

Mock Test Paper with Model Answers for June 2022 Online Examination – Inter/P09-OMSM/S1**INTERMEDIATE EXAMINATION
Syllabus 2016****Paper 9: OPERATIONS MANAGEMENT & STRATEGIC MANAGEMENT (OMSM)****Time Allowed: 3 Hours****Full Marks: 100****There are Sections A, B, C and D to be answered subject to instructions given against each.**

Section A					20 X 1 = 20 Marks
You are required to answer all the questions. Each question carries 1 mark.					
Instructions: Each question is followed by 4 Answer choices and only one is correct. You are required to select the choice which according to you represents the correct answer.					
1.	a.	According to recent trends in production or operation management, the example of worker involvement is _____ .			
		(i)	MRP		
		(ii)	SCM		
		(iii)	Quality Circle	A	
		(iv)	Just-in-Time		
	b.	Routing and Scheduling becomes relatively complicated in _____.			
		(i)	job production		
		(ii)	batch production	A	
		(iii)	flow production		
		(iv)	mass production		
	c.	Generally in continuous production, the production is carried out to _____ .			
		(i)	provide for stock and supply	A	
		(ii)	satisfy a few rich customers		
		(iii)	meet customer's order		
		(iv)	meet Government orders only		
	d.	Benchmarking may be defined as the _____ .			
		(i)	analytical tool to identify high cost activities based on the 'Pareto Analysis'		
		(ii)	search for industries best practices that lead to superior performance	A	
		(iii)	simulation of cost reduction schemes that helps to build commitment and improvement of actions		
		(iv)	process of marketing and redesigning the way a typical company works		
	e.	Which of the following is/ are the key aspect/s in a process strategy?			
		(i)	Make or buy decision		
		(ii)	Capital Intensity		
		(iii)	Process flexibility		
		(iv)	All of the above	A	
	f.	The cycle time, selected in balancing a line must be _____ .			
		(i)	greater than the smallest time element given in the problem		
		(ii)	less than the highest time element given in the problem		
		(iii)	slightly greater than the highest time element given in the problem	A	
		(iv)	left to the choice of the problem solver		

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	g.	Which one is not an Index of Productivity?	
	(i)	Total Quality Management	A
	(ii)	Use of Financial Ratios	
	(iii)	Productivity Ratio	
	(iv)	Man-Hour Output	
	h.	Linear Programming is a technique which is used for determining _____.	
	(i)	Production Program	
	(ii)	Plant Layout	
	(iii)	Product Mix	A
	(iv)	Manufacturing Sequencing	
	i.	For a marketing manager, the sales forecast is to _____.	
	(i)	distribute the goods through transport to satisfy the market demand	
	(ii)	arranging the salesmen to different segments of the market	
	(iii)	estimate of the amount of unit sales for a specified future period	A
	(iv)	plan the sales methods	
	j.	Number of product varieties that can be manufactured in Mass production is _____.	
	(i)	one only	
	(ii)	two only	
	(iii)	large varieties in small volumes	
	(iv)	few varieties in large volumes	A
	k.	Which one of the following standards is associated with the “Quality Assurance in Final Inspection Test”?	
	(i)	ISO 9002	
	(ii)	ISO 9003	A
	(iii)	ISO 9005	
	(iv)	ISO 9007	
	l.	Marketing Research Studies are undertaken to _____.	
	(i)	measure brand loyalty of a class of consumers.	
	(ii)	predict the market potential of a product on a future date.	
	(iii)	understand product-price relationships.	
	(iv)	All of the above	A
	m.	Which one of the following establishes a time sequence of operations?	
	(i)	Sequencing	
	(ii)	Dispatching	
	(iii)	Scheduling	A
	(iv)	Routing	
	n.	Which of the following is referred to as the use of minimal amount of resources to produce a high volume of high quality goods with few variety?	
	(i)	SCM	
	(ii)	TQM	
	(iii)	Lean Production	A
	(iv)	Just-In-Time	

