COURSE GUIDE FOR IOM 584

GLOBAL OPERATIONS MANAGEMENT

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Place: JKP 204
Time: 9:00 am to 1:00 pm on Saturdays

*** Keeping Updated: Administrative information pertinent to the course will be communicated by Blackboard. Please check your e-mail regularly as well as the Blackboard IOM 584 Class.

COURSE OBJECTIVES

- This course will help students gain an exposure to the spectrum of issues which are crucial to the globalization of operations and describe successful (and unsuccessful) operations management approaches in several countries and industries
- The students will develop the ability to identify strategic issues in global operations, link these to business strategy and competitive advantage, and create action plans to implement the firm’s strategy.
- The students will be exposed to the basic tradeoffs associated with making operations decisions in a global context and highlight the crucial role of inter-functional coordination in successful global operations.
- The issues and decisions that we are concerned with include: identification of the mission of operations, choice of product/process technology, process design, inventory and distribution management, development of operational capabilities such as flexibility and speed, and organizing and managing change in operations
MAJOR TOPICS AND IMPORTANT CONCEPTS

1. Global Operations Strategy as a Concept:
   - Definition of strategy and sources of competitive advantage.
   - Link between trade-offs and strategic positioning.

2. Formulating Global Operations Strategy
   - Inferring the operations priorities from the overall business strategy. What does operations have to do well? What is particularly challenging? Implications of these priorities on the current operational status.

3. Performing an Global Operations Audit
   - What is the firm doing well now? What are the major operational problems? Are these symptoms or are they real causes?
   - What are the key dimensions along which the firm’s operations have to improve? What are the relevant metrics?

4. Developing a Solution
   Elements of a solution could include:
   - (OUT) SOURCING/PROCUREMENT: Analyzing make-or-buy questions
   - VENDOR relationships
   - FACILITIES LOCATION AND SUPPLY NETWORK STRUCTURE: Design of supply/distribution system
   - GLOBAL LOGISTICS and PLANNING: how to ensure JIT principles in movement of product, materials and resources
   - PROCESS REDESIGN: Selecting the appropriate process -- Sources of Cost, Quality and Lead time
     Difference between competing on Cost vs. Time vs. Variety
     Impact of variety and variability on operations
     The value of focus and flow simplification
   - TECHNOLOGY: Choice of technology and transfer of technology
   - NEW PRODUCT/SERVICE: coordinating the various (internal and external) team members contributing to new product/service design and launch

5. Testing the Operational Solution
   - Checking for reasonableness of the solution.
   - Checking for consistency and synergy among the recommendations.
   - Performing Cost-Benefit analysis.

6. Implementing the Solution
   - Developing performance measures that allow the firm to measure the benefits of the change
   - Prioritizing the changes and coming up with a detailed implementation sequence
PEDAGOGY & LEARNING METHODS

The course has three interrelated learning components:

1. CASES: The first component is a series of cases, covering various countries and industries, to help you develop your analytical and decision-making skills in managing global operations. Two individual and three group (case-related) reports are required.

2. LECTURES & READINGS: The second component is a series of lectures and readings to help you understand the theoretical issues, underlying concepts, operational methods and analytical techniques that arm you with effective tools in managing global operations.

3. EXTERNAL SPEAKERS: The third component is a set of speakers chosen from industry who will give you insights into how it is ‘really’ done in the field. They will focus on highlighting important practical aspects in management/leadership by describing their experiences in specific global operations engagements.

You are expected to have read the assigned readings and carefully analyzed the cases before coming to class, and to take an active role in the class discussion. Similarly, you are expected to research the corporate background of the guest speakers and come prepared to engage them in a lively manner such that it adds to the learning of the entire class.

COURSE MATERIALS

IOM 584 Case/Article Packet: Available from USC Bookstore. This packet will include cases (mainly from Harvard and USC) and readings (mainly from Harvard Business Review).

