

BUSINESS CASE STUDY (OPERATIONS MANAGEMENT)

STUDENT LIFE

Executive summary

Operation management is an important part for organisations to ensure a successful assistance in the competitive market. Along with a strategic equilibrium between the input and output of the company, Operational management further allows organisations to maintain customer satisfaction with well identified performance objectives thereby focusing more on innovative product and service designs. The study takes into account the importance of different aspects of operation management along with its impact on organisations like Sainsbury.

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Table of contents

1.0 Introduction.....	3
2.0 Analysis	3
Importance of performance objectives, strategy and design	3
Performance objective	3
Strategy	5
Product/service design.....	6
Process design	7
Real case analysis	9
Main aspects of Ops management within Sainsbury.....	9
Ways in which management activities impact success of Sainsbury	10
3.0 Conclusion and Recommendations.....	11
References	12

1.0 Introduction

Operation management refers to the area of business strategic operations that focuses on overall production of products and services starting from the import stage to its finished activities. Operation management greatly involves organisations undergoing stages like planning, organising and supervising operations which further get extended to manufacturing and production processes thereby including service delivery to desired target audience. A sound operation management also deals with skills and abilities of employees along with process of product and service design and organisational helpful mining market. Taking into consideration the case study of Sainsbury, operational management has been one of the most vital aspects that focuses on system design, maintenance and improvement to promote strategy decision-making by the company.

This study takes into account the importance of performance objectives, strategy, product and service design and process design as major aspects of operation management along with its impact on activities of Sainsbury business success. Along with it, study also deals with recommendations on improving performance of business using operation management along with strategic approaches like quality management and 4V dimension of operation process. Recommendations have also been proposed in study in order to improve Sainsbury's approach towards operation management and attain business success in a competitive market for a long term.

2.0 Analysis

Importance of performance objectives, strategy and design

Performance objective

Operational performance objective emphasises on measurement that businesses need to evaluate their efficiency of the entire production process of their goods and services. At same time, performance objectives also help organisations to set a unified goal for their business along with objectives of achieving goal resulting in a sustainable market position in high competitiveness.

