COURSE DESCRIPTION
Operations Management (OM) involves the systematic design, operation, control, and improvement of businesses processes. Managing operations is vital to every organization, for it is only through the effective and efficient utilization of resources that an organization can be successful in the long run. This is especially true today, when we see that significant competitive advantages accrue to those firms that manage their operations effectively (as exemplified by Southwest, Exxon, Wal-Mart, and Toyota).

The course is conceptually structured in three interweaving modules. In one, we introduce the basic vocabulary of OM. We carefully consider process analysis and process design in the context of both manufacturing and service operations. In another, we look at several critical OM issues: project management, supply chain management, and management of waiting lines. Finally, in another, we seek ways to improve the overall competitiveness of a firm by exploring some strategic aspects of OM like lean operations, focused operations, and time based competition.

COURSE PREREQUISITE
Credit or registration for BA 324 or 324H and credit or registration for STA 309 or 309H.

COURSE LEARNING OBJECTIVES
At the end of this course, you should have gained an improved understanding of:

- how every organization uses processes to transform inputs into goods and services
- the importance of careful design, operation, and improvement of business processes
- the competitive potential of sound operations management

and acquired the skills to

- analyze any manufacturing or service process to uncover improvement opportunities
- recommend process improvement along the dimensions of efficiency, quality, and speed

TEACHING/LEARNING METHODOLOGY
This course is a mixture of lectures, case discussions and problem solving. In class, have a calculator ready to help with arithmetic. The readings for the class consist of a readings packet (which has all the cases and assigned articles), denoted by RP in the detailed course outline starting on page 5, and two required books (described below), all available from the University Coop:

Matching Supply with Demand (Third Edition, ISBN: 978-0-07-352520-4, McGraw-Hill, 2013) by Cachon and Terwiesch. (This is as close to a textbook as we have in this course. We shall use this book less as a text than as a reference and as a supplementary resource. Please read the assigned sections of this text, denoted by C&T in the detailed course outline starting on page 5, somewhat lightly at first. Go back for a re-read as you deem useful after we discuss the topic in class.)
The Goal: A Process of Ongoing Improvement (20th Anniversary Edition, ISBN: 1-88427-178-1, GOAL/QPC, 2004) by E. Goldratt and J. Cox. (This is a novel that captures many of the critical concepts and issues in operations. According to Financial Times, “The only book that [managers] have actually read right through over the years is THE GOAL.” The book is funny yet deep, requiring careful reading. We shall discuss the book in class on Feb. 11. Please read it by that time if not sooner.)

A packet of overheads is available from the UT Copy Center (GSB 3.136). You must bring this packet to class starting with Session 2.

CLASS PREPARATION In preparing for each class session, you must complete the mandatory readings before class. Suggested questions to help you prepare for case discussions are provided in the syllabus. And you must bring the case/exercise listed for that session (see page 11 for a quick overview) to class for ready consultation. Doing these two things constitutes your credentials as a class participant. Neglect one and you are but a mere spectator in class. And Operations is not a spectator sport.

PERFORMANCE EVALUATION

The final grade in this class will be based on your demonstrated performance as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam 1 (Wednesday, February 20, 7:00-9:30 PM)</td>
<td>20%</td>
</tr>
<tr>
<td>Exam 2 (Wednesday, April 10, 7:00-9:30 PM)</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam (Final Exam Week)</td>
<td>30%</td>
</tr>
<tr>
<td>Individual Homework (available on Blackboard)</td>
<td>10%</td>
</tr>
<tr>
<td>Group Homework (available on Blackboard)</td>
<td>10%</td>
</tr>
<tr>
<td>Class Contribution</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Exams All three exams are closed-book, closed-notes, closed-laptop, etc. However, you may bring a self-prepared 3”x5” two-sided notes card to the exams. You may put anything you like on your notes card, but at least include whatever you may consider to be formulas. Exam 1 will be based on material covered in Sessions 1-8 and 11; Exam 2 will be based on material covered in Sessions 9, 10, 12-17 and 20. Please note that the final exam is comprehensive; it is based on material covered in Sessions 1-25.

