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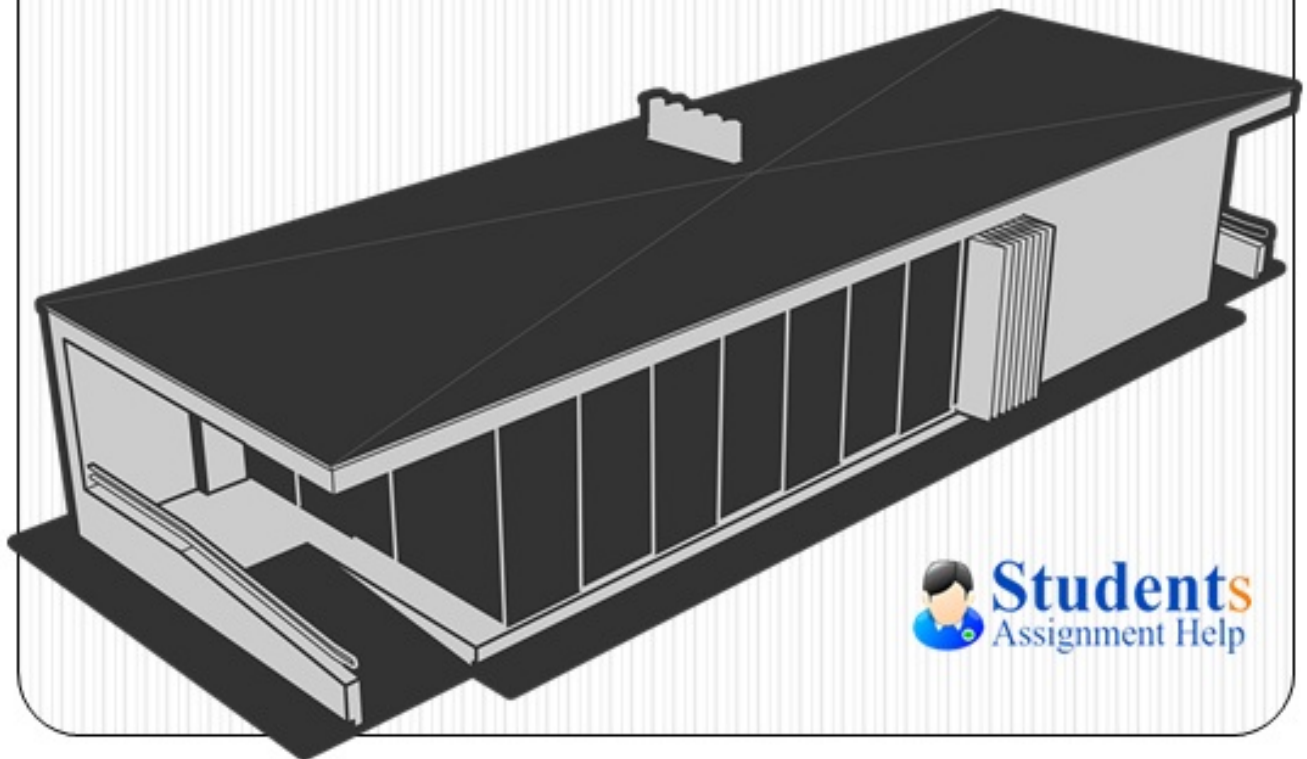
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Operations Management Report on Tesco



Question: Analyse and evaluate the operations management of Tesco (you have to research appropriate information about this organization) - You can based on the following two questions: 1) An analysis of type of operations carried out and operating processes, e.g project batch, mass, professional service, service shop, and mass service). 2) An identification and evaluation of the major strengths and weaknesses of the operations function in the organisation (Tesco). You should use a framework such as the 5 performance objectives. Consideration must be given to the customers view, i.e. order winners and order qualifiers. You may benchmark to evaluate if the feature is strength.

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Introduction

Operations management is a fundamental part of any business firm. It refers to designing, operating and controlling the transformation process that see the conversion of resources such as labour and raw materials into the output such as finished goods and services. The significance of operations management has increased dramatically over the past decade. Major reasons for such increased attention on operations management are foreign competition, shorter service and product life cycles, and better-educated and quality conscious consumers (Hollins and Shinkins 2006). Tesco is known for its effective operations management that helps it to keep the stock to an optimum level and make an appropriate match between the supply and demand of products it provides to the customer. The essay discusses the operations management process of Tesco along-with identification of major strengths and weaknesses of the operations function in Tesco.