External and internal benefits of performance objectives

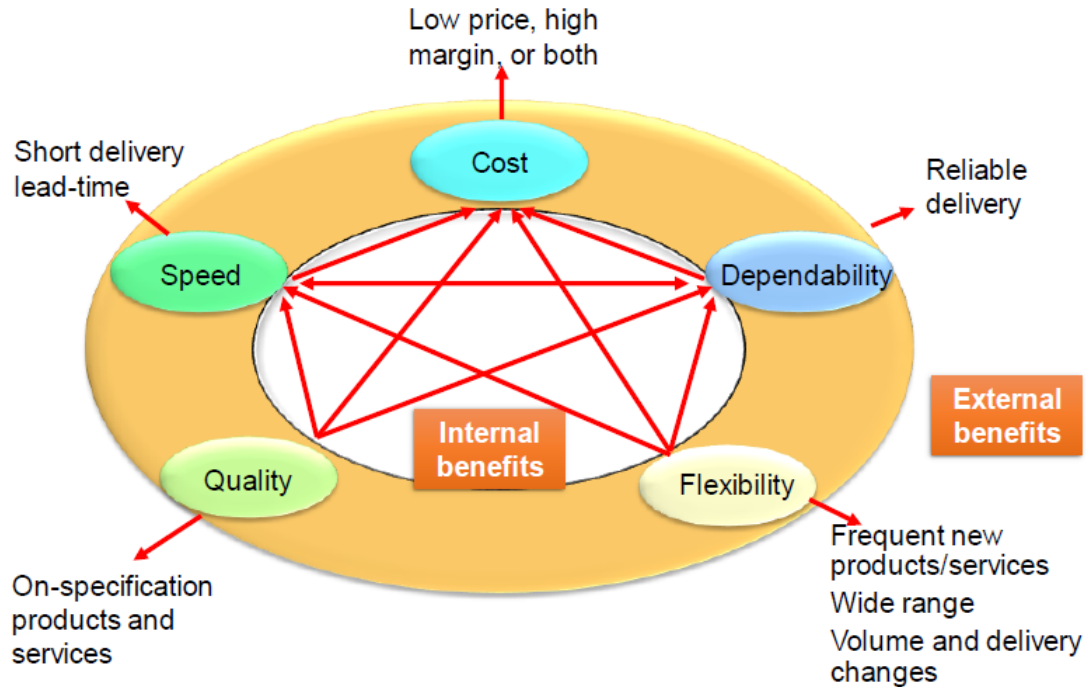


Figure 1: Internal and external benefits of performance objectives

(Source: Influenced by Agrawal *et al.* 2022)

Cost, speed, quality, flexibility and dependability and immediate internal benefits of performance objective allows organisation to maintain a smooth and ongoing internal business process. These internal benefits result in further external benefits in the market that include low price and high profit margin, speedy delivery time, high-quality and specification of products and services, diversification of product and service range with increasing volume and reliable delivery. According to views of Agrawal *et al.* (2022), organisations with a performance objective of reducing production costs can get the benefit of attracting customers with low price products thereby resulting in higher profit margin. On a similar note, on increasing supply chain speed, organisations can get the external benefit of delivering products and services to distribution channels in the market at shorter delivery time thereby meeting immediate needs of customers. Focusing on maintenance of high-quality products can increase purchasing power resulting in a greater branding meet in the market. Duarte *et al.* (2019) stated that flexibility is another major aspect through which organisations can attain the benefit of producing volume production of diversified goods and services in the market. Dependability further gives benefit of safe and secure delivery services that organisations have been recently focusing on by giving customers opportunity of online tracking of their product delivery to logistics.

Strategy

Strategy in operational management helps organisations to undertake decisions keeping in mind long-term benefit to facilitate overall planning and management process of product and service design. In this context, Farooq *et al.* (2021) supported that operation strategy identifies areas that need improvement in a business with appropriate delivery of resource allocation in order to improve functioning of different operational units. Strategy also emphasises on setting goals for different organisational departments so as to ensure a cost-effective approach in product and service distribution. Businesses in recent times mainly formulate strategies keeping in mind ongoing market trends and business opportunities so as to bring up a better market performance (Chahal *et al.* 2020). The main aim of formulating strategy in operation management is to ensure high quality of production of goods and services offered to customers.

Total Quality Management (TQM) theory

Total quality management is a theoretical framework that allows an organisational management to make an approach for attaining long-term success through customer satisfaction by improving quality of products and services. Authors like Saffar and Obeidat (2020) stated that total quality management gives organisation parameters of analysing their current production quality so as to deliver heightened customer satisfaction and create a long-term relation with target audience. Strategic framework encourages organisations to make strategic approaches of improving quality production rather than increasing volume so as to focus on customer satisfaction and existing brand image and market.

Principles of Total Quality Management



Figure 2: Principles of Total Quality Management

(Source: Influenced by Saragih *et al.* 2020)

The four major principles of the total quality management framework include customer focus, integrated system, systematic flow and factual decision-making. Further, these principles extend to internal business approaches involving employee engagement, process centric approach, continual effort and relationship management with stakeholders (Saragih *et al.* 2020). These eight areas are considered by the total quality management framework so as to create a cost-effective strategic approach of decision-making and quality enhancement of products and services in organisations.

Product/service design

Product and service design ensures a well-developed infrastructure idea of offerings that organisations produce for the target audience keeping in mind their needs and preferences. In other words, customers being the main source of revenue to an organisation has always been emphasised on in terms of their needs and expectations on the basis of which organisations designed their products and services. As opined by Hazée *et al.* (2020) adding value to products and services along with Bringing diversification to their products and services completely depends on how customers perceive organisation from the market. Emphasising on existing competition in market, product and service designing operation management have been greatly emphasised on to meet customer wants and ensure a loyal relation with target market. This not only enhances market position of business but also boosts customer approach thereby bringing transparency and profitability to operational management.

