SEATTLE UNIVERSITY

ALBERS SCHOOL OF BUSINESS AND ECONOMICS

MBA 5180 (Section – 01)

Operations Management

COURSE SYLLABUS

for the Spring of 2015

The Albers School of Business and Economics is accredited by the Association to Advance Collegiate Schools of Business (AACSB)

SEATTLE UNIVERSITY
Connecting the MIND to what MATTERS
Welcome to My Graduate School

Though you have been in the program for some time, I want to personally welcome you all to the graduate level of learning. I recognize that being here indicates you completed an undergraduate level of study and you have survived some graduate level courses. However, for some of you this may be your first real exposure to the rigor of true graduate work.

At the undergraduate level you studied what I like to call the vanilla version of a subject, or more appropriately, the generally accepted theories, principles and practices of a subject. I call it the vanilla version, because it is comprised of a patch-work collection of broad basic theories – the kind that most recognized thought leaders and subject experts can agree on. Now – ask yourself, how often can experts agree – on anything. As our understanding matures, differences are resolved and vanilla becomes the foundation of our collective understanding.

Graduate level is not intended to be the same as undergraduate studies. At the masters level of graduate study should build on and expand the vanilla concepts. To do that, we need to go deeper, examine the unique perspectives of the recognized experts, the subject areas that tend to be on the leading edge of subject theory and therefore more controversial. With that said, it is important to know the masters’ level of graduate study is not the same as the doctoral level of graduate study where students strive to become a recognized expert.

One or two of you may have taken another course from me. For those who don’t know me, I am an adjunct who intentionally works in two very different worlds. As a consultant by day, I live in the business world, rich with the knowledge of practice and experience. As a teacher by night, I live in the academic world, rich with the knowledge of theory and concepts. Since laymen often refer to theory as the opposite or reality, they fall into a learning trap. Since I work in both worlds – intentionally - I can help connect the dots and assist you in finding your own theory.

I have found most of the divide between theory and reality is actually rooted in the fragmented separation between two perspectives – I call them the professional and tribal perspectives of knowledge. Professional perspectives are inclined to be framed in relationships between broad principles rather than the details of cultural rules. Not surprising, principles tend to make up long standing formal traditions, norms, laws and, you guessed it - theories. Tribal perspectives are inclined to be framed in the details of cultural rules. Not surprising, cultural rules tend to shift from one organizational culture to another and therefore represent the dynamics of life that we call – reality. Professionally, our understanding of things is logical, not situational; however tribally, the application of our understanding is often political, which is situational. Thus, graduate studies should show us how these worlds function together and make us more effective managers and leaders.

The late, great Dr. William Edwards Deming once wrote – “Rational prediction requires theory and builds knowledge through systematic revision and extension of theory based on comparison of prediction with observation. It is an extension of application that discloses inadequacy of a theory, and need for revision, or even new theory. Again, without theory, there is nothing to revise. Without theory, experience has no meaning. Without theory, one has no questions to ask. Hence without theory, there is no learning."
In the most fundamental of truths, theory and the reality of practice are partners that form knowledge. Without knowledge there is no learning. Without learning there is no wisdom. Without wisdom there is no developmental progress. Because of theory, we have evolving models of systems and their behavior. These models help us predict future behavior and therefore, outcomes. Over time we learn to embrace the quote from one of my teachers, Dr. Olaf Isachsen – “For whatever happens, all the conditions were present”; to which I have added, - we must learn to recognize the conditions.

For those of you who tend to confuse or combine theory and ideology, there is an even more critical struggle; because they are two separate elements that need to balance our understanding. Theories are scientific, objective and fact based. Ideologies are emotional, subjective and faith based. Theory represents our understanding based on empirical evidence. Ideology is an understanding based on beliefs. Without the use of ideology, our theoretical understanding of how the world works is clinical and stale. Without the use of theory, our understanding of how the world works is based on a fixed ideological belief. Theory tries to explain the world as it is; ideology tries to shape it as it should be. Individuals who tend to subscribe to ideology over theory find it does not stand up to observation and fact based evidence. Thus they find they must defend against bouts of cognitive dissonance and even delusions of constructed rationalizations. As a teacher, I believe that true learning requires – All of the Above!