COURSE ASSIGNMENTS, GRADING, & POLICIES

Please note that the grade distribution will adhere to the Marshall School grading guidelines. For an elective MBA course the targeted average grade is 3.5.

1. TWO CASE-RELATED INDIVIDUAL REPORTS (25%)

Each student is required to submit TWO individually analyzed case write-ups. The cases to be analyzed are: Laura Ashley and Federal Express Strategic Alliance and The ITC eChoupal Initiative. Questions are provided with each of these cases to guide your write-up. These questions are to guide your analysis rather than to constrain your write-up. The write-ups should be not more than 5 double-spaced pages (and any appendices attached). They are due the day that the case is discussed. Late assignments will be penalized.

2. THREE CASE-RELATED TEAM REPORTS (30%)

Each team (made up of around 4 students) is required to submit THREE case-related write-ups, AT LEAST ONE SELECTED FROM EACH OF SEGMENT 1 AND SEGMENT 2 (except for the ones mentioned above, that are to be individually analyzed and submitted; note that Hitting the Wall: Nike and International Labor Practices is not for submission also). The write-ups should be not more than 5 double-spaced pages (and any appendices attached). They are due the day that the case is discussed. Late assignments will be penalized.
In your case write-up, please directly address the key issues suggested by the case questions, and try to avoid lengthy repetition of case facts (you can reference page numbers, exhibits, tables,..). Please be careful to distinguish between case facts and stereotyped sweeping generalizations. Recommendations are to be substantiated by clear logic, data and case specifics. Incorporation of learning from assigned readings and class material into the analysis is a plus.

3. TEAM PROJECT (30%)

Each team (same teams as above) chooses a company to work with, for their project; there are two parts to the project:

The first part of the project should give a broad overview of the global operational aspects facing the company/industry. One can take the value chain/supply chain perspective of operations to do this global analysis. The final output of the first part of the project is a series of global challenges facing the company.

The second part of the project will focus on a specific problem that the company is facing and the team’s analysis and recommendations on that problem. Analyses based on quantitative data are strongly preferred over purely anecdotal analyses.

The team will be required to make a Project Presentation on the project findings, on either the last class day or the day assigned for the Final Exam. The Final Report is due on the day assigned for the Final Exam. The report is expected to be about 25 double-spaced pages (in addition, appendices can be attached) and should contain an Executive Summary, which will be shared with the rest of the class before the Team’s presentation (to stimulate class discussion).

Peer evaluations will be used to evaluate team members’ contribution to the team effort.

4. CLASS PARTICIPATION & ATTENDANCE (15%)

The course will move through material relatively quickly. It is very important that students attend and be prepared for each class. You are expected to participate energetically and enthusiastically, to actively discuss readings/cases and add to the learning of the class. Quality (e.g. constructive discussion) is heavily favored over quantity.

Class participation will be graded on a 4-point scale, with a score of 1 for “present with little or no participation” to a score of 4 for “excellent participation with insightful comments, analysis and synthesis of major issues”. A score of 0 is assigned if you are absent.

🔗 ACADEMIC ACCOMMODATIONS FOR DISABILITY🔗

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.-5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.
Please note that we expect you to take advantage of the Internet World Wide Web to supplement the assigned readings with up-to-the-minute updates on the companies mentioned in the readings and cases and share it with the rest of the class.

SEGMENT 1: GOING GLOBAL IN OPERATIONS

Saturday May 19: Session #1

INTRODUCTION TO GLOBAL OPERATIONS

Discussion Topic: An overview of the global operations area and the value/supply chain perspective; analysis of business environment and defining key operations requirements.