Individual Homework (Available on Blackboard) For individual homework assignments, you are encouraged to work with other students in the class. But, the solution that you turn in must be your own. Please, no Xerox copy of another student's solution. Each individual homework will be graded on a scale of 0-2. A solution showing evidence of effort at completeness will earn full points. Please turn in your homework, properly stapled if two or more pages, at the beginning of the class session listed on the schedule. Solutions to the individual homework assignments will be posted on Blackboard. Please study each solution carefully even if you received full credit on the assignment. Please remember that credit on individual homework is proportional to effort not correctness. Please note that late submission of individual homework is not acceptable. Of the eight individual homework assignment grades, only the top five will count toward your course grade.

Group Homework (Available on Blackboard) Please form your own group (5-6 members) immediately. Each group homework will be graded on a scale of 0-2.5. Please turn in your group homework, properly stapled if two or more pages, at the beginning of the class session listed on the schedule. The work that you turn in must be your own work. Please do not get help from others. Solutions to the group homework assignments will be posted on Blackboard. Please study each solution carefully. Credit on group homework is proportional to both effort and correctness. Please note that late
submission of group homework is not acceptable. Of the six group homework assignment grades, only the top four will count toward your course grade.

**Class Contribution**  This is a measure of how actively you are engaged in class, and what you contribute to the learning of others. Class attendance is an essential component of class contribution.

**Practice Problems**  These problems and their solutions, both available on Blackboard, are additional opportunities to test your mastery of the course material. Use them well.

**McCombs Classroom Professionalism Policy**
- **Students arrive on time.** On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are prepared for each class.** Unprepared students cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students do not speak unless they are speaking to the entire class.** Do not engage in private conversations, however short or innocuous, while the class is in progress. They are disruptive and discourteous to the speaker. Raise your hand if you have a question or comment.
- **Laptops are closed and put away and phones and wireless devices are turned off.**

**Academic Dishonesty**
The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program’s Statement on Scholastic Dishonesty at [http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx](http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx). By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at [http://deanofstudents.utexas.edu/sjs/](http://deanofstudents.utexas.edu/sjs/) or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin. More specifically, you and other students are expected to maintain absolute integrity and a high standard of individual honor in scholastic work undertaken at the University. This is a very basic expectation that is further reinforced by the University's Honor Code. At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
• follow instructions for assignments and exams, and observe the standards of your academic discipline; and
• avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to Chapter 11 of the Institutional Rules on Student Services and Activities.

**Honor Code**
The core values of the University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the University is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community. (Link to University Honor Code: [http://registrar.utexas.edu/catalogs/gi09-10/ch01/index.html](http://registrar.utexas.edu/catalogs/gi09-10/ch01/index.html)).

**Class Web Sites and student Privacy**
Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on FERPA related issues see [http://registrar.utexas.edu/students/records/ferpa/](http://registrar.utexas.edu/students/records/ferpa/).

**Students with Disabilities**
The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

**Religious Holidays**
By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

**Campus Safety**
"Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, [http://www.utexas.edu/safety/](http://www.utexas.edu/safety/):
.. Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
.. Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
.. Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
.. In the event of an evacuation, follow the instruction of faculty or class instructors.
.. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
.. Behavior Concerns Advice Line (BCAL): 512-232-5050
   .. Further information regarding emergency evacuation routes and emergency procedures can be found at: [www.utexas.edu/emergency](http://www.utexas.edu/emergency)."
OM 335: DETAILED COURSE OUTLINE

SESSION 1 (M, Jan. 14) INTRODUCTION TO OPERATIONS MANAGEMENT
Optional Readings:
1. Chapter 1 of C&T (pages 1-9)
2. Chapter 2 of C&T (through section 2.3)

SESSION 2 (W, Jan. 16) INTRODUCTORY PROCESS ANALYSIS
Mandatory Readings:
1. Kristen’s Cookie Company (A) (in RP)
Optional Readings:
1. Chapter 3 of C&T (through section 3.3)
Case:
KRISTEN'S COOKIE COMPANY (A)
Case Preparation Questions:
1. We shall start with the ‘Key Questions to Answer before You Launch the Business’ in class. You do not need to answer them before coming to class. But give them some thought.

SESSION 3 (W, Jan. 23) INTRODUCTORY PROCESS ANALYSIS (cont…)
Mandatory Readings:
1. Kristen’s Cookie Company (A) (in RP)
Optional Readings:
1. Chapter 2 of C&T
2. Chapter 3 of C&T
Case:
KRISTEN'S COOKIE COMPANY (A) (contin...)
Case Preparation Questions:
2. What happens if you are trying to do this by yourself without a roommate?

