



**K. K. Wagh Institute of Engineering Education & Research, Nashik**  
(An Autonomous Institute From A.Y. 2022-23)

SUMMER-2024	
Exam Seat No.:	
Academic Year:2023-2024	Semester:IV
Class:SY	Program:MBA
Branch Code:M.B.A.	Pattern:2022
Name of Course:Business CASE STUDY in Operations Management	Course Code:MBA224406
Max. Marks:30	Duration:1.15 Hrs.

**Instructions:** Candidates should read carefully the instructions printed on the Question Paper and on the cover page of the Answer Book, which is provided for their use.

1. This question paper contains \_\_3\_\_ page(s).
2. Answer to each new question is to be started on a new page.
3. Assume suitable data wherever required, but justify it.
4. Draw the neat labelled diagrams, wherever necessary.
5. The last columns indicates the Course Outcome and level of Blooms Taxonomy of the Question/sub-question.
6. Solve any 2 Questions from the 3 Questions given below.

Q.1) **1. Avaya**

(15) CO1,  
CO2,  
CO3,  
CO4,  
CO5

Avaya is a global force in business collaboration and communications technology, and not so many years ago, was operating what, by its own executives' admission, was a worst-in-class supply chain. That situation arose as the result of multiple corporate acquisitions over a short space of time. The company was suffering from a range of supply chain maladies, including a long cash-to-cash cycle, an imbalance in supplier terms and conditions, excess inventory, and supply chain processes that were inefficient and wholly manual.

**The Supply Chain Cost Reduction Challenge:** After Avaya purchased Nortel Enterprise Solutions in 2009, the freshly merged company found itself but loosely in control of an unstable and ineffective supply chain operation. Aside from having too many disparate and redundant processes, the company had multiple IT solutions, none of which provided a holistic view of the supply chain or supported focused analysis.

**The Path to Cost Reduction:** Avaya's senior management team realized that its technology solutions, which varied from being inadequate to inappropriate, were causing many of its problems. The various acquisitions and mergers had transformed Avaya into a different kind of enterprise, and what it needed, rather than a replacement for all the discrete systems, was one solution to tie them all together.

To that end, the company put its trust in cloud technology, which was relatively immature at the time, and migrated all processes onto one platform, which was designed to automate non-value-added activities and integrate those critical to proactive supply chain management, namely:

- Point of sale analysis
- Procurement analysis
- Supplier communication
- Supply and demand planning
- Inventory planning
- Inbound and outbound logistics planning

Of course, the technology was merely an enabler, and to transform its supply chain operation, Avaya embarked on a long-term, phased program to standardize processes, initiate a culture change, invest

in top talent, and implement a system of rigorous benchmarking and KPI tracking.

**Supply Chain Cost Management Results:** Avaya's program of transformation took place over a period of three to four years, between 2010 and 2014. The path to cost reduction was a long one, but ultimately successful.

By making a conscious effort to lead the enterprise into a new way of thinking, change business culture, and unify technology under a single platform, Avaya has improved inventory turns by more than 200%, reduced cash tied-up in stock by 94%, and cut its overall supply chain expenditure in half.

This dramatic turnaround also required the company to switch from a preoccupation with improving what it was doing, to a process of *questioning* what it was doing and why.

Q1.Explain in detail the steps used by AVAYA to improve its Supply Chain and Cost Reduction techniques.

Q2.What is Benchmarking?Explain it in detail ,how Avaya used it effectively.

Q.2) **2. Starbucks**

(15) CO1,  
CO2,  
CO3,  
CO4,  
CO5

Like Intel, Starbucks is pretty much a household name, but like many of the most successful worldwide brands, the coffee-shop giant has been through its periods of supply chain pain. In fact, during 2007 and 2008, Starbucks leadership began to have severe doubts about the company's ability to supply its 16,700 outlets. As in most commercial sectors at that time, sales were falling. At the same time, though, supply chain costs rose by more than \$75 million.

**Supply Chain Cost Reduction Challenges:** When the supply chain executive team began investigating the rising costs and supply chain performance issues, they found that service was indeed falling short of expectations. Findings included the following problems

- Fewer than 50% of outlet deliveries were arriving on time
- Several poor outsourcing decisions had led to excessive 3PL expenses
- The supply chain had, (like those of many global organisations) evolved, rather than grown by design, and had hence become unnecessarily complex

**The Path to Cost Reduction:** Starbucks' leadership had three main objectives in mind to achieve improved performance and supply chain cost reduction. These were to:

1. Reorganize the supply chain
2. Reduce cost to serve
3. Lay the groundwork for future capability in the supply chain

To meet these objectives, Starbucks divided all its supply chain functions into three main groups, known as "plan" "make" and "deliver". It also opened a new production facility, bringing the total number of U.S. plants to four.Next, the company set about terminating partnerships with all but its most effective 3PLs. It then began managing the remaining partners via a weekly scorecard system, aligned with renewed service level agreements.

**Supply Chain Cost Management Results:** By the time Starbucks had completed its transformation program, it had saved more than \$500 million over the course of 2009 and 2010, of which a large proportion came out of the supply chain, according to Peter Gibbons, then Executive Vice President of Global Supply Chain Operations.

1)Devise a Supply Chain Strategy for starbucks and show in detail what they did to reduce the supply chaincosts.Draw flowcharts if necessary.

2)Write a short note on Logistics Management of TEA/COFFEE

Q.3) **3.Deere& Company**

(15) CO1,  
CO2,  
CO3,

Deere & Company (brand name John Deere) is famed for the manufacture and supply of machinery used in agriculture, construction, and forestry, as well as diesel engines and lawn care equipment. In

2014, Deere & Company was listed 80th in the Fortune 500 America's ranking and was 307th in the 2013 Fortune Global 500 ranking.

CO4,  
CO5

**Supply Chain Cost Reduction Challenges:** Deere and Company has a diverse product range, which includes a mix of heavy machinery for the consumer market, and industrial equipment, which is made to order. Retail activity is extremely seasonal, with the majority of sales occurring between March and July. The company was replenishing dealers' inventory weekly, using direct shipment and cross-docking operations from source warehouses located near Deere & Company's manufacturing facilities. This operation was proving too costly and too slow, so the company launched an initiative to achieve a 10% supply chain cost reduction within four years.

**The Path to Cost Reduction:** The company undertook a supply chain network-redesign program, resulting in the commissioning of intermediate "merge centers" and optimization of cross-dock terminal locations. Deere & Company also began consolidating shipments and using break-bulk terminals during the seasonal peak. The company also increased its use of third-party logistics providers and effectively created a network that could be optimized tactically at any given point in time.

**Supply Chain Cost Management Results:** Deere & Company's supply chain cost-management achievements included an inventory decrease of \$1 billion, a significant reduction in customer delivery lead times (from ten days to five or less) and annual transportation cost savings of around 5%.

1) Devise a Supply Chain Strategy for Intel and show in detail what they did to reduce the supply chain costs. Draw flowcharts if necessary.

2) List 2 cost reduction strategies in TRANSPORTATION.

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