

Operations Strategy Perspectives and Performance Tasks with Case Analysis

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# Task One:

## Perspectives on operations strategy

To approach this task, I will use fit20 New Zealand to explain the perspectives on operations strategy. I explain how fit20 uses these perspectives to develop an operations strategy.

## Fit20 New Zealand profile and position

Fit20 New Zealand is medium sized franchise developed in the Netherlands. The company offers high-intensity strength training programs at their fit20 studios. The franchise provides 20 minutes services per week with a trainer or in the fit20 studios.

## Operations Typology

According to Slack et al. (2009, pp.99-22), the 4Vs are as follow:

- Volume
- Variety
- Variation
- Visibility

**Volume:** Looking at Slack et al. (2009, pp.19-22), operations dimension in terms of volume is understood through systems and the repetition of the processes which lead to operations process standardization. Although, according to Heizer and Render (2006, p.10) standardization and automation of tasks are problematic because of the variability of customers interaction and demand for innovative products and uniqueness. They also claim that services are knowledge-based thus is difficult to automate and inventoried. In this regard, in the case of fit20 providing training services to its clients, is knowledge-based, therefore not affected by the volume dimension of operations. This means that according to Slack et al. (2009, pp.99-22), there is a repetition of jobs in fit20 with less systemization.

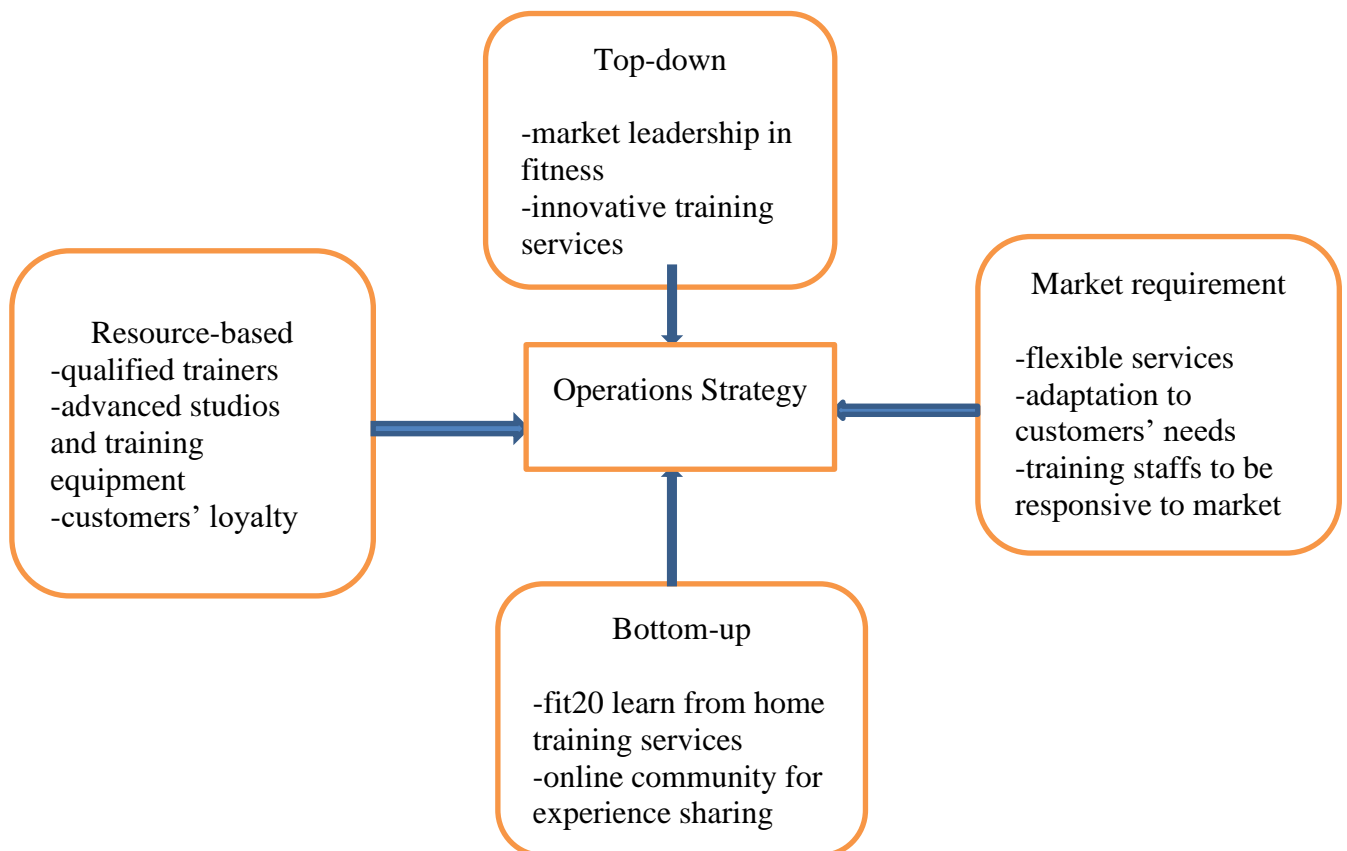
**Variety:** Slack et al. (2009, pp.19-22) explained that variety sees the operations of the company being flexible for the variability of market offers. The cost may be higher than those of standardized operations as the company tries to meet the customers' needs. In reference to fit20 case study, the customers' uniqueness of their services means their operations have high variety as they are flexible, complex and try to serve the customers' expectations in terms of both their market research and trainers' recruitment. These inevitably add to the unit cost of service provisions.