When you enter an academic course, it is a course of action intended to be a journey of development; a journey which expands the mental capabilities. By definition, “learning” is the developmental stage that produces a transformation in behavior. Materials can only provide references along the path, and professors, lecturers and speakers can only serve as guides; ultimately, the responsibility for the journey belongs to the student. As this illustration below shows, my views on human development have been greatly influenced by the works and wisdom of Dr. R.L. Ackoff and Dr. W.E. Deming.
The ultimate goal of any MBA program should be to help the student develop their own comprehensive theory of business administration. In a well developed program, students should have the opportunity to master the basic functional structure of a business, as well as the contextual relationships of business to the economic environment. The goal of each academic department is to contribute that functional and environmental perspective of your theory. Upon completion of the MBA program, students will have invested heavily in “education” or what I call the WHY component of the triple helix of competency, as well as some “training” or HOW and some “experience” or WHEN. However, at the end of the day, your competence as a master is based on the undivided maturity of your triple helix.

Operations Management

Our understanding of Operations Management must be in alignment with our collective understanding of “Operations” and our understanding of “Management”. Operations represent the collection of actions associated with the fulfillment of an organization’s purpose – to provide some product or benefit. Traditionally, operations functions are not the same as administrative functions. The primary difference is that operations are focused on the production and delivery of value desired by a client or customer. Until recently, administrative functions such as Accounting, Human Resources (HR), Finance and Information Technologies (IT) were considered administrative functions, or Cost Centers as opposed to operations functions which are considered Value Centers.

Operations Management focuses on the “systematic” planning, design, and operation of “systemic” processes required for the production of goods and the delivery of services. Thus, operations management spans almost all the real value-added activities of an organization including product and process design, customer order management, production operations, and service delivery. Operations management should also include many supporting value-added activities such as purchasing, material requirements planning, inventory management, project management, and process improvement. These and other topics will be covered.

As an MBA course we look at Operations through an expanded lens of Generally Accepted Principles and Practices. We answer the big question, what is Operations Management. This perspective includes some contextual history of why and how we got to this point; and exploring the general theory of Operations. We refer to classic books like The Goal, which serve as fundamental cornerstones.

Instructor:

Name: Michael Ervick, MBA
Phone: 206-295-7171
Email: ervickm@seattleu.edu
Meets: Thursday evenings
Office hours: By appointment
Campus: Bellevue
Room: 165
Begins: 4/2
Final Exams: 6/11
Required text:
- Managing Operations: Across the Supply Chain, Authors – Morgan Swink, Steven Melnyk, M. Bixby Cooper and Janet Hartley, Publisher - McGraw-Hill Irwin
- The Goal – Eliyahu Goldrat

Supplemental reading: Optional text for book report
- Moments of Truth – Jan Carlzon
- The Machine the Changed the World – James Womack
- Vested Outsourcing – Kate Vitasek
- Toyota: Supply Chain Management – Ananth Iyer
- Producing Prosperity – Gary Pisano
- Lean Thinking – James Womack
- Thinking Beyond Lean – Michael Cusumano
- Thinking in Systems – Donella Meadows

Course Introduction
Over the course of human history, value flowed through organizations of people. It arrives in the form of inputs acquired through the coordination of relationships, as well as the value adding work that is directed through the fulfillment of the organizations purpose. Today's modern business functions are the result of amazing journey of social evolution – from clans and tribes to guilds and merchant traders – to the merger of what was once three separate functions; 1) production, 2) distribution and 3) accountability.