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	o.	The managerial task of implementing strategy primarily falls upon the shoulders of _____.	
	(i)	First line supervisors, who have day-to-day responsibility for seeing that key activities are done properly	
	(ii)	All managers, each attending to what needs to be done in their respective areas of authority and responsibility	A
	(iii)	The Chief Executive Officer (CEO)	
	(iv)	All of the above	
	p.	Which of the following is not an element in a formal strategy?	
	(i)	Goals to be achieved	
	(ii)	Policies that guide or limit action	
	(iii)	Action sequences or programs that accomplish goal	
	(iv)	None of the above	A
	q.	Under SWOT analysis, which of the following is not a corporate weakness?	
	(i)	Poor product-mix	
	(ii)	Industrial unrest	
	(iii)	Raw materials source at a distance	
	(iv)	Low debt in the capital structure	A
	r.	A Strategic Business Unit (SUB) is defined as a division of an organization that _____.	
	(i)	helps in the marketing operation	
	(ii)	enables managers to have better control over the resources	A
	(iii)	assists in the choice of technology	
	(iv)	co-ordinates with vendors	
	s.	Which of the following is not a characteristic of strategic management that makes it different from other types of management?	
	(i)	It has an internal focus.	
	(ii)	It has long term implications.	
	(iii)	It concerns the present direction of the organization.	A
	(iv)	It has an external focus.	
	t.	Which of the following is an essential ingredient of Business Process Re-engineering	
	(i)	Continuous improvements of products, processes and technologies	
	(ii)	Advanced planning in the areas of technologies, processes and strategic partnerships etc.	
	(iii)	Fundamental rethinking and radical redesign of business process to achieve dramatic results	A
	(iv)	Generation, comparison and evolution of many ideas to find out one worthy of development	
Section B			10 X 2 = 20 Marks
You are required to answer all the questions. Each question carries 2 marks.			
Instructions: Each question is followed by a space where you are required to type your answer.			
2.	a.	Which recent trend in operations management use minimal amounts of resources to produce a high volume of high quality goods with some variety?	
		Type your answer here Lean Production	
	b.	What is the most suitable layout for continuous production?	

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		Type your answer here Line Layout	
	c.	What is Lead Time?	
		Type your answer here Time between placing the order and receiving the materials.	
	d.	In which stage the management should try to change its approach by changing its strategy from “buy my product” to “try my product”?	
		Type your answer here Growth	
	e.	What kind of method does Job Evaluation use?	
		Type your answer here Ranking Method	
	f.	Which standard is associated with the “Quality Assurance in Production and Installation”?	
		Type your answer here ISO 9002	
	g.	Name the chart which helps in scheduling of activities but does not clearly indicate the details regarding progress of activities?	
		Type your answer here Gantt Chart	
	h.	What are the ingredients of Business Process Re-engineering?	
		Type your answer here Fundamental rethinking and radical redesign of business process to achieve dramatic results	
	i.	What is an Innovation Strategy?	
		Type your answer here Responding to anticipating customers and market demands	
	j.	What is Successful Differentiation Strategy?	
		Type your answer here Gain buyer loyalty to its brands	
Section C			48 Marks
You are required to answer any 4 out of 6 questions in this section			12 X 4 =
Instructions: Each question is followed by a space where you are required to type your answer.			48
3.	a.	Discuss the characteristics of modern operations function.	8
		<p>Type of answer here</p> <p>The production management of today presents certain characteristics which make it look totally different from what it was during the past. Specifically, today’s production system is characterized by at least four features.</p> <p>1. Manufacturing as Competitive Advantage: In the past production was considered to be like any other function in the organization. When demand was high and production capacities were inadequate, the concern was to somehow muster all inputs and use them to produce goods which would be grabbed by market. But today’s scenario is contrasting. Plants have excess capacities, competition is mounting and firms look and gain competitive advantage to survive and succeed. Interestingly, production system offers vast scope to gain competitive edge and firms intend to exploit the potential. Total Quality Management (TQM), Time-Based Competition, Business Process Re-engineering (BPRE), Just-in-Time (JIT), Focused Factory, Flexible Manufacturing Systems (FMS), Computer Integrated Manufacturing (CIM), and The Virtual Corporation are but only some techniques which the companies are employing to gain competitive advantage.</p> <p>2. Services Orientation: As was stated earlier, service sector is gaining greater relevance these</p>	