Stages of product / service design

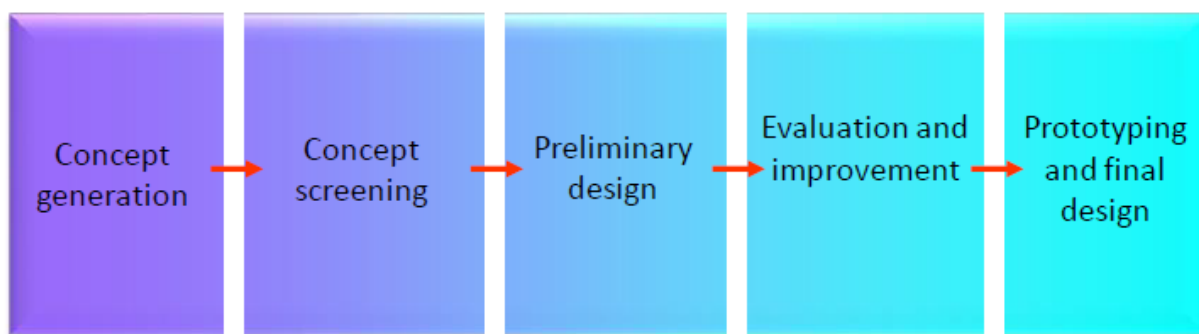


Figure 3: Stages of product / service design

(Source: Influenced by Feng, 2020)

The main stages of product and service design include *concept generation*, *concept screening*, *preliminary design*, *evaluation for improvement* and *prototyping final design* (Feng, 2020). In the first stage, concept generation, organisations create the main idea of products and services keeping in mind customer expectations and market trends. In the second stage of concept screening, brands analyse capability of product or service concept by doing a formal market research. In preliminary design, ideas of products or services are executed in order to give it a shape and understand the basic blueprint of it. Once basic design of a product or service is done, organisations in the first stage of this design undergo detailed evaluation to identify areas for further improvement and give it added value so as to be well absorbed in the market (Trueworthy and DuPont, 2020). Prototyping final design involves approval of stakeholders where organisations put forward their final finished product before distributing it to their network in the market.

Process design

Process design is considered to be the main aspect of operation management where businesses create and improve their internal operating systems in order to transform their input to quality outputs. As referred to by Ivanov *et al.* (2021), with help of process design, organisations analyse activities that help them to process their raw materials into final finished products for market. In the process of improving the system, organisations undergo strategic approaches in order to expand their business and attract new customer base in the market.