SESSION 4 (M, Jan. 28) INTRODUCTORY PROCESS ANALYSIS (cont…)
Mandatory Readings:
1. Kristen’s Cookie Company (A) (in RP)
Optional Readings:
1. Chapter 2 of C&T
2. Chapter 3 of C&T
Case:
KRISTEN'S COOKIE COMPANY (A) (contin...)

SESSION 5 (W, Jan. 30) PROCESS DESIGN ISSUES: LAYOUT & UTILIZATION
Homework Due: IH-1
Mandatory Readings:
1. "Texas Automobile License Renewal" (in RP)
Optional Readings:
1. Chapter 3 of C&T
Preparation: We shall work on the License Renewal exercise in class. Please read it carefully and bring it to class.

SESSION 6 (M, Feb. 4) INVENTORY BUILDUP
Homework Due: IH-2
Mandatory Readings:
1. “Capacity” (in RP) – Fishing fleet and cannery exercise
Optional Readings:
1. Chapter 2 of C&T (section 2.5)
Preparation: In class, we shall work on the Fishing fleet and cannery exercise. Please read the exercise carefully and consider the questions. Don’t forget to bring it to class.

SESSION 7 (W, Feb. 6) SERVICE PROCESS ANALYSIS AND DESIGN
Homework Due: IH-3, GH-1
Mandatory Readings:
1. Benihana of Tokyo (in RP)
Case: BENIHANA OF TOKYO
Case Preparation Questions:
1. Compare the operating figures of a typical restaurant with those of Benihana based on the following
1. What are the factors that contribute to lower costs at Benihana? Why are costs lower at Benihana?

2. What design choices facilitate dining in less than an hour?

3. It would seem that by the time of Benihana Palace - Rocky's third Manhattan operation, Rocky had discovered that the size of the bar area should be balanced with the size of the dining area. Assuming 120 seats in the dining area, 48 seats in the bar, and a target process time of 60 minutes in the dining area, what target process time is implied for a customer in the bar?

4. What is the Benihana concept?

**SESSION 8 (M, Feb. 11) THE GOAL**

**Mandatory Readings:**
1. *The Goal*

**Preparation Questions:**
1. What is the marginal value of time at bottlenecks? At non-bottlenecks?
2. Where should Herbie be?
3. How can one increase bottleneck capacity?
4. What happens if statistical fluctuations are ignored?

**SESSION 9 (W, Feb. 13) PROCESS CONTROL & CAPABILITY**

**Homework Due:** IH-4

**Mandatory Readings:**
1. *Quality Wireless (A) (in RP)*

**Optional Readings:**
1. Chapter 10 of C&T (through section 10.5)

**Case:** QUALITY WIRELESS (A) (in RP)

1. What fraction of the days in 2003-2004 failed to meet the targeted hold time of 110 seconds? Given that the daily average hold time was normally distributed with a mean of 99.67 and a standard deviation of 24.24, what fraction of days where the call center failed to meet the targeted hold time of 110 seconds would you expect?
2. What fraction of the days in April 2005 failed to meet the targeted hold time of 110 seconds? Given that the daily average hold time after process improvements was normally distributed with a mean of 79.50 and a standard deviation of 16.86, what fraction of days where the call center failed to meet the targeted hold time of 110 seconds would you expect?
3. Based on the performance in April 2005, do you think that the performance of the call center has improved?

**SESSION 10 (M, Feb. 18) PROCESS CONTROL AND CAPABILITY**

**Homework Due:** IH-5, GH-2

**Mandatory Readings:**
1. *Quality Wireless (A) and (B) (in RP)*

**Optional Readings:**
1. Chapter 10 of C&T

**Cases:** QUALITY WIRELESS (A) & (B)

**Case Preparation Questions:**
1. What do you think of Jackson’s management approach?
2. If we assume that call center performance during the month of September is continuing at the improved level with a mean of 79.50 and a standard deviation of 16.86, what is the probability of observing ten days that average 86.6 or more? What is the probability of observing ten days that average 74.4 or less?
3. What would you do if you were in Jackson’s position?