**Variation:** this means operations changes in terms of capacity due to the variation in demand for the service of the company. For instance hiring of more staff to meet the growing demand for fitness (Slack et al, 2009, pp.19-22). However, Greasley (2008, p.10) illuminate how the service requirement for simultaneity between the service provider and the environment, lead to variation in the performance of the service, as workers make mistakes and are likely to vary their actions on a day-to-day basis. In this, fit20 witness high variations in demand thus they are continuously changing capacity. The company staff capacity is over 100 but the company has other contractual experts in the reserve who are contracted to fill the change in capacity when demand changes.

**Visibility:** According to Slack et al. (2009, pp.19-22) visibility is how much the customers are able to experience from the operations’ activities or how much customers are able to see in operations as exposed by the operation management. The visibility of services is part of its delivery system where customers are actively engaged. Fit20 has high customer contact which increases their operations cost.

**Operations perspective**

Slack and Lewis (2008, p. 6) define operation strategy as how competitive environment changes and what the operation has to do in order to meet current and future challenges, it must according to Waters (2002, p. 20) consist of all the strategic decisions, policies, plans and culture relating to the operations. Slack et al. (2009, pp. 19–22) classify them into four perspectives, namely: Top-down, Bottom-up, Market requirement-based and Resources-based.



**Top-down perspective:** This perspective focuses on the holistic objectives of the whole organization according to Slack et al. (2009). This strategy is also called corporate strategy because it is concerned with the organization as a whole in terms of the sector it competes. The top-down perspective of fit20 is to be a market leader in the health and fitness sector and be a highly ranked fitness training and consultation. To achieve this, the company recruits the best trainers in the industry to respond to the customers' needs. The company also offers the best fitness studios setups for the customers and being flexible to fit their time schedules.

**Bottom-up Perspective:** This Perspective according to Slack et al. is how the company encounters emerging strategies from the day-to-day experiences in the operation processes. It shapes the company's strategic operations. This applies to fit20 where it separates home training services with in-studio training programs. This help in getting the feedback from both parts of the program and act accordingly. The perspective has helped the company in the recruitment of trainers in line with the needs of the customers. The company has also launched an online community network from which they gain information from the customers' feedbacks from the experienced of their past training services. The platform has also enabled the company to directly engage the customers and find out what they need.

**Market requirement perspectives:** according to Slack et al. the organization tries to fulfill the needs of its market. Fit20 responds to the market by gathering the clients' feedbacks and by providing the top of the art fitness technology and training programs. The company has managed to be competitive in the market by providing flexible services to the customers and being adaptive to their needs. The training staffs also work together to share the client experiences and the required responses.

