology	240
Hard and soft technologies	241
Measuring and managing the impact of technologies	241
Harnessing information and communication technologies	242
New forms of organisational structures	243
Technology transfer	244

	Contents	xi
Managing knowledge	245	
Absorptive capacity	245	
Resource reconfiguration	246	
Summary	247	
Discussion questions	248	
9 Quality Management in Operations	251	
<i>Lawrie Corbett</i>		
Learning objectives	251	
Introduction	252	
Quality management	254	
The meaning of quality	255	
Defining quality	255	
Transcendent quality	255	
Product-based quality	256	
Manufacturing-based quality	256	
Value-based quality	256	
User-based quality	256	
Quality as meeting or exceeding expectations	257	
Quality and grade	257	
Competing on quality	258	
Significant contributors	262	
W. Edwards Deming	262	
Joseph Juran	265	
Standards-based approach to quality management	267	
ISO 9000 quality management system	267	
Current implementation and efficacy	269	
Process control and improvement	270	
Data: variable, attribute, subjective	270	
Accuracy, precision and stability	270	
Process control and inspection	271	
Statistical process control	271	
Process capability	273	
Quality improvement tools	275	
Implementation issues	275	
Teams	280	
Problems with implementation	281	
Summary	282	
Discussion questions	283	
10 Operations Excellence	286	
<i>Ross Chapman, Terry Sloan and Ron Beckett</i>		
Learning objectives	286	
Introduction	287	

xii Contents

Operations excellence and its context	288
Characteristics of high performing organisations	288
A good fit with the operating environment	288
All operations are viewed as a service	290
Excellent operations deliver great customer value	290
A mix of measures is used to judge performance	291
Operations deliver value with other organisational functions	292
There is a continuous search for ways to improve	293
Models of excellence	294
Development of the models	294
The Australian Business Excellence Framework	296
The Singapore business excellence awards	300
The New Zealand criteria for performance excellence	302
Summary of models of excellence	305
Measures of performance	308
Linking operations performance with financial performance	308
Keeping score	308
What to measure	309
A systemic view of operations performance management	310
Transformation tools	310
Six-sigma method	312
Just-in-time (JIT) methodology	316
Business process re-engineering	317
Other transformation tools	317
Summary	318
Discussion questions	320
Part IV Challenges and Opportunities in Operations	
11 Managing Risk in Operations	325
<i>Damien Power and Danny Samson</i>	
Learning objectives	325
Introduction	326
Concepts and frameworks of risk management	329
COSO enterprise risk management	329
Risk Standard AS/NZ 4360	330
M-o-R: Management of Risk Framework	330
Risk in the key decision areas of operations	331
Inventory management	331
Information technology	334
Process technology	338
Operating planning and capacity management	339
Maintenance and servicing	341
Risk in service operations	342

	Contents	xiii
Occupational health and safety	344	
Environmental risk	344	
Operations and corporate risk: managerial implications	346	
Risk analysis process	347	
Summary	348	
Discussion questions	348	
12 Sustainability in Operations Management	351	
<i>Suzy Goldsmith and Danny Samson</i>		
Learning objectives	351	
Introduction: What is sustainability?	352	
How ideas of sustainability have developed	352	
Accepted definitions	353	
Sustainability: An organisational context	356	
What makes sustainability practices successful?	361	
What is a sustainability practice?	361	
Quality and excellence	363	
Strategic connection	367	
Business case for sustainability	369	
Building sustainability: the role of operations	370	
Role of culture, strategy and operations	372	
Operations management – a key role	373	
New capabilities in operations management to support sustainability	374	
Putting it into practice	375	
Summary	376	
Discussion questions	377	
13 Operations Management in Different Settings	381	
<i>Victoria Hanna</i>		
Learning objectives	381	
Introduction	382	
Operations management and organisational type	382	
Role of operations managers in different industries	382	
Relevance and setting	386	
Five laws of operations management	391	
Law of variability	392	
Law of bottlenecks	392	
Law of scientific methods	395	
Law of quality	397	
Law of factory focus	400	
Summary	403	
Discussion questions	404	