**SESSION 11 (W, Feb. 20) Review for EXAM 1**
SESSION 12 (W, Feb. 27)  PROJECT MANAGEMENT
Homework Due: GH-3
Optional Readings: 1. Chapter 5 of C&T (through section 5.5)

SESSION 13 (M, Mar. 4)  PROJECT MANAGEMENT
Homework Due: IH-6
Optional Readings: 1. Chapter 5 of C&T (through section 5.6)

SESSION 14 (W, Mar. 6)  PROJECT MANAGEMENT
Homework Due: IH-7
Optional Readings: 1. Chapter 5 of C&T

SESSION 15 (M, Mar. 25)  MANAGEMENT OF WAITING LINES
Mandatory Readings:
1. Manzana Insurance – Fruitvale Branch (in RP)
2. Chapter 8 of C&T (through section 8.4)

Case:
MANZANA INSURANCE – FRUITVALE BRANCH

Case Preparation Questions:
1. What is the major competitive threat faced by Fruitvale?
2. It is commonly believed at Fruitvale that RUNs are the most profitable jobs? Is this belief justified?
3. What bottlenecks are revealed by the utilization analysis shown in the Table below? You have to understand where the numbers in the Table come from.
4. Consider how TAT (turnaround time) is calculated (page 6 and Exhibit 3). Does this TAT reflect Fruitvale’s actual throughput time performance? Why or why not?

MANZANA INSURANCE – Utilization Analysis (1991, 120 days, 450 minutes per day)

<table>
<thead>
<tr>
<th>Service Time Means: (From Exhibit 4)</th>
<th>RUNs</th>
<th>RAPs</th>
<th>RAINs</th>
<th>RERUNs</th>
<th>Average Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>68.5 mins.</td>
<td>50.0</td>
<td>43.5</td>
<td>28.0</td>
<td>40.97</td>
</tr>
<tr>
<td>UT</td>
<td>43.6</td>
<td>38.0</td>
<td>22.6</td>
<td>18.7</td>
<td>28.4¹</td>
</tr>
<tr>
<td>RT</td>
<td>75.5</td>
<td>64.7</td>
<td>65.5</td>
<td>75.5</td>
<td>70.39</td>
</tr>
<tr>
<td>PW</td>
<td>71.0</td>
<td>#N/A</td>
<td>54.0</td>
<td>50.1</td>
<td>54.78</td>
</tr>
<tr>
<td>Arrivals (Total): (From Exhibit 7)</td>
<td>350</td>
<td>1798</td>
<td>451</td>
<td>2081</td>
<td>4680</td>
</tr>
</tbody>
</table>

¹: Rounded to nearest tenth.
Arrivals Percentage: (From Exhibit 7)

| Territory 1 | 46.3 | 42.3 | 43.5 | 30.6 |
| Territory 2 | 28.6 | 28.5 | 27.7 | 40.3 |
| Territory 3 | 25.1 | 29.2 | 28.8 | 29.1 |
| (Total)     | 100  | 100  | 100  | 100  |

<table>
<thead>
<tr>
<th>Utilizations (%):</th>
<th>RUNs</th>
<th>RAPs</th>
<th>RAINs</th>
<th>RERUNs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC (4)</td>
<td>11.1²</td>
<td>41.6</td>
<td>9.1</td>
<td>27.0</td>
<td>88.8</td>
</tr>
<tr>
<td>UT1</td>
<td>13.1</td>
<td>53.5</td>
<td>8.2</td>
<td>22.1</td>
<td>96.9</td>
</tr>
<tr>
<td>UT2</td>
<td>08.1</td>
<td>36.1</td>
<td>5.2</td>
<td>29.0</td>
<td>78.4</td>
</tr>
<tr>
<td>UT3</td>
<td>07.1</td>
<td>36.9</td>
<td>5.4</td>
<td>21.0</td>
<td>70.4</td>
</tr>
<tr>
<td>RT (8)</td>
<td>06.1</td>
<td>26.9</td>
<td>6.8</td>
<td>36.4</td>
<td>76.2</td>
</tr>
<tr>
<td>PW (5)</td>
<td>09.2</td>
<td>07.1³</td>
<td>9.0</td>
<td>38.6</td>
<td>63.9</td>
</tr>
</tbody>
</table>

1 \[
\frac{(43.6)(350)+(38.0)(1798)+(22.6)(451)+(18.7)(2081)}{4680} = 28.4;
\]
2 \[
\frac{(68.5)(350)}{(4)(120)(450)} = 0.111
\]
3 15% RAPs turned into RUNs; assumes mean service time of 71.0 mins.

