

Introduction

Globalization has forced corporates to adopt high standards in operations management (Slack 2010). Adopting corporate management decision ensures sustenance and competitive advantages for businesses. Competitive strategies of organizations needs to be directed at operation management decisions such that three major competitive strategies of differentiation, cost leadership and response can be enhanced. The key operation management decision s pertains to designing goods and services, quality management, process capacity design, location strategy, layout design and strategy, human resources and job design, supply chain management, inventory management, scheduling and maintenance. As firms in the retail sector are faced by immense competitive pressures they need to maintain some of their operational efficiency in order to be able to appeal to its customer base and maintain core competency. The essay deals with analysis of five key operational management strategies of location strategy, supply chain management, inventory management, scheduling and maintenance of a retail company in Queensland, Australia to complement its competitive strategy (Gunasekaran 2011).

Analysis

Operations management deals in all the processes involved in procuring of raw materials, manufacturing it and then consecutively supplying it to various stores and locations to cater to customer needs. In Retail Company there are a diversified range of functions and activities needs to be catered to prior to they are delivered or sold across stores. The five most important aspects of operational management highlighted for this business that delivers it competitiveness in the market in terms of costs as well as differentiation or response (Doyle 2006). The key five operational management strategies are discussed as;

Location strategy: Locational strategies deal in area where the store of the retail company is located. The company at present has a single store that is located at the central of market place in Queensland, Australia. The company offers home delivery solutions to its customers, who make

purchase above AUD\$500, which is an added locational strategy and helps in enhancing it. It is located at a suitable and convenient location for customers, as they can easily park their automobiles, reach the place with great ease and get delivered to their homes. Locational strategy helps business costs to reach out to customers by form of advertisement. Each business involves tremendous expenditure towards marketing and advertisement (Bernardes 2009). Hence, if a store as this retail company can be located at a key destination which is easily accessible by road, railways and other mode of transport then it enhances advantage for the business. Cost saved from incremental marketing and advertisement can be directed towards new product development or additional discounts can be provided to customers. Locational strategy also aids suppliers and vendors to deliver products to the company at suitable costs. In case the location of the company is at a geographical disadvantageous position then it creates hindrance for suppliers, vendors, manufacturers to deliver products. They might also add relevant proportion of cost burden on the retail business and it might not be able to attract its customers by providing them cost advantage (Wheelen & Hunger 2011).

Supply chain management: Supply chain management is a key operational management processes that can aid businesses to maintain their competitiveness and profitability. Supply chain handles flow of goods from raw materials to customers, thus involves a series of processes from storing raw materials in warehouse, work-in-progress, finished goods storing in inventory, transportation to stores and so on. Thus, for the retail store it involves a series of functions that combines a host of businesses as vendors, suppliers, manufacturers, transporter and end customer (Prajogo 2007). Supply chain involves in effectively designing, planning, controlling, executing and monitoring of various activities directed at creating value for overall business competitiveness. The more efficient supply chain processes and logistics, the better value it is able to create for its business.

The retail stores provide various kinds of products to its customers which need to be sourced from various manufacturers, suppliers, vendors and so on. As for example it sources its perishable food items meat and poultry from nearby local supplier and fruit juices and drinks from a manufacturer located near Victoria, Australia. Thus, it needs to plan, organize and schedule its delivery truck in a way such that it is able to make least number of trips and get products stored in its inventory (Cardy 2006). The company adopts lean processes that assess

customer demands and replenishes stocks accordingly. Lean processes also focuses on reduction of waste and maximizing output. Lean processes has helped the business to achieve high levels of efficiency and effectiveness in meeting customer demands, as it replenishes stock according to season, demands and discount factors. As a flask in winter is more likely to be sold compared to summer months. The retail company employs an effective planning process substantiated by effective managers, capable of overlooking the process (Hult 2007). The entire logistic process is coordinated by two trucks of the retail store itself. Both the trucks have processes charted out for picking up products from manufacturers, vendors as well as suppliers.

Inventory management: Most important aspect of any product related business is its inventory management. Mismanagement of inventories can result in significant cost increment in the business, lowering profitability. Inventory management involves flow of goods to and from inventory to stores (Swink 2007). The retail store has a large inventory behind its main store in Queensland. The inventory stores all products that are sourced from various manufacturers, suppliers, vendors and so on. Inventory management of the retail store is managed by the concept Just-in-time (JIT). It is traditionally a Japanese concept which believes in replenishment of stocks only when stocks run out of inventory. It prepares an active stock and account of all products that are available in the company's store and then prepares a demand chart criteria and places orders accordingly. JIT process for the company helps it in lowering any wastages occurring from additional stocks or unused stocks. JIT is used to meet appropriately customer demands that vary constantly for various products. JIT concept helps in product planning, such that least amount of products are stored in inventory (Walters 2007).