4Vs model of Operations Process

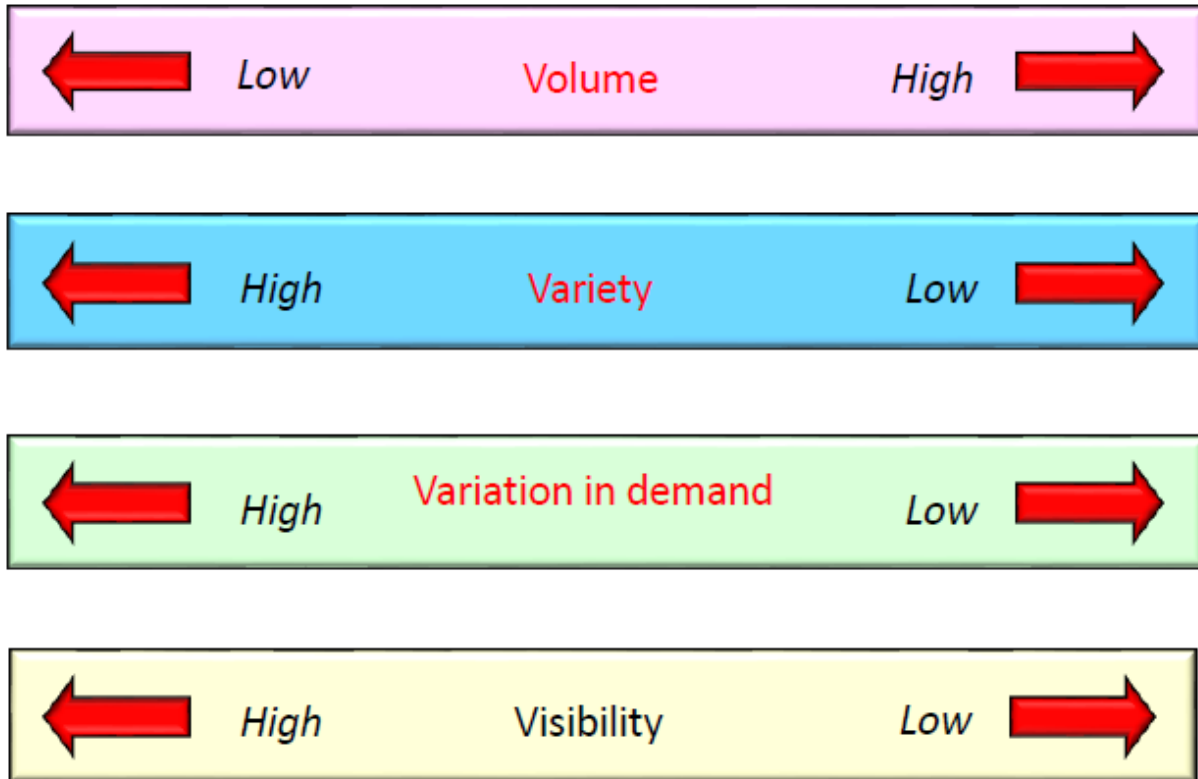


Figure 4: 4Vs model of Operations Process

(Source: Influenced by Cappa *et al.* 2021)

The 4Vs model of Operations Process highlights four dimensions that include volume, variety, variation and visibility that makes business different from its competitors and analyses their strengths and weaknesses in their market approaches. Volume emphasises on quantity of products and services that organisations produce, where high volume makes a business more likely to be capital intensive with high expense on labour equipment and infrastructures. On other hand, low volume denotes a small number of productions with less investments and customisations (Cappa *et al.* 2021). Variety emphasises on those types of products and services businesses offer where high variety makes business more competitive with specialised price as well as a low variety can assure high-volume of productivity. Variation in demand emphasises on the level of changes and fluctuation in demand that business experiences in the market. High radiation increases flexibility to change when low variation creates more uncertainties in market approaches. Visibility refers to intensity to which customers can get exposed to business, its products and services (Ivanov *et al.* 2019). Businesses experiencing high visibility in their

products and services are expected to be more client oriented as they have great potential of getting absorbed by customers and vice versa.

Real case analysis

Main aspects of Ops management within Sainsbury

Performance

Sainsbury is one of the largest retail supermarket chains that primarily operates in the UK and Ireland with a wide range of products and services including retail products, financial services, insurance credit cards and loans and realistic businesses. This organisation has been emphasising on operational management by setting out clear goals for their employees to meet customer demand. The main performance objective of Sainsbury is to provide great food at fair prices to customers so that they get a long-term commitment from both ends (Sainsbury, 2023). At the same time, in order to enhance a smooth supply chain, Sainsbury have also extended their performance objective to maintain a fair relation with their suppliers and environment for a long-term achievement. This organisation has attained sustainability in the market by formulating strategy approaches in terms of product and service quality, 24*7 customer assistance, door-to-door delivery services to customers in COVID-19 situations and fair price products (Sainsbury, 2023). The external benefit that Sainsbury gained is by minimising their production cost that allows them to offer products at low and fair prices to their customers making it their business USP.