Reading:

“Fast, Global and Entrepreneurial: Supply Chain Management, Hong-Kong Style: An Interview with Victor Fung”, by Joan Magretta, HBR On Point 2002

Discussion of projects and starting the process of building project teams (4 students each)

Saturday May 19: Session #2

Discussion Topic: Understanding global customer-supplier relationships, cross-cultural relationships in operations and strategic operational perspectives

Case: Nike and KukDong in Mexico, Marshall School, July 2010

Case Questions:
1. Identify the (numerous) problems that this customer-supplier network is faced with, including delivery, quality, lead times, inventory management, workforce management, etc.
2. Evaluate the options facing Nike. What are KukDong’s options in this environment?
3. What would be your recommendations?

Saturday May 26” Session #1

ASSESSMENT AND AUDIT OF GLOBAL OPERATIONS

Discussion Topic: Viewing the operational processes and performance metrics from various stakeholders’ perspectives (financial, customer, workforce, suppliers, community, etc.).
Case: Laura Ashley (A), HBS April 1994
Case Questions:

1. Draw the supply chain (raw materials, sub-contractors, manufacturing, warehousing, retail stores) for this company and their key metrics (capacity, # of stores, etc.)
2. Identify the performance metrics for each stakeholder: shareholder, customer, employees, lenders/banks etc.
3. Identify the (numerous) problems that this supply network is faced with, including lead times, inventory management, distribution planning, management information systems, etc.
4. If you were hired as a consultant to the VP, Operations, what would your recommendations be?
5. If you were hired as a consultant to the VP, IT, what would your recommendations be?
6. If you were hired as a consultant to the VP, Finance, what would your recommendations be?

Saturday May 26: Session #2

GLOBAL OPERATIONS SCALABILITY (MANUFACTURING)

Case: The Acer Group's China Manufacturing Decision, HBS, August 1999
Case Questions:

1. What were Acer’s philosophy and strategy regarding manufacturing?
2. What were Acer’s primary considerations in choosing a manufacturing site on the mainland?
3. Analyze the political, economic, social and technological environment in China in the context of Acer’s proposed manufacturing activities.
4. What would your recommendations to Mr. Lin be?

Saturday June 2: Session #1

GLOBAL OPERATIONS ADAPTABILITY

Discussion Topic: Issues and problems with adaptability of operations processes, especially when expanding operations into other countries.

Case: Wal-Mart Stores: "Every Day Low Prices" in China, HBS September 2006
Case Questions:

1. Why is Wal-Mart successful in the US? What are Wal-Mart’s sources of competitive advantage? Focus on their products/services and their operational delivery support
2. What characteristics of Chinese consumers and retailing (and its supporting industries) in China fit with Wal-Mart’s core competencies? Which ones do not? Focus on stage of retailing development of China, buying customs of Chinese customers, and important attributes of products/services for Chinese customers.

4. Provide suggestions on potential strategies that Wal-Mart should consider going forward in China?

Saturday June 2: Session #2

GLOBAL OPERATIONS STRATEGY & COMPETENCIES

Discussion Topic: Business models and positioning the operational system; aligning operational choices with the business model

↗“Reading:


Saturday June 2: Session #3

HANDS-ON GLOBAL OPERATIONS-I

😊 Guest Speaker

Saturday June 9

PROJECT DELIBERATIONS (NO CLASS MEETING)

➡ Team meeting and project discussions

Saturday June 16: Session #1

GLOBAL OPERATIONS COMPETITIVE CAPABILITY

Discussion Topic: Issues and problems with defending one’s market through operations, especially when being attacked by multinational competitors; business models and positioning the operational system.

📁 Case: Lenovo: Countering the Dell Challenge, HBS January 2005

Case Questions:

1. What were the major factors that contributed to Lenovo becoming the leading PC brand in the PRC?

2. What are the advantages and disadvantages of the direct-selling model, given the cultural context of China? What are the major pitfalls that Lenovo is likely to
encounter if it were to adopt a model similar to that used by Dell in the PRC?

3. How should Lenovo adapt its business model to successfully overcome the challenge posed by Dell’s direct sales model?

4. Is diversification into alternative products the right way to proceed, or should the Group focus only on the PC market?