SESSION 16 (W, Mar. 27) MANAGEMENT OF WAITING LINES

Homework Due: GH-4

Mandatory Readings: 1. Manzana Insurance – Fruitvale Branch (in RP)
2. Chapter 8 of C&T (through section 8.9)

Case: MANZANA INSURANCE – FRUITVALE BRANCH

Case Preparation Questions:
4. Consider how TAT (turnaround time) is calculated (page 6 and Exhibit 3). Does this TAT reflect Fruitvale’s actual throughput time performance? Why or why not?
5. Make a few recommendations to improve Fruitvale’s performance.

SESSION 17 (M, Apr. 1) MANAGEMENT OF WAITING LINES

Homework Due: IH-8

Mandatory Readings: 1. Manzana Insurance – Fruitvale Branch (in RP)
2. Chapter 8 of C&T

Case: MANZANA INSURANCE – FRUITVALE BRANCH

Case Preparation Questions:
5. Make a few recommendations to improve Fruitvale’s performance.

SESSION 18 (W, Apr. 3) GLOBAL SUPPLY CHAIN

Homework Due: GH-5

Mandatory Readings: 1. Sport Obermeyer, Ltd. (in RP)

Optional Readings: 1. Chapter 17 of C&T (through section 17.2)
2. Chapter 12 of C&T (through section 12.2)

Case: SPORT OBERMEYER, LTD.

Case Preparation Questions:
1. Retailers, designers, sewing factories, fabric dyers/printers, and manufacturers of zippers, buttons and labels are a few of the many players comprising Obermeyer’s globally dispersed supply chain for skiwear. How would you characterize the role played by Sport Obermeyer in this supply chain? The role played by Obersport? What are the critical capabilities of Sport Obermeyer? Of Obersport?
2. Wally Obermeyer has hired you as a consultant to advise him on production planning decisions for the Obermeyer product line. As you know, one of the major challenges Wally faces each year is deciding which items to order in November, and which ones to defer till the Las Vegas show. Understand that an item could be ordered in November and again after the Las Vegas show. However, capacity constraints limit Wally’s options. Wally wants your help with the sample problem (page 8) and refers you to Exhibit 10. Consider the Isis and Entice styles (Exhibit 10). Which one of these two styles is less risky for early production using non-reactive capacity, and why?

SESSION 19 (M, Apr. 8)  GLOBAL SUPPLY CHAIN
Mandatory Readings:  1. Sport Obermeyer, Ltd. (in RP)
Optional Readings:  2. Chapter 12 of C&T (through section 12.4)
Case:  SPORT OBERMEYER, LTD.
Case Preparation Questions:
2. Wally Obermeyer has hired you as a consultant to advise him on production planning decisions for the Obermeyer product line. As you know, one of the major challenges Wally faces each year is deciding which items to order in November, and which ones to defer till the Las Vegas show. Understand that an item could be ordered in November and again after the Las Vegas show. However, capacity constraints limit Wally’s options. Wally wants your help with the sample problem (page 8) and refers you to Exhibit 10. Consider the Isis and Entice styles (Exhibit 10). Which one of these two styles is less risky for early production using non-reactive capacity, and why?
3. A number of factors constrain Obermeyer’s ability to produce so as to match supply demand. These include: (1) minimum production lot-size constraints; (2) limited reactive capacity in the sewing plants; (3) raw material lead times; and (4) the time at which retailer demand is made available to Obermeyer. How should Obermeyer address these factors so as to improve its ability to produce what the market wants? Specifically, how can Obermeyer increase its reactive capacity without necessarily hiring more people, working longer hours or buying new equipment?