xiv Contents

Part V Case Studies

1 Innovation in the Biotechnology Sector: The Case of IDT Australia	409
<i>John Morgan</i>	
Introduction	409
Manufacturing capabilities and core competencies of IDT	410
Corporate structure and strategy of IDT	410
Organisational climate	411
Leadership style and vision of the CEO	412
Commercial orientation and commercialisation of research	412
Innovation intensity	412
Major challenges to innovation management	413
Accessing large markets through commercial orientation	413
Overcoming the 'not invented here' syndrome	414
Taxation system in Australia	414
Distance from major markets	414
Expanding the revenue base	414
Enhancing innovation intensity and performance	415
Quality standards and compliance	415
Maintaining documentation and clear 'audit trail'	415
Staff recruitment and development	416
Retention of valuable employees	416
Project management and continuous improvement	416
Innovation intensity and performance at IDT	417
Core competencies of IDT's staff	417
Modern state-of-the-art laboratories, plant and facilities	417
Quality standards and continuous improvement	417
Access to the large markets in the United States and Europe	417
Leadership and vision of the CEO	418
Discussion questions	418
2 New Zealand King Salmon: Value-Chain Innovation	419
<i>Jay Sankaran</i>	
Introduction	419
Strategic focus	419
Commitment to value-addition	421
Research and development at NZKS	422
Production research	422
Development of new products	423
Development of new processes	424
'Pure R' versus 'D'	425
Innovation and development processes at NZKS	427

	Contents	xv
Organisational structures and management systems	430	
The executive meeting	432	
Discussion questions	434	
3 Pilila Clothing Company Goes Lean	435	
<i>David Parker</i>		
Discussion questions	439	
4 From Singapore to the World: Port Management in Singapore	440	
<i>Sum Chee Chuong</i>		
Introduction	440	
History	441	
Operational excellence and capabilities	442	
Technology and systems	444	
PORTNET® system	444	
CITOS® System	447	
Flow-through gate system	447	
Moving forward	447	
5 Striving for Operations Excellence within Queensland Rail Supply Division	450	
<i>Kevin Burgess</i>		
Queensland Rail (QR)	450	
Shared Services Group – Supply Division	450	
Leadership	451	
Strategy and planning	454	
Information and knowledge	461	
People	466	
Customer and market focus	468	
Process management, improvement and innovation	469	
Success and sustainability	471	
Discussion questions	472	
6 Should I Stay or Should I Go? Shiraishi Garments Company	473	
<i>Bin Jiang and Patrick J. Murphy</i>		
Introduction	473	
Background: Shiraishi Garments Company	474	
Cutting costs	476	
China: allures and challenges	476	
Cheap labour	478	
Chinese suppliers	479	

xvi Contents

Supplier 1	479
Supplier 2	480
Auditing	481
Should I stay or should I go?	482
Discussion questions	482
7 Towards a Green Supply Chain: Toyota Australia	483
<i>Dayna Simpson</i>	
Introduction	483
Background	484
Environmental performance management within Toyota Australia	485
Environmental performance management by Toyota with its suppliers	486
Toyota Purchasing's role in green supply	487
Discussion questions	489
8 Process Analyses and Improvement at Bartter Enterprises	490
<i>Tom Bevington, Phillip Irvine and Danny Samson</i>	
Company and industry history	492
The industry and market in 2006	493
Bartter Enterprises in 2005/6	494
Foundations for operations excellence strategy	494
The Beresfield pilot	495
Discussion questions	503
9 Operations Challenges at Firth Industries Limited, Wellington Division	504
<i>Lawrie Corbett and D. Clay Whybark</i>	
Company background	504
The market	507
Local operations	511
The productivity issue	516
Discussion questions	517
10 Ford Motor Company: Moving Forward in Australia	518
<i>Brett Allen</i>	
Ford Motor Company – the beginning	518
Ford Australia	519
The purchasing function	520
Challenges to purchasing at Ford Australia	520
Transactional purchasing versus strategic purchasing	520
Local tactics versus a regional view	521
Local structure versus regional structure	522
Market and volume challenges	523