**Resource-based View:** Slack et al. argues that resources have a significant impact on the operations strategy success, therefore, resources are inherited, acquired and developed to fit the strategic operations of the organization. In fit20, trainers must be qualified to deliver the services intended to the clients. The company being knowledge-based also engages in the capacity building of its staff with regard to the market trends and responses. It has also invested in state of the art studios and fitness equipment which feed the expectations of the clients. Over time the company has been able to build a pool of customers' loyalties.

### Conclusion/Recommendations

It can be concluded that fit20 as an operation is affected by low volume, high variation and high visibility which leads to high operating costs, as explained by Slack et al. (2009, pp. 19–22) and would thus have cost as a major problem with the operations of the company. Its quality as a service operation cannot be fully measured due to variability in performance and customers being the only ones that can give their own perception of quality. However, their flexibility and effort to meet customers' specific needs shows they would have a high level of quality judging by the numerous clients they work for. In terms of recommendations to be given to the firm,

Boyer, and Lewis (2002) report that a firm at times needs to make trade-offs whereby a company chooses for example between achieving low costs or high flexibility. Fit20 as a firm should probably adopt a mass customisation approach as part of their operating strategy to help reduce their operating costs, this, as Slack et al. (2009, p. 47) explain, is to produce customised services for each individual manner but managing to produce them in high volume thereby driving down costs. They also need to increase their competitive advantage which Vonderembse and White (2004, p. 28) says can be done through delivery lead time on their services or market research reports which gives organisation an edge over the competition, and they can also achieve this through differentiation by providing uniqueness, low cost leadership in their sector and adequate response to market requirements, as argued by Heizer and Render (2006, p. 33).

## Task Two:

### Operations objectives to achieve market requirements

Slacks et al. (2009, p.19-22) explains that a company does things to set things right to avoid mistakes while satisfying their customers and also giving timely deliveries for fewer operating costs. The author gives five performance objectives namely:

- Quality
- Speed
- Flexibility
- Dependability
- Cost

**Quality:** Slack et al (2009, pp.19-22) term this as the organization work to reduce the mistakes in operations process to reduce overall cost. Greasley (2008) argues in terms of service operation variability in performance and customers perception which makes it difficult to maintain consistency in service quality. In the case of fit20, in its service quality try to be a reliable fitness trainer and responsive to the market needs. The company also shows empathy on trainers' recruitment and follow-ups.

**Speed:** looking at what Greasley (2008) explanation, speed cannot be used for service delivery, however, helps to improve on the time for service deliveries and improved customer experience. In this context, fit20 need to have a state of speed in responding to customers' requests and time programs.

**Flexibility:** This is the ability of the company to be adaptive to the market changes and be able to offer differentiated services to the clients (Greasley, 2008, pp.18-20). In this case, fit20 is flexible in training service provision to divergent clients' fitness needs which include body size, health issues, body size maintenance etc. The variation in health and fitness demand is on the rise and therefore, the company is being flexible in capacity needs.

**Dependability:** according to Slack et al. this object saves time and cost. This is the consistency and commitment in meeting the delivery time. Fit20 success in the health and fitness sector is a clear indication that it serves a large number of the customer which means it has been proven to be dependable for service deliveries on time and client schedules.

**Cost:** This is a crucial part of operations management in keeping cost low. According to Heizer and Render (2006, p. 33) to be competitive in the market can be achieved by creating a robust system that is unique than that of competitors. Fit20 low volume, varied services, and better customer contacts increase make costs high which is mitigated by the unique advantage in service delivery and in their social networking site build over time.

## Task Three:

### Application of different performance objectives in fit20 and Hawke’s Bay

#### Apple Press

Table (according to Slack et al. (2009)).