Analysis of type of operations carried out and operating processes in Tesco

Tesco Plc has to ensure that its stores always maintain the effectiveness so that they can attract large number of customers. As Tesco is a large enterprise, it has to continuously ensure that the products are always ready to be put on the store shelves all the time so that customers do not get diverted to the other store. Tesco's working operations include cleaning, shelves filling, delivery of goods, and working tills. Higher management of Tesco has set different objectives in relation to the category of choice, people and price (Tesco's Supply Chain Management Practices 2014).

Customer holds utmost importance for any organization as it leads to maximization of the profit. Suppliers come at second place, as they are responsible for providing the products in regards to the needs of the customers. Employees are third in priority as they are the people directly

involved in the operations and selling activities. Shareholders are also important for financial perspective (Profile Tesco 2014). Tesco uses inventory analysis and control system that needs classification and measurement. Classification prioritizes the stock on the basis of value. The need for more sophisticated approaches for inventory planning and control in Tesco operational activities has resulted in the growth of complex information systems that measures the level of inventory and reorder the stock automatically. The system updates the stock record and generates reports on the position of the stock so that operation managers can see the status of actual inventory against the forecasts (Elearn 2013).

Tesco does not process in batches. It focuses on lean manufacturing, thus avoiding large batches. RFID project of TESCO also focuses on lean manufacturing as RFID tags are able to provide immediate value. Accuracy of the records of the stock is much better in lean manufacturing as compared to processing in large batches (Brown 2006).

Analysis of strengths and weaknesses of operation function in Tesco

As per the 5-performance objective framework, five performance objectives for Tesco operations are speed, quality, cost, dependability, and flexibility. Order qualifiers for Tesco operations are quality and cost. Order winners are speed of delivery and flexibility for increasing or decreasing the output for meeting the demand (Jones and Robinson 2012). Tesco shows strong commitment towards the quality of the product and it places extra focus on maintaining freshness of food items. Proper observation is done in the case of not only selection of the supplier, but also the time for which the food product is kept in the storehouse. Expiry date is strongly checked along-with the dealer system in place for supervising the quality. Cost is required to be maintained at low level (Florkowski, Prussia, Shewfelt and Brueckner 2009).

Tesco gives highest priority to speed of delivery so that it can meet expectations and demands of the customer. Online service of Tesco is an example of how the company provides its customers with better use of time and money saving through 24-hour online delivery service. Speed is directly related to winning more customers and increasing the business. Highly advanced information system enables the company to keep pace with the demand and supply dynamics with real time stock recording (Profile Tesco 2014).

Flexibility: Tesco has been using internally developed analytics model in order to bring improvement in its supply chain. The system mainly targets the inventory management systems for predicting the purchasing habits of customers in a better way and tracking the effectiveness of special sales offers it gives to its customers (Tesco saves millions with supply chain analytics 2013).

In particular, weather patterns are considered in the analytics model in order to stock store shelves in a proper way. It looks at the history and patterns of buying data and expected temperature trends. Tesco can predict in an accurate manner what type of products consumer purchase in a specific location and thus supplies the area accordingly. Through adding the weather effect to the analytics model, the company reduced its out of stock for the good products of weather by the significant factor of four. Furthermore, the effectiveness of each sale at the store enables the enterprise to determine which sales offers will be successful again and how to better stock the store shelves in order to accommodate increasing or decreasing demand patterns of specific products (Tesco Improves Supply Chain with Big Data, Automated Data Collection 2013).

However, the weakness of the company lies in maintaining the efficiency of operations in terms of lean manufacturing. No flaws are present in the lean culture itself. However, the weakness

is in the system of implementation. Supply chain managers feel that long process batches can lead to the reduction in cost, and cost can be easily managed as the use of logistics resources is optimized. However, Tesco has combined lean operation management with RFID technology to give high-velocity products to the customer (Brown 2006).

Conclusion

Tesco is a successful retailer and uses operation management in a successful manner. Operations management holds significance for all organizations. Operation function of Tesco is identified by performance objectives of speed, quality, cost, dependability and flexibility. The strengths of the company are speed, flexibility and quality of the product. The weakness lies in perception of people for adopting lean operation management. The weakness, however, is done away through innovations.

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