Strategy

The first prominent strategy that Sainsbury from its very beginning of its operation have emphasised on is its pricing strategy. Sainsbury's strictly believes in maintaining fair prices for its products and services that gives them competitive advantage in the market (Sainsbury, 2023). Fair pricing strategies have helped Sainsbury to get customer attention along with product diversification. Setting organisational goals for its internal operation management have also allowed this retail brand to formulate strategies focusing on market trends. In terms of digitalisation, customers have been opting for online store assistance, digital shopping and payment methods which further got incorporated in the business strategies of Sainsbury. Using these aspects, Sainsbury has come up with strategy decisions on ensuring high investment in the digital future (Sainsbury, 2023). They have been using cloud based technologies for creating new revenue streams as an emerging strategy for operation management.

Design of product/service

Sainsbury has effectively designed their products and services in such a way that they are well accepted by the customers keeping in mind their perceptions. As per the opinion of Raut *et al.* (2019), it can be stated that organisations mostly design products and services focusing on the recent ongoing trends that allow them to bring on further diversification in terms of quality and specifications. After undergoing effective analysis of the market trends, this brand has come up with a wide diversification in their product/service design that include pharmacy, supermarket, convenience shops, retail products and financial services. At the same time, Sainsbury has also come up with several other sub brands that include Argos, Habitat, Tu, Nectar and Sainsbury Banks (Sainsbury, 2023). With a commitment towards meeting customer needs, Sainsbury also has added value in ensuring high-quality products and services with proper availability in the market so as to gain high customer response and competitive advantage.

Process design

Process design has helped organisations like Sainsbury to improve their approach to get new customers in the market. At the same time, Sainsbury has been bringing flexibility in the process design by investing around £500 million to keep their product prices low and attract customers (BBC, 2022). This strategy has not only improved the visibility of Sainsbury to its customers but at the same time have also brought diversification in their sub brands with high variation and less chance of substitutability. Despite receiving severe competition from Asda and Tesco, the supermarkets have improved their sales by 7.1% in 2022 compared to the previous years (The Guardian, 2023). Therefore with their fair pricing strategy, Sainsbury has effectively improved their customer service and have targeted a new customer base.

Ways in which management activities impact success of Sainsbury

In recent times, it has been evident in Sainsbury as a parent brand along with its sub brands have been undergoing greater customer response because of its successful operation management. These aspects have allowed this retail brand to strategically formulate their approaches to the market so as to ensure a speedy growth in customer base. Revenue generation has also improved for Sainsbury in order to sustain the street market competition from Tesco, Asda and Morrison's. The financial services of Sainsbury including financial bank and credit card loans have been greatly appreciated by customers with easy accessibility and visibility rates. Seems very

successful operation management and strategy approaches is counted to be the second largest retail supermarket chain in UK and Ireland followed by Tesco.

3.0 Conclusion and Recommendations

This study concludes with the concept that for any business, irrespective of its size and legal structure, operation management greatly emphasises on improving brand image in the market. Thus upholding a positive influence on resource and production capability with an aim of sustainable growth. In addition to this context, in recent times, organisations in order to attain competitive advantage in the market are making an effort in bringing efficiency in operation management so as to effectively manage, control and enhance quality of goods and services production with proper supervision on resource utilisation and waste management. However, with help of operation management, businesses make a strategic approach in identifying areas of improving performance so as to create a cordial relations between brand and target audience along with employers and employees.

Focusing on the implication of operational management aspects in Sainsbury's success, it can be recommended that technology advancement in business operations can be significant in improving quality of products and services. Advanced technologies like incorporation of AI and Blockchain in supply chain and logistics, robotics in manufacturing process and ERP system in internal operational communication between different departmental units can make overall operation management much easier. Along with technological advancement, training of employees based on personal and professional skills development can also be recommended. Using hybrid training sessions for employees can allow them to understand various aspects of operational improvement along with developing insight of bringing creativity and innovation in operational management. Efficient and skilled employees cannot only enhance organisational productivity and performance but at same time can also come up with product and service designs with much innovative approach to understand customer demands.

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