Performance objectives	Fit20 associated competitive factors	Hawke’s Bay Apple Press
<b>Quality</b>	Timely service delivery to clients. This is how the company respond to client training needs	Quality of the apple fruits used in the apple press. The company handpicks the fruits that are mature and ripe quality. These ensure that quality standards are maintained
	How reliable are trainers to deliver services to customers? The trainers are always available when needed by the client	The taste, color, and smell of the apple press.
	Qualified training and competent staffs	Product level of sales- the amount of sales revenue is a measure of how the juice is performing in the market which is dependent on the quality of the apple press
	Having advanced equipment for fitness training and studio	
	Gaining customers’ loyalty – the number of customers coming back for services is a clear indication of quality training services delivered to	Adherence to that nutrition and foods standard set by the authorities in New Zealand

	<p>the customer</p> <p>How the service is fitting to the client time. The service offered need to respond to customer objective for fitness training</p>	<p>Use quality equipment in the production of juice.</p>
<b>Speed</b>	<p>Speedy response to customers' requests – in this case, the company send trainers to client premise or their choice studio and they are expected to be there in time and not to keep them waiting because some have tight schedules</p> <p>Responding to customers' schedules – the company is aligned with services to depending on the availability of the customer.</p>	<p>Lead time from inquiry to quotation. This how much times the company to respond to the customers' inquiry and quotation of the orders.</p> <p>Lead time from order to delivery of the product. The waiting time for delivery should not belong.</p> <p>Lead time to give technical advice to clients.</p>
<b>Dependability</b>	<p>The large number and variety of the customers served by the company speak for its self. It shows that the company is dependable in its service offering</p> <p>Customers' information and contracts held by the company. Large information means that the company is serving a large number of customers.</p>	<p>The number of deliveries made within a specific time.</p> <p>Keeping transactions record of the customers. The company needs to have transactions record for easy retrieval and follow-ups.</p>
<b>Flexibility</b>	<p>Responding to accordingly to customer specifications and needs</p> <p>Being able to fit in the time</p>	<p>Variety of apple press produced for the market.</p> <p>Responsiveness of the company to markets changes.</p>

	schedule of different clients	This is how Apple Press respond to market changes in terms of competition, demand, and culture.
	Adaptive to the new training techniques and equipment	
	Being able to respond to capacity needs in the market	How the company is able to respond to capacity change.
		New product innovations introduced to the market.
<b>Cost</b>	Varied services offering	Cost of producing enough apple for the market.
	Customer information and contacts	Apple press processing costs.
	Trainers training programs	Prices of acquiring equipment needed for production.
	Variation in services	

## Task Four:

### Operations strategy matrix for fit20 New Zealand

In this task, it will be of importance to discuss the structure decisions that interrelate with operations objectives

#### Structural decisions

The structural decision areas comprise:

- **Facilities:** the location, size, and focus of operational resources. These decisions are concerned with where to locate production facilities, how large each facility should be, what goods or services should be produced at each location, what markets each facility should serve, etc.
- **Capacity:** the capacity of operations and their ability to respond to changes in customer demand. These decisions are concerned with the use of facilities, for example through



shift patterns, working hours and staffing levels. Decisions about capacity will affect the organization’s ability to serve particular markets from a given location.

- **Process technology:** the technology of the equipment used in operations processes. For example, the degree of automation used, the configuration of equipment, and so on.
- **Supply network:** the extent to which operations are conducted in-house or are outsourced. Decisions about vertical integration are also concerned with the choice of suppliers, their location, the extent of dependence on particular suppliers, and how relationships with suppliers are managed. Structural decisions often involve major capital investment decisions, which once made will set the direction of operations for many years to come. They invariably impact the resources and capabilities of an organization, determining its potential future output. It may be prohibitively expensive to change such decisions once implemented, and hence these must be considered to be truly strategic decisions for the organization. It may be much easier to change the organization’s marketing strategy (e.g. its target markets, or its promotional activities) than it is to change its operations strategy with respect to the structural decision areas.