		<p>days. The production system, therefore, needs to be organized keeping in mind the peculiar requirements of the service component. The entire manufacturing needs to be geared to serve (i) intangible and perishable nature of the services, (ii) constant interaction with clients or customers, (iii) small volumes of production to serve local markets, and (iv) need to locate facilities to serve local markets. There is an increased presence of professionals on the production, instead of technicians and engineers.</p> <p>3. Disappearance of Smokestacks: Protective labour legislation, environmental movement and gradual emergence of knowledge based organizations have brought total transformation in the production system. Today's factories are aesthetically designed and built, environment friendly - in fact, they are homes away from homes. Going to factory every day is no more excruciating experience, it is like holidaying at a scenic spot. A visit to ABB, L & T or Smith Kline and Beecham should convince the reader about the transformation that has taken place in the wealth creation system.</p> <p>4. Small has Become Beautiful: It was E.F. Schumacher who, in his famous book Small is Beautiful, opposed giant organizations and increased specialization. He advocated, instead, intermediate technology based on smaller working units, community ownership, and regional workplaces utilizing local labour and resources. For him, small was beautiful. Businessmen, all over the world, did not believe in Schumacher's philosophy. Inspired by economies of scale, industrialists went in for huge organizations and mass production systems</p>	
	b.	State any four methods of Sales Forecasting.	4
		<p>Type of answer here</p> <p>The various methods of Sales Forecasting are:</p> <ol style="list-style-type: none"> 1. Survey of Buyer's Intentions or User's Expectation Method 2. Collective Opinion or Sales Force Composite Method 3. Group Executive Judgment or Executive Judgment Method 4. Experts' Opinions 5. Market Test Method 6. Trend Projection Method 	
4.	a.	Why do we need product design or redesign?	4
		<p>Type your answer here</p> <p>The most obvious reason for product design is to offer new products to remain competitive in the market. The second most important reason is to make the business grow and increase profits. Also, when productivity gains result in reduction of workforce, developing new products can mean adding jobs and retaining surplus workforce instead of downsizing by layoffs/ retrenchment. Sometimes product design is actually redesign or modification of existing design instead of an entirely new design. The reasons for this include customer complaints, accidents or injuries during product use, excessive warranty claims or low demand. Sometimes product redesign is initiated to achieve cost reductions in labour and material costs.</p>	
	b.	<p>An alloy wheel production unit is planning to introduce a production bonus scheme which allows proportionate production bonus beyond 100% performance level.</p> <p>The following are the details of a piece of work done by Mr. K, an operator for one day:</p> <ol style="list-style-type: none"> 1. Operation: Assembling a 'Low-pressure die casting' 2. Work Content: 35 Standard minutes per assembled set 3. Wage Rate: Rs. 65 per hour 4. Attended Time: 7 Hours 5. Time spent on unmeasured work: 2 Hours 6. Number of sets assembled during the day: 12 <p>You are required to determine the following:</p>	8
	(i)	Guaranteed Wage for Mr. K	2

		Type your answer here Rs. 455 ROUGH WORK Computation of Guaranteed Wage Formula: Hours Worked X Wage Rate per hour Guaranteed Wage (Rs.): 7 hours X Rs. 65 per hour = Rs. 455																													
	(ii)	Standard Hours for Actual Output of Mr. K.	2																												
		Type your answer here 420 minutes ROUGH WORK Computation of Standard Hours for Actual Output of Mr. K Formula: Standard minutes per assembled set x Number of sets assembled during the day Standard Hours for the Actual Output (minutes): 35 minutes per set X 12 sets = 420 minutes																													
	(iii)	Hours Worked for Actual Output achieved by Mr. K.	2																												
		Type your answer here 300 minutes ROUGH WORK Computation of Hours Worked for Actual Output Formula: Hours Worked - Time spent on unmeasured work Hours Worked for Actual Output (minutes): 7 hours – 2 hours = 5 hours x 60 = 300 minutes																													
	(iv)	Level of Performance (%) achieved by Mr. K.	2																												
		Type your answer here 140% ROUGH WORK Computation of Level of Performance (%) achieved by Mr. K Formula: Standard Hours for Actual Output / Hours Worked for the Actual Output) X 100 Level of Performance (%): (420 minutes / 300 minutes) X 100 = 140%																													
5.	a.	Mutual Fund has cash resources of Rs. 200 million for investment in a diversified portfolio. Table below shows the opportunities available, their estimated annual yields, risk factor and term period details. Formulate a Linear Program Model to find the optimal portfolio that will maximize return, considering the following policy guidelines: <ul style="list-style-type: none"> All the funds available may be invested. Weighted average period of at least five years as planning horizon. Weighted average risk factor not to exceed 0.20. Investment in real estate and speculative stocks to be not more than 25% of the monies invested in total. <table border="1"> <thead> <tr> <th>Investment type</th><th>Annual yield (percentage)</th><th>Risk factor</th><th>Term period (years)</th></tr> </thead> <tbody> <tr> <td>Bank deposit</td><td>9.5</td><td>0.02</td><td>6</td></tr> <tr> <td>Treasury notes</td><td>8.5</td><td>0.01</td><td>4</td></tr> <tr> <td>Corporate deposit</td><td>12.0</td><td>0.08</td><td>3</td></tr> <tr> <td>Blue-chip stock</td><td>15.0</td><td>0.25</td><td>5</td></tr> <tr> <td>Speculative stocks</td><td>32.5</td><td>0.45</td><td>3</td></tr> <tr> <td>Real estates</td><td>35.0</td><td>0.40</td><td>10</td></tr> </tbody> </table>	Investment type	Annual yield (percentage)	Risk factor	Term period (years)	Bank deposit	9.5	0.02	6	Treasury notes	8.5	0.01	4	Corporate deposit	12.0	0.08	3	Blue-chip stock	15.0	0.25	5	Speculative stocks	32.5	0.45	3	Real estates	35.0	0.40	10	8
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Real estates	35.0	0.40	10																												