This MBA 5180 course is designed to help students understand how the operations function (combination of the production and distribution function) — in both service and manufacturing industries — works with other functions to 1) fulfill the promise of the firm to provide products and services to its customers; to 2) improve the competitive positioning of the company and to support the business strategy.

Operations management (OM) generally refers to the management of those “processes” or “systems” controlled by the firm that efficiently and effectively transform inputs into goods (e.g., airplanes, ultrasound equipment, furniture) and services (e.g., health care, rented cars, education) desired by customers. Operations Management does not always cover the relationships that represent processes outside the organizations control.

In theory, we already understand the difference between leaders, managers and supervisors. We understand that management has the legal responsibility, authority and accountability to make legally binding decisions about the assets of the firm. The firm’s assets are used to transform purchased inputs into value-added goods and services at prices desired by customers and margins desired by leadership. This includes the use of cash assets to employ workers with knowledge, skill and experience to add more value.

An operation is the function with the greatest proportion of company assets and worker relationships. As leaders are increasingly being evaluated on the value created by their firms, a well-run operations group can deliver significant returns through intelligent use of assets and stakeholders. In many firms, 40 - 70% of incoming dollars flow directly to suppliers, and the operations area (i.e., procurement) often has responsibility for managing the sourcing of goods and services. The ability of the operations function to efficiently manage the transformation process can deliver value to the company. Its effectiveness at managing the process can keep customers coming back.

These goods and services have characteristics that distinguish them in the marketplace, such as high quality, low cost, high customization or rapid delivery. In most instances, the operations area dramatically influences how well a firm meets the expectations of customers, and therefore can significantly affect overall company performance, from both a top- and bottom-line perspective. For many companies, a subset of the inputs (e.g., energy, people) and outputs (e.g., wastes, emissions) now place the operations function squarely in the center of company efforts to increase sustainability.
OM is an extremely broad discipline, so we will be covering multiple topics in this course. Perhaps the most important contribution of the operations function is that of increasing a firm’s competitiveness through superior customer satisfaction, whether the customer is the next process (internal customer) or the end user (external customer). Managing the above issues across the globe increases the complexity as separations in both time and space complicate the efficient movement of goods and effective communication between organizations.

Successful companies demonstrate that world-class performance is achieved through cross-functional approaches. During this course, we will emphasize the integration between operations and other disciplines, including finance (e.g., evaluating operations investment decisions), marketing/sales (e.g., providing customers what they want when they want it), and management (e.g., how people and processes are managed.) We will explore ways in which the functions of accounting (e.g., measuring “efficiency” and inventory) and engineering (e.g., how products interact with processes and the environment) affect the operations system.

Given the broad nature of operations management and that all organizations in the world offer a product or service (and therefore have “operations”), there are many opportunities to highlight the manner in which operations management interfaces with other functions and disciplines. Examples from student experiences and current employers will contribute to our understanding of what OM is and how firms are working to improve their operations.

A final objective is to introduce students to the tools and techniques of OM, many of which apply to all functions of a business (as well as the processes within those functions.) As firms seek to identify and improve core processes, the operations toolbox associated with improving quality, time/speed, and productivity can (and should) be applied to all facets of an organization. This same toolbox can also be used to improve the firm’s ecological footprint, use of scarce resources, and sustainability performance. Staffing levels, capacity, facility layout and location, process flow analysis, quality improvement, and cycle time reduction are examples of topics in which the analytical tools can be applied to other functional areas.

This course focuses on those business management processes, procedures and strategies used to transform various inputs into products, both finished goods and services. The course consists of two main components: a body of knowledge component which is disseminated through the text and lecture material, and a critical thinking component which is acquired through query and discussion. This course is designed for an intensive study of the strategy, design, and operation of productive systems.