<b>Quality</b>	Fitness studios grouped by the number of clients in the areas	Coming up with better and efficient methods to reach out to the customers	Information sharing and parenting system spread service ideas
<b>Timely service delivery</b>			
<b>Reliability of trainers</b>			
<b>Customers’ loyalty</b>			
<b>Customers’ loyalty</b>			
<b>Speed</b>	The studios are located in areas where they are easily accessible by the majority of clients. This will ensure speedy services and accessibility by clients		Invest in customer care system that is robust in responding to clients calls and concerns
<b>Response to customer request</b>			
<b>Adhering to customers schedules</b>			

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**Dependability**

**A large number of various customers served**

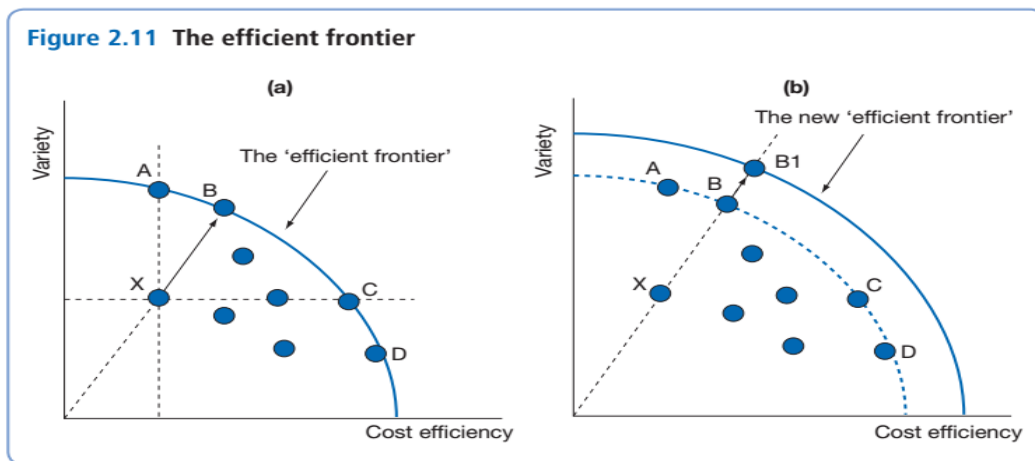
<p><b>Flexibility</b></p> <p><b>Adaptive response to customers' needs</b></p> <p><b>Fitting to the customers' schedules</b></p> <p><b>Adaptive to technology in training equipment</b></p> <p><b>Responding to changes in capacity</b></p>		<p>The company investment incompetent trainers who responded to the home to home service deliveries.</p>	<p>Online community network provides the information on customers feedbacks from the services. This will help the company to improve on areas which are weak while providing variety to the customers. The online community also acts as a litmus test for innovative ideas that the company want to introduce in the market.</p>	<p>Coming up with new innovations that are adaptive to market changes and customers' needs</p>
<p><b>Cost</b></p> <p><b>Training programs</b></p> <p><b>Customer information</b></p> <p><b>Varied services</b></p>	<p>Area dominance reduces distribution and advertising costs</p>	<p>Common fitness centers give continuous service to a large number of customers</p>		<p>Field counselors with services demand data help the company from wastage through advertising</p>

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	Number of studios	Number of training staff	Online community networks	Relationship with the franchise
	Location of studios	Number of fitness studios		Innovative training services
	Visit client's place	Responding to home training needs		
	<b>Capacity</b>	<b>Supply networks</b>	<b>Process technology</b>	<b>Development of organization</b>

## Task Five:

### The efficient frontier



### Explanations

Initially, most airlines operated at A, B, and C, that is the first class, business class, and economy class respectively. The business class became more preferred by customers to the extent the first class was dropped by most airlines. British Airline, however, decided to add more variety to the first class and make customers' preference. The companies must produce at

### *Discussion of the model*

To provide the service at A, that is the first class, means the company has varieties of services to offer at that point. The cost is higher and charges to customers also are high. To reduce cost the company offer service at B which is relatively cheaper to the customers and also to the airline given that it has to go give up some services be more cost effective at that point. The airline wanted also to serve customer of low income and cannot afford A or B, therefore it produces at C (economy class) where their varieties of services are low and it is more cost effective to both the company and the customer.

To produce more of one service within the production frontier will mean a reduction in the other service variety. Therefore, British Airline had to add more resources go into the business so that it can provide a variety of services in first class which will go beyond the production frontier line as inefficient frontier shown in (b). To produce at new frontier A for first class require the company to invest more on flatbed tradeoff utilization for comfort. The limiting factor for a variety of services in the airline is the space.

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