		<p>Type your answer here</p> <p>Let x_1, x_2, x_3, x_4, x_5 and x_6 represent the six different investment alternatives, i.e., x_1 is bank deposit, x_2 is treasury note, x_3 corporate deposit, x_4 blue chip stock, x_5 speculative stock and x_6 real estate.</p> <p>The objective is to maximize the annual yield of the investors (in number of units) given by the linear expression.</p> <p>Maximize $Z = 9.5x_1 + 8.5x_2 + 12.0x_3 + 15.0x_4 + 32.5x_5 + 35.0x_6$</p> <p>Subject to the Constraints:</p> <p>$x_1 + x_2 + x_3 + x_4 + x_5 + x_6 \leq 1$ (Investment decision)</p> <p>$0.02x_1 + 0.01x_2 + 0.08x_3 + 0.25x_4 + 0.45x_5 + 0.40x_6 \leq 0.20$ (Constraint on weighted average risk of the portfolio)</p> <p>$6x_1 + 4x_2 + 3x_3 + 5x_4 + 3x_5 + 10x_6 \geq 5$ (Constraint on weighted average length of period of investment)</p> <p>$x_5 + x_6 \leq 0.25$ (Constraint on investment in real estate and speculated stock)</p> <p>$x_1, x_2, x_3, x_4, x_5, x_6 \geq 0$ (non-negativity condition)</p>	
	b.	Discuss the important purposes served by strategic vision.	4
		<p>Type your answer here</p> <p>Strategic Vision has important purposes, such as:</p> <ol style="list-style-type: none"> 1. Clearly provides the direction that company wants to follow. 2. Identify the need of changing from existing direction or products, if stated in vision statement. 3. Create passionate environment in the organization to steer the company with great excitement in selected direction. 4. Create creativity in every member of company to prepare company for future. 5. Promote entrepreneurship. 	
6.	a.	Discuss the differences between PERT and CPM.	4
		<p>Type your answer here</p> <p>Following are the differences between PERT and CPM:</p> <ol style="list-style-type: none"> a) PERT is appropriate where time estimates are uncertain in the duration of activities as measured by optimistic time, most likely time, and pessimistic time, whereas CPM (Critical Path Method) is good when time estimates are found with certainty. CPM assumes that the duration of every activity is constant and therefore does not deal with uncertainty in time. b) PERT is concerned with events which are the beginning or ending points of operation while CPM is concerned with activities. c) PERT is suitable for non-repetitive projects while CPM is designed for repetitive projects. d) PERT can be analysed statistically whereas CPM not. e) PERT is not concerned with the relationship between time and cost, whereas CPM establishes a relationship between time and cost and cost is proportionate to time. 	
	b.		
	(i)	List the advantages of preventive maintenance.	4