Inventory costs constitute a high amount particularly in retail businesses, especially for perishable items. Thus, the company has adopted this strategy in order to overcome any challenges in regards to the inventory. Through these dynamic inventory management systems considerable amounts of business costs in terms of working capital is saved. Inventory generally uses working capital to provide funds for its suppliers, vendors, manufacturers and so on. When minimum amount of working capital is blocked then interest paid on such capital is also lowered resulting in overall low cost of capital. Thus, these additional costs can be compensated to customers, who can now be provided products at much lower price compared to the market

(Sirikrai 2006). This enhances competitive edge of the business and customers will be highly attracted to reap benefits from such additional discounts and lower prices. Major large retailers in the company as Coles, Tesco, Metro follows this concept which is reflected in their earning potential.

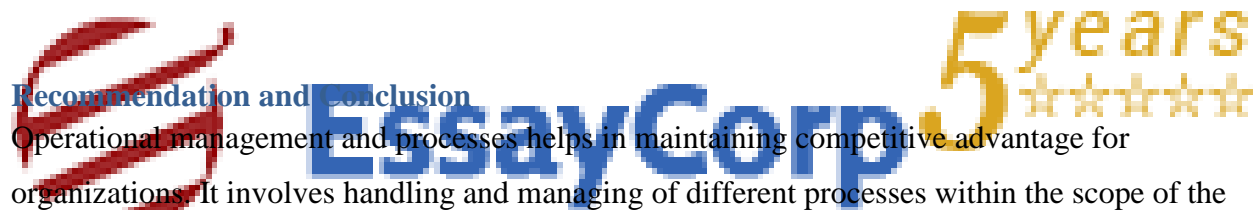
Scheduling: Scheduling involves arranging, controlling, optimizing work assigned and workloads such that process efficiency can be maintained. Scheduling is used in retail organization to allocate machinery resources, human resources, purchase processes and other processes to enhance overall system efficiency. In retail processes, scheduling is used for enhancing efficiency and reduces costs. It is mainly applied to get products available at its stores as per requirements. Hence it involves any relevant processes from ordering quantities, to procurement, quality checking to storing in shelves on the retail organization and then consecutively selling to customers by billing the transaction (Yang 2010). For this entire process responsible human resource managers along with sufficient resources has to be allocated. for the retail company both forward as well as backward scheduling is used to allocate resources efficiently. Forward scheduling involves planning for tasks and allocating resources start date of their availability. This enables determining when products can be moved to stores and sold to customers. In forward scheduling all products that has been procured from suppliers, vendors as well as manufacturers needs to be arranged appropriately in stores as per demand scheduling and product availability. In backward scheduling tasks from due date till required data is chalked out, making any relevant changes incapacity planning as required. When the retailer orders quantity from its vendors, suppliers or manufacturers to procure raw material, backward scheduling becomes pertinent. It reflects the level of efficiency existing within the firm in terms of handling its current level of resources. In scheduling certain key concepts which are required are inputs, outputs, resource allocation, output within the inventory and output for end buyer.

Maintenance: It involves preserving the current state or situation for betterment of the organization. All processes applied in current retail company needs to be periodically reviewed such that competitive advantage of the company remains stable. There is constant weekly and

monthly evaluation of various processes concerning operation management that are reviewed, monitored and evaluated. Such evaluation and monitoring helps identify any existing gaps remaining in process application and to restore the same. Evaluation is an important part of maintenance as it involves data gathering from tasks and matching them to targets such that any gaps can be identified. Monitoring involves ideal watching over tasks and recognizing for any discrepancies that might arise. Monitoring and evaluation occupies a major portion in maintaining of operation process management systems. In the retail store there is a dedicated department that undertakes quality checks and keeps maintenance of data such that they are least possible diversion to quality. In case any diversion from required quality levels occurs, then a team is formed to analyze reasons behind such discrepancies and to overcome the same. Maintenance is high in inventory department where products quality needs to be preserve for highest level deliverable to customers.

Recommendation and Conclusion

Operational management and processes helps in maintaining competitive advantage for organizations. It involves handling and managing of different processes within the scope of the organization such that efficiency and effectiveness can be maintained. The essay has discussed five key operational processes that render competitiveness in terms of costs and differentiation or response to the company. Though all other processes are equally important but these key processes has been found to be contributing significantly to the company's profitability and revenue earning. The company in order to maintain its effectiveness needs to continue to follow these processes and opt for continuous improvement. The most vital aspect of any operation management planning is constant monitoring and evaluation such that the processes effectiveness can be maintained adequately. Each of the key processes needs to timely evaluated and a Total Quality Management (TQM) process for overall company has to be adhered to. TQM will periodically evaluate effectiveness of operational management processes and any discrepancy in regards to a process will be easily diagnosed. Thus, along with the other process control systems the company needs to adapt to TQM principles to become the leading retailer within the industry.



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