

Usage of process technology in asda management essay



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Summary

This report examines characteristics, layout, flow, performance objectives and also usage of process technology in ASDA. It finds that ASDA is high volume, low cost, high dependability type organisation. It recommends having barcode scanners every two or three isles for customers' convenience. It also recommends ASDA's managers to inspect the layout and make some changes.

Introduction

ASDA Garthdee is one of the supermarkets of ASDA brand. In this report "ASDA Garthdee" will be referred to as 'ASDA'. ASDA provides its customers with lots of items ranging from household goods to meals and clothes. It focuses on providing service for general population.

This report will examine the main characteristics of ASDA, which was visited on Sunday afternoon, 7th of March, along with providing necessary information about its layout and flow of transformed/transforming resources. It will also include an analysis of each of the five performance objectives and the use of process technologies in the operation.

4Vs of the operation

ASDA is a high volume operation. There are lots of services provided by ASDA. The services are systemised. The standard procedures are set down and the tasks are repeated by the customers.

The variety of the processes is relatively low, since the customisation of services is very limited. However, ASDA, compared to its competitors, like Morrisons, in addition to providing grocery goods, has a whole floor of

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clothes available to customers. It also provides its customers with fast-food restaurant-McDonald's, which is unnoticeable in other supermarkets.

ASDA uses level capacity plan, since capacity is set at uniform level. For instance, the observer visited ASDA on weekend, but even if it was done on a working day the capacity of the supermarket would be the same, although the demand would vary. The supermarket will not hire extra staff or increase the number of products in the stock because it would be costly for them. Thus, it can be said that the variation in demand is low.

The supermarkets, like ASDA, as well as all the other operations in mass service type process, have low visibility. That means that the operation is less exposed to its customers. Therefore, it does not require staff with good customer contact skill. However, despite the fact that the customer contact is very limited, almost everything in supermarket seems straightforward, e. g. every isle is marked, so it does not look like a problem for customers. It should also be noted that compared to competitors, like Morrisons and Sainsbury's, customer 'visibility' is higher and, eventually, the process variety in ASDA is between medium and low. The reason for that is, as stated above, ASDA offers its customers clothes as well and while the observer was in ASDA, some customers were being helped by the members of the staff.

Slack et al. (2004) describes volume, variety, variation and visibility dimensions as the most useful in predicting how easy it is for an operation to operate at low cost. If an operation operates with high volume, low variety, low variation and low visibility, it is exposed to relatively low costs.

Consequently, ASDA operates with lower costs.

Layout and Flow

Figure 1 and 2 show the layout of ASDA Supermarket. It is a cell layout because it combines characteristics of both functional and product layout. Cells, themselves, are arranged in functional layout, but within cells the arrangement is by product and/or functional layout. For example, one of the isles (cells) holds only household products, which means that the layout is functional, whereas another isle (cell) contains only soups, so the layout type is product. As cell layout combines functional and product layouts, it has lots of advantages e. g. it leaves the flexibility part, but reduces the complexity in flow, which functional layout has. This type of layout, to some extent, also removes the factor which is disadvantageous for product layout i. e. the fact that the disruption of one process affects the whole operation.

Figure 3 shows the flow of transformed/transforming resources through the operation. All the isles are near the warehouse, so, in most cases staff's transportation of materials does not slow the flow. The only space where the whole process can slow down is in queuing, near the tills. Nevertheless, when the observer was in ASDA the queues were small and if needed staff opened an extra till. Self check out option was also available.

Process technology

' Process technology is used to help transform the three main categories of transformed resources, which are materials, customers and information' (Greasley, 2009). There are three types of process technology: for materials, for information, for customers. All three are present in ASDA. An example of process technology for materials is baking ovens in ASDA bakery. The system is mostly computer integrated.

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ASDA also uses e-business as a means of alternatively obtaining products provided. This is an example of process technology for information. The person uses worldwide web to purchase the products and staff delivers the requested purchase to the customer's door. Another example of process technology for information is the usage of barcode readers for processing the products purchased. Lastly, ASDA also provides its customers, as Greasley (2009) describes it, with both 'active' and 'passive' customer technology. Self checkouts and ATMs available in supermarket are examples of 'active', while escalator is an example of 'passive' technology.

Performance objectives

There are five basic performance objectives: quality, speed, dependability, flexibility, cost (Slack et al, 2007).

Quality can be described as both the quality of product itself and processes that produce the service. Both are important, but from the observer's own experience it can be said that while the latter one is at high level in ASDA, the former one is not as good as the latter. It is necessary to note that when talking about the quality of the product, the observer only takes into account ASDA's own products, known as ASDA Smart Price, and not the products of other manufacturers.

Speed, though important in manufacturing organisations, is not so important in some service organisations, like supermarkets, in the sense that the customer demand time is equal to the purchase.

It can be inferred that ASDA is inflexible organisation. ASDA, as stated above, uses level plan, so does not change capacity with demand because <https://assignbuster.com/usage-of-process-technology-in-asda-management-essay/>

for that kind of organisations that would be too expensive. It would probably take ASDA long to identify changing customer needs, so in that sense it would not be flexible as well.

Cost and dependability are the remaining two objectives. The former one can even be regarded as order-winning factor, since it directly and significantly contributes to winning business. Cost, presumably, is the factor which is mainly focused on by ASDA. Cost and price are directly proportional, so if the cost is low, hence price is low as well. Compared to other supermarkets in Aberdeen, ASDA has the lowest prices. This makes the observer believe that the costs are low. Dependability is very important for supermarkets, as they might lose customers if they are not meeting this standard. One of the factors which makes ASDA better than all the other competitors is that it works 24h, thus increasing its dependability.

All the process technologies in ASDA, along with layout, discussed above, help the supermarket to achieve its main performance objectives.

Conclusion and recommendations.

There is a problem with the current layout. The observer noticed that some of the products in the isles were not well distributed. For instance, two, almost absolutely identical types of drinks were separated with several isles of food (for convenience see picture 1). This made it harder for the customers choose the product they want and also for staff to distribute stock from the warehouse when needed. Another recommendation which the observer proposes is to have barcode scanners every two or three isles. This is because the price is not found on the products themselves, but is rather

on the line beneath each shelf indicating price-list (see picture 2). Therefore, sometimes it is hard to determine to which product the price applies, especially when customers remove the product and unintentionally change its original position. Lastly, another disadvantage was that only 20 items were permitted to be self checked out, so maybe ASDA may think of changing this policy.

List of references

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A. Greasley (2009) Operations Management, 2nd edition, Wiley.