	Contents	xvii
Raw material and commodity prices	524	
Discussion questions	525	
11 Technology Transfer at Hero Honda	527	
<i>R. D. Pathak, Z. Husain, Sushil and Danny Samson</i>		
Technology history of the Hero Group	529	
What impressed Honda about the Hero Group?	529	
Technology management at HHML	530	
Levels of technology absorption	533	
Indigenisation: a significant challenge	534	
Expected performance outcomes	535	
Discussion questions	535	
12 Why Is the Patient Resident Time so Long?: The Case of St Martin's and Charity Private Hospital	536	
<i>Victoria Hanna and Kannan Sethuraman</i>		
Introduction	536	
Hospital background	536	
Day surgery unit at Charity campus	537	
Schedule of surgeries	538	
How does the hospital plan for its resources?	538	
Typical patient flow at Charity	539	
Discussion questions	541	
Index	542	

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Preface

.....

We edited and wrote this book, using a large team of contributors from around Asia Pacific, with a focus on the ‘what’ and ‘how’ of operations management. The field has matured strongly in the past decade in Australia, New Zealand and other countries in the region. It now is fully seen in most industries and organisations as a key management function and as a challenging and interesting career stream for professional managers.

Put simply, operations management is concerned with most effectively designing, conducting and improving the organisation’s production processes, whatever the sector or industry, and whatever the product or service. Operations management delivers the outcomes that are specified within the organisation’s overall strategy, and according to the market needs that the organisation is responding to. At its best, effective operations management creates more than just a great response to the business strategy, in that it can do more than just deliver the business strategy with effective and competitive outcomes. It can create competitive advantages which themselves provide new potential business strategies and capabilities which can be further exploited when correctly aimed at a market.

The operations function is where the goods and services are made. Most of the organisation’s assets and people are deployed in its operations. Operations is where the outcomes that are critical to the organisation’s survival and prosperity are decided, namely cost and productivity outcomes, as well as quality, delivery performance, flexibility, innovativeness and others.

Operations managers can have challenging and rewarding careers, in any and every industry, because all organisations exist to add value and to create goods and/or services for the consumption of other parties in the economy. Operations managers are a necessary and indeed key resource in all organisations, be it in mining operations, agriculture and farming, manufacturing, creating the built environment, services or government. Virtually everything we buy and consume, including all goods or services, was made under the supervision of an operations manager.

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Frontmatter

[More information](#)**xxii** Preface

Operations managers are concerned with deciding and managing both 'hard' assets such as equipment and materials being transformed from inputs to outputs, and also 'soft' assets such as the workforce. Hence, they have a high variety of interesting breadth in their work, from making strategic decisions about assets such as designing a new facility or choosing a process technology, through to the daily management of staff and production processes, sometimes called line management.

Globalisation has increasingly meant that most of the operations in Asia Pacific are under pressure, to be as good as or better than the best competitor, which may be located anywhere in the world. If operations and the business which contain them are not competitive, they will not survive intact for long at all in most industries. Hence the term 'world's best practice' has arisen. It is no longer good enough to be doing things as well as the local industry practice; but operations must be as good as the best in the world, including in countries where cost structures are much lower than in Australia and New Zealand. If one cannot be competitive, then the threat with closure or outsourcing or 'offshoring' is ever present and very real. This has applied very much to manufactured goods for some forty years as a result of containerisation that made global shipping relatively inexpensive. In the past decade, a very similar thing has happened to many service sector operations as a result of the rapidly reducing costs of global information and telecommunications. Many companies have moved their factories to China or closed down and outsourced or subcontracted their manufacturing operations, and India has increasingly emerged as a powerhouse in service operations such as software development and maintenance, call centres and transaction processing. Australia and New Zealand have recently benefited from their operational efficiencies and competitive advantages in mining and in some farming and agricultural sectors. For example, mining operations across Australia, dairy farming and processing operations in New Zealand, and the wine industries and tourism sectors in both places are world class in operational effectiveness terms.