5. What issues should Lenovo consider when entering the global market? What are the opportunities and the threats?

Project proposals due

Saturday June 16: Session #2

GLOBAL OPERATIONS COMPETITIVE CAPABILITY (CONTINUED)


Case Questions:
1. What are KAL Cargo’s core competencies in becoming a leader in the air cargo industry?
2. What were the motivations behind the decision to set up a cargo hub in Navoi?
3. Analyze the political, economic, social and technological environment in Uzbekistan in the context of KAL Cargo’s proposed Navoi project.
4. What would your recommendations to EVP Chi be?

SEGMENT 2: STRUCTURING GLOBAL OPERATIONS

Saturday June 23: Session #1

GLOBAL OPERATIONS SOURCING/OUTSOURCING

Discussion Topic: Issues and problems with outsourcing of various operational processes and functions, keeping in mind core competencies.

GLOBAL OPERATIONS SOURCING/OUTSOURCING (CONTINUED)

Case: Laura Ashley and Federal Express Strategic Alliance, HBS October 1992

Case Questions:

1. Evaluate the strategic benefits and strategic risks of outsourcing their logistics/distribution activities to Federal Express.
2. Evaluate the tactical benefits and tactical risks of outsourcing their logistics/distribution activities to Federal Express.
3. Would you have recommended this alliance?

Saturday June 23: Session #2

GLOBAL SUPPLY CHAIN DESIGN

Discussion Topic: Supply Chain key performance metrics, Supply chain design parameters, Supply chain design to support corporate and marketing strategy.

Reading:
“What is the right supply chain for your product?” by Fisher, HBR On Point December 2004

Saturday June 23: Session #3

HANDS-ON GLOBAL OPERATIONS-II

Guest Speaker

Saturday June 30: Session #1

GLOBAL SUPPLY CHAIN DESIGN (CONTINUED)

Case: Chandler Home Products: European Rationalization, HBS June1994

Case Questions:

1. Evaluate the reasons for rationalization at Chandler Home Products.
2. Evaluate the various options for rationalization. How will the supply chains for the various options differ in their design?
3. What do the manufacturing organizations think?
4. What do the country organizations think?
5. What would you have recommended to Mr. Pesci?

Saturday June 30: Session #2

GLOBAL SUPPLY CHAIN DESIGN (CONTINUED)

Discussion Topic: Production/inventory planning issues; designing for complexity through uncertainty and globalization.

Reading:
“Inventory-Driven Costs”, by Callioni, de Montegros, Slagmulder, Wassenhove and Wright, HBR Tool Kit, March 2005
Saturday June 30: Session #3

GLOBAL OPERATIONS SCALABILITY (PRODUCT DEVELOPMENT AND PROCUREMENT)

Discussion Topic: Issues and problems with operational scalability, especially when expanding operations facilities into other countries.


Case Questions:

1. What are the critical factors that are forcing BMW to make investments in manufacturing/assembly plants outside Europe?
2. What are the issues and potential problems that BMW has to face when selecting a country for their new production facility, their final site selection in that country and products to be produced there?
3. From a manufacturing and production planning perspective, what issues and potential problems does BMW need to consider in their Spartanburg plant? How do the supply chains change?
4. From the perspective of materials procurement planning and supplier relationship, what issues and potential problems does BMW need to consider in their Spartanburg plant? How does the concept of recycling affect these decisions?
5. What would you recommend that Mr. Becker do, with respect to the procurement issues facing the Spartanburg facility?

Saturday July 7: Session #1

TRANSFORMING COMPETENCIES (PRODUCT DEVELOPMENT)

Discussion Topic: Transforming the enterprise to build new competencies and moving up the value chain: from building to specs to original design and manufacturing; from manufacturing service to customer service; from outsource service to own-brand service; from own-brand mass production to technology/brand leader; from selling products to customer solutions.

