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POST GRADUATE DIPLOMA IN MANAGEMENT (2019 -21)
MID TERM EXAMINATIONS (TERM -V)
Academic Session- 2020-21

Subject Name: Operations Management
Sub. Code: PG-14

Time: 01.30 hrs.
Max Marks: 20

Note:

- 1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**
- 2. All questions are compulsory in Section A, B & C. Section A carries 1 Case Study of 8 marks. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.**

SECTION – A

04+04 = 08 Marks

Q. 1: Case Study:

Thousands of people travel by air; Southwest Airlines provides low-fare air transportation service among 58 cities in the United States. The major success to their continued success is due to their low-cost model and competitors are aware that they cannot match Southwest Airlines low prices therefore, by dropping the price even lower; Southwest Airlines can force a company to go bankrupt.

Introduction In 1971, Rollin King and Herb Kelleher started an airline service with one simple notion: "If you get your passengers to their destinations when they want to get there, on time, at the lowest possible fares, and make darn sure they have a good time doing it, people will fly your airline." They were right about that. Southwest Airline is now a major airline, in fact, the fourth largest airliner in the United States.

The mission of Southwest Airlines is dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit. It primarily provides short haul, high-frequency, point-to-point, low-fare air transportation service among 58 cities (59 airports) in the United States.

Here are some numbers that will give a brief idea how the company is operating: Net income: \$241 million Total passengers carried: 63 million .Total operating revenue: \$5.5 billion The airline industry has been hit hard by the terrorist attack of September 11th. There is a 13% insurance raise for the airlines and the government is enforcing fees regarding security problems. The operation cost increases dramatically and there are less people traveling by air. Most of the airliners are losing money expect a few. Southwest is one of those airlines which have remained profitable.

Organization of Southwest Airlines is described as an upside-down pyramid. The upper management is at the bottom and supports the front line employees (~35000), who are the experts. This is Herb Kelleher's unorthodox leadership style, in which management decisions are made by everyone in the organization, not just the head executives. The company is described to not have much emphasis on structure; instead employees are encouraged to think freely without constraints such as titles. Kelleher, for example, is said to know the names of virtually all his employees. Southwest Airlines values employees, initiating the first profit-sharing plan in the U.S. airline industry in 1974 and offered it ever since. "In 2000, Southwest offered its employees a record-setting \$138M in profit sharing. This tax-deferred compensation represented an additional 14.1% of each employee's annual salary.

Few of their main competitors are Continental Airlines and American Airlines. Substitute products include the train (Amtrak) and bus (Greyhound) which cover long distances. While these alternates

cannot offer the speed of travel, most of Southwest Airlines' customers are attracted to the low price.

Most of its customers are people who are willing to forego in-flight meals, direct routes and fancy seats if that would mean for a cheaper ticket. Not to imply that Southwest doesn't provide direct flights, but that is offered at a higher price. Southwest Airlines was in better shape than its competitors after recent attacks on September 11. The reason for Southwest Airline's success is due to their low-cost model. The Southwest Airlines consists solely of Boeing 737s and offers only coach seats (there is no business or first class). Southwest Airlines also do not offer in-flight meals, only peanuts and other snacks. Southwest is simple and direct at the goal of their service; "a primarily short-haul airline that flies directly from city to city, with just one type of plane--the Boeing 737 - and the lowest costs". With a simple goal, Southwest has excised many of the "luxuries" that competitors have offered, such as luxury seats; this is made evident by their decision to enforce a rule for passengers who could not fit into the seats to purchase an additional seat. This rather unpopular move (whereas other airlines would have suggested a more luxury class seat) is simple in its purpose--get passengers from point A to point B. Services, such as in-flight meals and luxury seats, which have become standard to competitors, have been seen as unnecessary for an airline that provides a short-haul trip from city to city at the lowest cost. To have opted for a first class, business class, or any form of luxury class seat would have been excess baggage; most people would prefer to do without it if it meant for cheaper ticket price.

Coupled with the utilization of the internet, Southwest Airlines almost became a trend, a sort of an underground hit, bypassing travel agents and their fees. While Southwest Airlines offers no frills, Southwest Airlines do meet customer expectations when it comes to service. They base their model on the motto, which states that "if they're happy, satisfied, dedicated, and energetic, they'll take real good care of the customers. When the customers are happy, they come back. And that makes the shareholders happy," Southwest has very good relations with all their employees. Employees are either of independent unions or have flexible contracts which allow employees to work longer hours. Southwest Airlines provided a medium in which city-to-city transportation was possible with the lowest costs.

Southwest Airline has developed a great low cost model for the past thirty year that fits today's economy the best. It has expanded from a tiny company with merely three aircrafts to one of today's major airliners that flies between 58 cities carrying over 60 million customers each year. As everyone can see, Southwest Airline has been a big success.

Questions:

Q. 1 (A): What is the operations strategy of Southwest Airline, and how does it help them to become profitable Airline?

Q. 1 (B): What are different cost saving and innovative models Southwest Airline has applied for operation process to offer low cost airline services? Support your answer with different measures taken in case.

SECTION – B

02×03 = 06 Marks

Q. 2: Explain the funnel approach of product development process in brief with example.

Q. 3: Explain the objectives of Operations Management.

Q. 4: Explain Technology Adoption Life Cycle.

SECTION – C

03×02 = 06 Marks

Q.5. Solve the Transportation Problem:

Factory	Warehouse				Supply
	W1	W2	W3	W4	
F1	21	16	25	13	11
F2	17	18	14	23	13
F3	32	27	18	41	19
Demand	6	10	12	15	

Q. 6. What could be the possible changes for Men's Fairness Cream to avoid decline stage of the product life cycle?

Mapping of Questions with Course Learning Outcome

COs	Question Number(s)	Total Marks Allocated to the CO
CO1	2,3,4	6
CO2	1	8
CO3	5	3
CO4	6	3

Note: Font: Times New Roman, Font size: 12.