SESSION 20 (W, Apr. 10)  REVIEW FOR EXAM 2
Exam 2  Wednesday, Apr. 10, 7:00-9:30 PM

No class on Monday, Apr. 15 (No Office Hours)

SESSION 21 (W, Apr. 17)  GLOBAL SUPPLY CHAIN
Mandatory Readings:  1. Sport Obermeyer, Ltd. (in RP)
Optional Readings:  1. Chapter 13 of C&T
Case:  SPORT OBERMEYER, LTD.
Case Preparation Questions:
2. Wally Obermeyer has hired you as a consultant to advise him on production planning decisions for the Obermeyer product line. As you know, one of the major challenges Wally faces each year is deciding which items to order in November, and which ones to defer till the Las Vegas show. Understand that an item could be ordered in November and again after the Las Vegas show. However, capacity constraints limit Wally’s options. Wally wants your help with the sample problem (page 8) and refers you to Exhibit 10. Consider the Isis and Entice styles (Exhibit 10). Which one of these two styles is less risky for early production using non-reactive capacity, and why?
3. A number of factors constrain Obermeyer’s ability to produce so as to match supply demand. These
include: (1) minimum production lot-size constraints; (2) limited reactive capacity in the sewing plants; (3) raw material lead times; and (4) the time at which retailer demand is made available to Obermeyer. How should Obermeyer address these factors so as to improve its ability to produce what the market wants? Specifically, how can Obermeyer increase its reactive capacity without necessarily hiring more people, working longer hours or buying new equipment?

SESSION 22 (M, Apr. 22)  TOYOTA PRODUCTION SYSTEM  
Homework Due: GH-6  
Mandatory Readings: 1. Toyota Motor Manufacturing, USA, Inc. (in RP)  
Optional Readings: 1. Chapter 11 of C&T (through section 11.4)  
Case: TOYOTA MOTOR MANUFACTURING, USA, INC.  
Case Preparation Questions:  
1. The length of a station is 5.7 meters (Exhibit 6). Given that the cycle time is 57 seconds, what is the speed of the assembly line (in miles per hour)?  
2. What is the capacity of the assembly line (cars per day; cars per week; and cars per year) assuming 100% line utilization? How many fewer cars are produced per shift if the run ratio is 95%? How many fewer cars are produced per shift if the run ratio is 85%?  
3. This question is designed to estimate how much time KFS has to assemble a seat. Of the 353 stations, at least 314 (353 minus 39 in Groups 2 and 3 in Exhibit 6) are between the end of the paint line and the first seat installation station. What is the corresponding throughput time? After subtracting the time a seat spends: traveling on TMM’s overhead seat conveyor line (about 250 meters), waiting on TMM’s staging line, traveling in the truck, and waiting on KFS’s staging line, you get the time KFS has to assemble a seat. What is the time?  
4. “Of all TPS components perhaps the one receiving most notoriety has been workers’ “ability” to stop the line.” What is the cost of stopping the line for one cycle? For five minutes? For half-an-hour?  

SESSION 23 (W, Apr. 24)  TOYOTA PRODUCTION SYSTEM (cont…)  
Mandatory Readings: 1. Toyota Motor Manufacturing, USA, Inc. (in RP)  
Optional Readings: 1. Chapter 11 of C&T  
Case: TOYOTA MOTOR MANUFACTURING, USA, INC. (cont....)  
Case Preparation Questions:  
4. “Of all TPS components perhaps the one receiving most notoriety has been workers’ “ability” to stop the line.” What is the cost of stopping the line for one cycle? For five minutes? For half-an-hour?  
5. What can Doug do to address the seat quality problem?  

SESSION 24 (M, Apr. 29)  TOYOTA PRODUCTION SYSTEM (cont…)  
Mandatory Readings: 1. Toyota Motor Manufacturing, USA, Inc. (in RP)  
Optional Readings: 2. Chapter 11 of C&T  
Case: TOYOTA MOTOR MANUFACTURING, USA, INC. (cont....)  
Case Preparation Questions:  
5. What can Doug do to address the seat quality problem?  
6. What is the real problem?  
7. Who is minding quality at Toyota and who is minding productivity?  

SESSION 25 (W, May 1 )  COURSE REVIEW
<table>
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<th>Session</th>
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<th>Date</th>
<th>Topic</th>
<th>Case/Exercise</th>
<th>Assignment Due</th>
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**PLEASE Note: No office hours on NO CLASS days (Feb. 25, Mar. 18, Mar. 20 and April 15).**