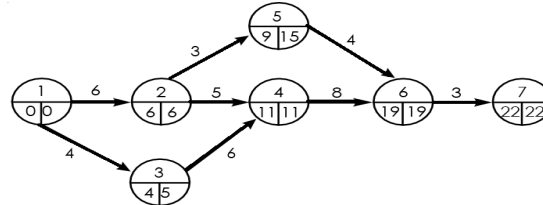
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		<p>Type your answer here</p> <p>The advantages of preventive maintenance are as follows:</p> <ul style="list-style-type: none"> a) Reduced breakdowns and downtime, b) Greater safety to workers, c) Fewer large scale repairs, d) Less standby or reserve equipment or spares, e) Lower unit cost of the product manufactured, f) Better product quality, g) Increased equipments life and h) Better industrial relations. 	
	(ii)	State the objectives of "Maintenance".	4
		<p>Type your answer here</p> <p>The objectives of maintenance are :</p> <ul style="list-style-type: none"> a) To keep all the production facilities and other allied facilities such as building and premises, power supply system, etc in an optimum working condition, b) To ensure specified accuracy to products and time schedule of delivery to customers, c) To keep the down time of the machine at minimum, so that the production program is not disturbed, d) To keep the production cycle with in the stipulated range, e) To modify the machine tools to meet the augmented need for production, f) To improve productivity of existing machine tools and to avoid sinking of additional capital, g) To keep the maintenance cost at a minimum as far as possible, there by keeping the factory Overheads at minimum, h) To extend the useful life of plant and machinery, without sacrificing the level of performance. 	
7.			
	a.	Categorize the seven-step process of Contingency Planning.	7
		<p>Type your answer here</p> <p>Steps in Contingency Planning:</p> <p>Step 1 - Identify the beneficial and unfavorable events that could possibly derail the strategy or strategies.</p> <p>Step 2 - Specify trigger points. Calculate about when contingent events are likely to occur.</p> <p>Step 3 - Assess the impact of each contingent event. Estimate the potential benefit or harm, of each contingent event.</p> <p>Step 4 - Develop contingency plans. Be sure that contingency plans are compatible with current strategy and are economically feasible.</p> <p>Step 5 - Assess the counter impact of each contingency plan. That is, estimate how much each contingency plan will capitalize on or cancel out its associated contingent event. Doing this will quantify the potential value of each contingency plan.</p> <p>Step 6 - Determine early warning signals for key contingency event. Monitor the early warning signals.</p> <p>Step 7 - For contingent event with reliable early warning signals, develop advance action plans to take advantage of the available lead time.</p>	
	b.	How does Matrix Organization Structure differ from SBU Structure? Analyze related advantages and disadvantages of Matrix Organization Structure.	5
		<p>Type your answer here</p> <p>SBU Organization Structure consists of flow of authority from top to bottom i.e. vertical flow whereas Matrix Organization Structure contains both vertical and horizontal flow of</p>	

		<p>communications or authority. This type of structure is frequently used in IT organization for managing different projects. Each individual project is managed by a project manager and projects manager will have his team arranged under him.</p> <p>Advantages:</p> <ol style="list-style-type: none"> 1. Useful for some specific industries like Information Technology, Healthcare etc. 2. Employee can see visible results of their efforts 3. Remove barrier to communications 4. Managing projects are easy 5. Effective structures when environment is very dynamic <p>Disadvantages:</p> <ol style="list-style-type: none"> 1. Complex structure as this contains both vertical and horizontal flow of information 2. High cost approach due to more management positions 3. Dual lines of authority 4. Conflicts arises in the allocation of resources 	
8.		You are required to write any Short Note on any 4 out of 5.	4 X 3 = 12 Marks
	a.	Layout of service facility	
		<p>Type your answer here</p> <p>The fundamental difference between service facility and manufacturing facility layouts is that many service facilities exist to bring together customers and services. Service facility layouts should provide for easy entrance to these facilities from freeways and busy thoroughfares. Large, well organized and amply lighted parking areas and well-designed walkways to and from parking areas are some of the requirements of service facility layouts. Because of different degree of customer contact, two types of service facility layouts emerge, viz., those that are almost totally designed around the customer receiving and servicing function (such as banks) and those that are designed around the technologies, processing of physical materials and production efficiency (such as hospitals).</p>	
	b.	Aggregate Planning strategies	
		<p>Type your answer here</p> <p>The variables of the production system are labour, materials and capital. More labour effort is required to generate higher volume of output. Hence, the employment and use of overtime (OT) are the two relevant variables. Materials help to regulate output. The alternatives available to the company are inventories, back ordering or subcontracting of items. These controllable variables constitute pure strategies by which fluctuations in demand and uncertainties in production activities can be accommodated.</p> <p>Vary the size of the workforce: Output is controlled by hiring or laying off workers in proportion to the changes in demand.</p> <p>Vary the hours worked: Maintain the stable workforce, but permit idle time when there is a 'slack' and permit overtime (OT) when demand is 'peak'.</p> <p>Vary inventory levels: Demand fluctuations particularly increase in demand can be met by large amount of inventory.</p> <p>Subcontract: In case of upward shift in demand from low level. Required production rates can be met by using the capacities available with the external vendors. This is also known as subcontracting</p>	
	c.	Process Design	
		<p>Type your answer here</p> <p>Process Design is concerned with the overall sequences of operations required to achieve the product specifications. It specifies the type of work stations to be used, the machines and equipment necessary to carry out the operations.</p>	