Case: Flextronics International, HBS November 2003

Case Questions:

1. Describe the various stages of evolution of Flextronics in the electronics manufacturing business (EMS), right from a “stuffer of printed circuit boards” to the current Original Design Manufacturing (ODM) model.
2. What are its distinctive competencies and where does it fit into the industry value chain?
3. Who are its competitors and how has competition evolved over time, forcing Flextronics’ value-chain migration?
4. What operational changes were required to move from each of these stages to the next? What problems would they have faced in these moves?
5. Should Flextronics move into the ODM market? If yes, explain your rationale and decide how Flextronics should deal with Phone 4 licensing to customers? If not, what alternative strategy would you recommend?

Saturday July 7: Session #2

HANDS-ON GLOBAL OPERATIONS-III

客 Guest Speaker

Saturday July 14: Session #1

TRANSFORMING FROM MANUFACTURING SERVICE TO CUSTOMER SERVICE: IMPACT ON OPERATIONS


Case Questions:

1. Describe the various stages of evolution of TSMC in the semiconductor fabrication business, right from manufacturing start-up to the current service excellence model.
2. Who were its competitors and how has competition evolved over time, forcing TSMC’s value-chain migration?
3. What operational changes were required to move from each of these stages to the next? What problems would they have faced in these moves?
4. TSMC seems to be comfortable with its current market positioning—would you be? If so, why. If not, why not and what is your recommendation to TSMC with respect to their value proposition for the future?

Saturday July 14: Session #2

TRANSFORMING FROM OWN BRAND PRODUCTS TO BRANDED TECHNOLOGY LEADER: IMPACT ON OPERATIONS


Case Questions:

1. What are HKAG’s core competencies in becoming a leader in the automobile industry? What were weaknesses that they had to overcome?
2. Who were its competitors and how has competition evolved over time, forcing HKAG’s value-chain migration?
3. What operational changes were required to move from each of these stages to the next? What problems would they have faced in these moves?
4. Should HKAG move to market-responsive manufacturing? If so, why? If not, why not? What would your recommendations be?

SEGMENT 3: SOCIAL VALUES IN OPERATIONS

Saturday July 21: Session #1

GLOBAL CORPORATE SOCIAL RESPONSIBILITY AND OPERATIONS FUNCTIONS

Discussion Topic: The role of business in society; ethical issues in managing operations function such as procurement, outsourcing, labor relations, product design, hazardous materials, recycling/waste disposal etc.

🌿 Readings:


Saturday July 21: Session #2

SOCIAL RESPONSIBILITY AND OPERATIONS LABOR

Case: Hitting the Wall: Nike and International Labor Practices, HBS January 2002

Case Questions:

1. Describe the current international labor management policies as practiced by Nike in their foreign factories. What are the problems that they face—address each of their stakeholders?

2. Does Jeff Ballinger have a convincing argument about Nike? Does Nike have a convincing response? Discuss Nike’s publicity strategy and whether they could have done any better.

3. What is a “fair wage” in Indonesia? What are “fair working conditions”? How should Nike think about it?

4. What is your recommendation to Nike regarding a socially responsible set of policies towards all its outsource factories and the workers involved?

Saturday July 28: Session #1

SOCIAL RESPONSIBILITY AND OPERATIONS SUPPLIERS

Case: The ITC eChoupal Initiative, HBS October 2004

Case Questions:
1. Describe the supply chain practices that were present in the rural market for soybean that ITC had to deal with. What are the problems that they face?

2. What was ITC’s motivation in creating the eChoupal?

3. What were the old and new physical and information flows in the supply channel? What principles did it employ as it built the newly-fashioned supply chain?

4. What barriers did it face in embarking on this project?

5. What is your recommendation to ITC with respect to this platform for the future?

Saturday July 28: Session #2

HANDS-ON GLOBAL OPERATIONS -IV

😊 Guest Speaker

Saturday August 4: Session #1

REVIEW SESSION

Saturday August 4: Session #2

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📅 Saturday August 4: TEAM PROJECT REPORT DUE 📅