Relatively new developments in the lively and developing field of operations management have included the Operational Excellence field and Supply Chain Management. These are thoroughly covered in this book. Another strong trend has been to outsource those aspects and processes of an operation that someone else can do better, in order to not pay a competitive advantage price. Accomplishing outsourcing successfully requires a great deal of skill in itself on behalf of the operations manager.

Whatever the industry, and regardless of whether it is a huge company such as Australia's biggest employer with over 150,000 staff (the Woolworths group), or a one person business where that person is working from home, the core ideas of doing a good job on designing, conducting and improving the value-adding operations of the organisation can be applied. Indeed, the value

adding processes of the organisation are much of its reason for existence, and clearly there is no such basis for existence if they are not present and operating effectively.

This is of course not to deny the importance of other functions and activities of the organisation. Outside the operation, critically important activities such as new product and service development, marketing and selling and numerous other tasks must also be done well. Doing those things well means that they are not done well separately from operations. Rather, they should complement and be integrated with the priorities and activities of the operations. Hence it is important for operations managers to understand the rest of the business, especially its overall strategy and market position. This is so that operations can deliver to that overall strategy in a precise and focused manner, and drive it to high standards of effective outcomes and competitiveness.

A book like this is a joint effort from many people. We are grateful to the many academics and professional managers who have contributed the work from which we have created and assembled the chapters and case studies in this book. We are also grateful to the many professional operations managers and students from whom we have learned over the years.

Thanks also go to our home institution, the University of Melbourne, for providing the supporting environment in which we produced this book. Finally, thanks to the team at Cambridge University Press for the fine job they have done in taking the manuscript through to publication.

We hope that for readers, our focus on Australia, New Zealand and Asia Pacific regional issues and examples will make this a useful and relevant volume for learning about the wonderful challenges and opportunities of operations management.

Danny Samson and Prakash J. Singh

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.....

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(Singapore), taken from StarHub (2007), StarHub corporate milestones, viewed 30 July at <http://www.starhub.com/corporate/aboutus/milestones.html>); the United Nations (Box 8.9: Technology licensing: Siam United Hi-Tech Ltd, Thailand, taken from United Nations 2005, Transfer of Technology for Successful Integration into the Global Economy: A Case Study of the Electronics Industry in Thailand, viewed 30 July 2007 at http://www.unctad.org/en/docs/iteipc20056_en.pdf); SAI Global (Figure 10.1: The Australian Business Excellence Framework, Table 10.1: Principles underpinning the Australian Business Excellence Framework and Table 10.2: Categories and associated items in the Australian Business Excellence Framework, all taken from the Australian Business Excellence Framework, reproduced with permission from SAI Global Ltd – the Australian Business Excellence Framework may be purchased online at <http://www.saiglobal.com>); the Singaporean Standards, Productivity and Innovation Board (Table 10.3: The Singapore Business Excellence Framework Criteria and Assessment Weightings, taken from the Singapore Quality Award and Business Excellence Framework – information available from the SPRING website <http://www.spring.gov.sg/> – accessed on 25 July 2007); the New Zealand Business Excellence Foundation (Figure 10.3: Comparison between business improvement models as presented by the NZBEF, Figure 10.4: New Zealand Criteria for Performance Excellence and Table 10.4: Categories and associated items in the 2007 New Zealand Criteria for Performance Excellence – Business Category, taken from the New Zealand Business Excellence Foundation (NZBEF) – information available on the Criteria for Performance Excellence and Award categories from the NZBEF website <http://www.nzbef.org.nz/> – accessed on 31 July 2007).

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