		<p>The sequence of operations is determined by:</p> <ul style="list-style-type: none"> (i) The nature of the product, (ii) The materials used, (iii) The quantities to be produced, and (iv) The existing physical layout of the plant. <p>The process design is concerned with the following:</p> <ul style="list-style-type: none"> (i) Characteristics of the product or service offered to the customers. (ii) Expected volume of output. (iii) Kinds of equipment's and machines available in the firm. (iv) Whether equipment's and machines should be of special purpose or general purpose. (v) Cost of equipment's and machines needed. (vi) Kind of labour skills available, amount of labour available and their wage rates. (vii) Expenditure to be incurred for manufacturing processes. (viii) Whether the process should be capital-intensive or labor-intensive. (ix) Make or buy decision. (x) Method of handling materials economically. 	
	d.	Strategic Planning	
		<p>Type your answer here</p> <p>Strategic planning is a process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization. The process also includes establishing the sequence in which those goals should fall so that the organization is enabled to reach its stated vision.</p> <p>Successful strategic planning involves a team effort among us and our employees, as well as among us and our vendors and other outside people. The more we engage our employees with strategic planning, the better they'll understand the strategy we want to have for our business.</p>	
	e.	Strategic Fit and Strategic Stretch	
		<p>Type your answer here</p> <p>Strategy can be seen as matching the resources and activities to the environment in which it operates. This is sometimes known as the search for strategic fit. The notion of strategic fit is developing strategy by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these. Strategy can also be seen as building on or stretching an organization's resources and competences to create new opportunities or to capitalize on them. Stretch is the leverage of the resources and competences of an organization to provide competitive advantage and /or yield new opportunities.</p>	
<p style="text-align: center;">Section D</p> <p style="text-align: center;">You are required to answer all the questions in this section.</p> <p style="text-align: center;">Instructions: Each question is followed by a space where you are required to type your answer.</p>			12 Marks
9.		<p>Mr. Z, a project manager, is working on a project and got slightly confused. The main confusion is around prioritizing the activities. As a project manager, it is very imperative to set a logical relationship among the activities in the project.</p> <p>It is essential for a core project team to decide the dependencies among the activities so that they can work in an ideal manner to accomplish the project goals.</p> <p>It is imperative to know how to prepare a network diagram, know the contents of a network diagram, and before all, you should first know the definition of a network diagram.</p> <p>Based on the network diagram, the project manager will get the overall project duration after incorporating the number of resources and the number of working hours against every activity. Accumulating that lets you derive the overall project schedule. So you can understand how</p>	

important this tool is for a project manager while accomplishing the project goal.
A very crucial project consisting of eleven activities A, B, C, D, E, F, G, H, I, J and K was assigned to you. The Network Diagram and Critical Path was constructed and the work of scheduling was to commence.
Mr. Z is the Project Manager and has misplaced some papers which had the Critical Path and other details about the project. He was fortunate to find a partial Network Diagram, which is as follows:



Before the team meeting he is required to prepare some papers on the Activity Relationships, Activity Duration and Critical Path.

a. Identify the activities in the network diagram.