**Course objectives:**
This course seeks to improve your understanding of operations management. I want this course to cause you:

- Enhance critical thinking skills
- To develop an understanding of how different process archetypes can provide a competitive advantage in the marketplace
- Identify and articulate ways in which a firm’s operations supports its business strategy
- Develop awareness of systems-view of links between operations and other functions
- To develop a knowledge of the issues related to designing and managing operations and the techniques to do so
- Demonstrate ways in which the operations function affects sustainability and responsibility
- Improve written, verbal, and visual communication ability
- To improve your quantitative reasoning ability
- To improve your oral presentation skills
Teaching strategy:
This class will incorporate a collection of text readings, lectures, cases, in-class simulations, and articles from academic and business periodicals to promote operations and cross-functional learning. In-class discussions are a major component of learning in this course as the experiences of class members help to teach us all. The course assumes an understanding of the basic theory of business, basic theory of management and the basic theory of process. The textbook will represent a foundation of generally accepted principles and practices of Operations Management. The supplemental reading provides examples. The assigned HBR reading provides context.

Assessments will be used to determine effectiveness of the course in transferring new knowledge as well as the level of knowledge mastery acquired by the students will be offered. The results of these assessments will be evaluated to determine each student’s level of readiness to apply the knowledge. The levels of readiness will be assigned grades.

Grading: Your grade in this course will be determined by individual activities and your performance in the following areas:

Examinations: (60%) Points will be split between a midterm and a final examination.

Paper: The Goal - (30%) The assignment is to apply the principles of the Theory of Constraints to a service situation where you are currently employed or have been employed within the last five years. Describe the situation, the problem and how the Theory of Constraints could have been used to resolve it. Paper should be about 2,500 words and is due at the end of the quarter.

Class Participation: (10%) At the end of the quarter, the knowledge that you will take with you will have been gathered and processed by you. I expect you to read the assigned material and to be prepared to take part in constructive class discussion, as well as answering questions.

Class attendance: I recommend you come to each class session. I appreciate your presence and active participation during each class period. Your willingness to share your personal work experiences and insights enhances course value for all students. While I take daily attendance, attendance is not mandatory in the same manner as passing the exams, reading the course material, and doing the homework is not mandatory.

Grading: A straight grading scale will be used to determine final grades

A = 95 - 100       B = 83 - 86       C = 73 - 76       D = 63 - 66
A- = 90 - 94      B- = 80 - 82      C- = 70 – 72      F = 0 - 62
B+ = 87 - 89      C+ = 77 - 79      D+ = 67 - 69

Keeping in touch with me: First, ask questions in class (it helps you and may help others). Alternatively, visit me during my posted office hours. Slide a note under my office door. Call me (206 295 7171). Or, send me an email (ervickm@seattleu.edu)

University Policies: Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form (e.g., plagiarism, cheating, and academic fraud) is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy. If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy, please check with your instructor. If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or
accommodations through Disabilities Services staff in the Learning Center [206.296.5740]. Disability-based adjustments to course expectations can be arranged only through this process.

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About Me

Teaching in the Puget Sound area since April of 1985

- Bellevue Community College – 1985 to 1996
- North Seattle Community College – 1996 to 2000
- Seattle University – 2000 to Present
- Steven’s Institute of Technology – 2005 to 2007

Education

- Associates of Arts and Sciences – Business and Psychology
  – Bellevue Community College
- Bachelors of Science – Dual Major – Finance and Industrial Relations
  – Central Washington University
- Masters of Business Administration – Operations Management
  – Seattle University
- Post Graduate Master Certificate – Project Management
  – Stevens Institute of Technology
- Masters Certificate in Real Estate
  – Washington State
- Former PMP
  – Project Management Institute

Consulting Experience

- Information / Computing
- Telephone / Wireless
- Aviation
- Automobile
- Energy
- HR
- Construction

- Design
- RE Development
- Finance
- Accounting
- Marketing
- Military Logistics

Clients

- Dell
- AT&T
- Time Warner
- Fujitsu
- Compaq

- Siemens
- Connext
- Microsoft
- McDonalds
- Boeing

- Nextlink
- Ford Motor
- Hewlett Packard
- Costco