2

Type your answer here

Activities: 1-2, 1-3, 2-4, 2-5, 3-4, 4-6, 5-6, 6-7

ROUGH WORK

Activity
1 – 2
1 – 3
2 – 4
2 – 5
3 – 4
4 – 6
5 – 6
6 – 7

b. You are required to determine the Critical Path and also find out the duration of the project.

4

Type your answer here

Critical Path: 1 – 2 – 4 – 6 – 7

Duration of the Project: 22 days

ROUGH WORK

Computation for Possible Paths (in days)

Path I: 1 – 2 – 4 – 6 – 7 = 6 + 5 + 8 + 3 = 22

Path II: 1 – 2 – 5 – 6 – 7 = 6 + 3 + 4 + 3 = 16

Path III: 1 – 3 – 4 – 6 – 7 = 4 + 6 + 8 + 3 = 21

10.

Mr. A, B and C were studying in the 3rd year of their graduation. The father of Mr. B is indulging in the manufacturing of handicrafts. One day while visiting the working place of his father, Mr. B struck an idea to manufacture the handicrafts with a new manufacturing process and style. Later on, while sitting in the college canteen at lunchtime Mr. B shared the idea with his friends Mr. A and Mr. C. They started a workshop by the name NEW STYLE, which is an establishment where they carry out manufacturing of handicrafts.

The business was doing quite well and they were producing in large quantities to meet the demand. However, there arose some issues with the performance due to increased competition and the three of them had a discussion among them to strategically tackle the situation. They

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		found that there are several factors which need to be dealt with to outperform the competitors. A, B and C started to review literature on the related problem area. They found out that they can refer to Porter's five forces model for assessing their competitive strength. They found that the model gives a detailed analysis of some common elements which need to be studied in detail and which might help them to resolve the issue. In this context answer the following questions:	
	a.	While using this framework mention the things to be kept in mind by Mr. A, B and C.	2
		<p>Type your answer here</p> <p>The five forces framework helps to identify the sources of competition in an industry or sector. When using this framework to understand competitive forces it is essential to keep in mind the following:</p> <p>(i) It must be used at the level of strategic business units and not at the level of whole organization. This is because organizations are diverse in their operations and markets.</p> <p>(ii) The framework must not be used just to give a snapshot in time. It is important not just to describe these forces but also to understand how they can be countered and overcome in the future.</p> <p>(iii) These competitive forces will not only be subject to steady changes into the future but, more importantly, the discontinuities caused by changes in the macro-environment.</p> <p>(iv) The five forces are independent of each other. Pressures from one direction can trigger off changes in another in a dynamic process of shifting sources of competition.</p> <p>(v) Competitive behavior may be concerned with disrupting these forces and not simply accommodating them.</p>	
	b.	Mention the aspects that they should remember regarding bargaining power of buyers.	2
		<p>Type your answer here</p> <p>Buyer power is likely to be high when some of the following conditions prevail</p> <p>(i) The product or service that the industry supplies comprise a large number of small operators.</p> <p>(ii) There is a concentration of buyers, particularly if the volume purchases of the buyers are high. (iii) When the supply industry depends on the buyers for a large percentage of its total orders.</p> <p>(iv) There are alternative sources of supply, perhaps because the product or service requires is undifferentiated between suppliers or when the deregulation in the markets spawns new competitors.</p> <p>(v) When switching costs are low so that the buyers can play off the supplying companies against each other to force down process.</p> <p>(vi) There is a threat of backward integration by the buyer (e.g. by acquiring a supplier) if satisfactory prices or quality from suppliers cannot be obtained.</p>	
	c.	As we get to know from the case that NEW STYLE was producing in large quantities, what advantage can they get against new entrants due to this?	2
		<p>Type your answer here</p> <p>NEW STYLE will get the advantage of economies of scale which is a threat against new entrants in the market as per Porter's Five Forces Framework. Economies of scale arise when unit costs fall as a firm expands its output. Sources of scale economies include cost reductions gained through mass producing a standardized commodity, discounts on bulk purchases of raw material inputs and component parts, the advantages gained by spreading fixed production costs over a large production volume and the cost savings associated with spreading marketing and advertising costs over a large volume of output. If these cost advantages are significant then a new company that enters the industry and produces on a small scale suffers a significant cost disadvantage relative to established companies.</p>	

END