



GSCM 521 GROUP ASSIGNMENT

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Introduction

Success of every firm hinges on increased productivity, effectiveness and competitive advantage. Hence, manufacturing firms, service firms, even the firms that offer pure services device strategic plans to stay afloat. In most firms, technology plays a crucial role in helping firms to achieve their strategic plans and in delivery of quality services to customers. For instance, institutions make use of technology such as queuing systems to help the firms reduce queuing time for its customers Wisner et al., (2019:469), subsequently retaining and keeping its valued clients satisfied. Moreover, customers use five dimensions of service quality to rate the quality of the service Wisner et al., (2019:483). Another factor that helps firms to increase production, effectiveness and competitive advantage is efficient supply chain. As a result, managing the supply chains should be at the core of the firms' operations. Due to the fact that the supply chain consists of various networks; from production sites/facilities to the customer Wisner et al., (2019:414), location becomes a critical and strategic factor for firms. Hence, Wisner et al., (2019:414), believe that location facilities can have an impact on the business in terms of competition.

This write-up discusses three questions. The first question discusses why location is considered to be a success factor for businesses. Question two makes use of the Weighted-Factor Rating Model to indicate and discuss which South African province is most recommendable when considering a location for a new facility. Question three is divided into three sub-questions, namely; question 3.1 which discusses why Northwest University may be considered to be a pure service; question 3.2 that deals with primary elements that should be considered in the design of Financial institution queuing system; and question 3.3 in which dimensions of service quality are used in order to give an advice to Mac Donald with regard to how the business can make use of five dimensions to their competitive advantage. The last part of this write-up provides the summary of the whole document.

Question 1

If you ask any entrepreneur what is the most important factor for a business, most will indicate “location, location, location. Identify any existing business in South Africa and give a brief background of the specific business. Use the appropriate location factors as indicated in table 11.1 and explain the influence of these factors on the location decision for the specific business (15 Marks)

Nandos

It is the South African restaurant chain that specialises in Portuguese African food. Its core menu is the flame grilled peri-peri style chicken. The restaurant was established in 1987 Johannesburg. The business has been experiencing exponential growth since its inception and it is now operating in 35 countries around the world. The restaurant did establish networks with local suppliers and standardised the quality of food that it serves to its customers. The constant communication with the customers and the feedback obtained greatly helped the restaurant to improve its services. Correct business decisions were made by the management in order to position the restaurant where it is today. Most of the restaurants are located in areas where public transport is easily accessible. Today Nandos is a well known respected brand in the flame grilled food chain (Nandos, 2020).

Labour Cost

The primary existence purpose of any business is to make profit, labour costs have a direct impact on the business' ability to make higher profits. A good practical example of labour costs influence is the relocation of Western production facilities to Asia. Labour costs in Africa are fairly competitive however, the biggest challenge is the labour market organisation. South Africa is placed in a much better position for business development as compared to most African countries. The impact of labour

costs on business sustainability usually goes hand in hand with labour force, labour laws, and labour skills.

Quality of Life

The quality of life has now become one of the most important deciding factors for a business location. Quality of life include amenities, schools, healthcare, housing and crime. These factors do play a crucial part in the selection of a suitable business location. The attraction of the best talent available is normally influenced by the quality of life. The long term future goals and objectives of the successful business plans are broadly based on the quality of life of the business trading area. The rating system to measure the quality of life has been compiled by different research institutions and a number of publications by conducting surveys. There is however, no standard rating system due to the fact that business trading requirements for different business models are not the same. Choosing the correct quality of life factors plays a major role in influencing the positive business outcomes for different businesses.

“The quality of life is a non-financial component associated with life satisfaction” Investopedia. Looking at it from the work related perspective, quality of life refers to time and the ability to perform one’s tasks comfortably and enjoyably. When a company offers a higher salary but, longer working hours than normal is a good example of a poor quality of life. Working conditions together with the salary strike a balance between the good and poor quality of life.

Stability of the local government

Government policies differ for different countries based on the political culture on a particular moment. Politically stable country’s policies will not necessarily be the same

with those of an unstable country. A stable political environment provides a platform for friendly business decisions that enable local business and attract foreign investors. Unstable political environment risks the ability of the government to maintain law and order and as a result this has a negative impact on the business trading platform. When the government decides to change the fiscal policy by increasing TAX, entrepreneurs will mostly be discouraged to invest, which will ultimately lead to low productivity of goods and services. The implication of low productivity often results in job losses.

The controllable and uncontrollable factors impacting the business can be classified as internal and external. The external factors are of prime importance because they are beyond the company's control. External factors include economy, politics, competitors and weather. The business can however, perform an environmental scan in order to mitigate the impact of local government on business endeavours. Environmental scan provides tools for gathering, analysing and interpreting data about external opportunities and threads. The extent to which the business may be impacted by the local government by its handling of the economy. This may include political stability, trade and TAX policy and government policy.

Proximity to market

The economic investment thrives in areas around airports, marine ports and city centers. Transportation infrastructure networks play a significant role in linking cities, regions, countries, and global markets together. Another important factor that brings markets virtually close is the use of appropriate technology. The degree with which the markets are integrated forms a critical part in deciding on the business location. Market integration provides a highly friendly environment for business transactions and thus aid in lowering the costs of doing business. The supplies and deliveries of goods and services are reliably achieved through the proximity to the markets. This business location factor depends largely on the efficiency and the cost effectiveness of the operations of the networks.

Supply chain compatibility

The supply chain integration is now the driving force behind modern successful supply chain management. It incorporates supplier and customer integration by focusing on cooperation and coordination throughout the value chain. The supply chain works on the principles of collaboration, shared decision making, open communication, shared vision, shared technology and high level of trust between the supplier and customers. The goal of supply chain integration is to maintain timely and smooth flow of goods and services, information, money and processes that give value to the customer at minimum costs. The supply chain compatibility also plays an important role in the decision about the business location.

The integration highly promotes the formation of alliances and partnerships that ensure long term business adventures. Alliances and partnerships minimises the disruptions normally caused by unreliable suppliers. Problems are communicated well in time among partners to soften the impact or make necessary arrangements to close the performance gaps.

OR

Jojo Tank

JoJo Tanks is a main South African producer of polyethylene (plastic) storage tanks, which are utilized for the storage of water, composts, chemicals and other fluids in the chemical, domestic and agricultural industries (Garden Wise, 2012?). JoJo Tanks collect rain water for your home and garden, and play a significant part in water protection. These tanks are cheaper fluid storage resolutions, and are easy to convey, handle and fit. Jojo was established 40 years ago by Groblersdal farmer Johannes Joubert, yet it is currently in the hands of investors, with Rand Merchant Bank being the major investor (Mathe, 2019). Given that the tanks are cumbersome and exorbitant to move, it's nothing unexpected that Jojo produces in eight locations — Groblersdal,

Klerksord, Bloemfontein, Camperdown, Glencoe, East London, Uitenhage and Worcester, just as in Bulawayo in Zimbabwe. Currently Jojo tank has many distributors across South Africa. Location factors will be named and their influence location decision will be explained for Jojo tank.

Access and Proximity to Markets

Initially, Jojo tanks were founded as a substitution for fibre glass fertilizer tanks which were very expensive for farmers. Groblersdal where the first plant was established is situated on a major highway (N11) and many arteries that connect it to provinces such as Mpumalanga and Gauteng while connecting it to the rest of Limpopo. The target market was the rural community where there's limited connection to the municipality water grid but the changing climate has seen urban areas also targeted. The problems with storage and transportation of Jojo tanks has prompted the establishment of other production plants in almost every province to access more customers.

Labour Issues

Back in the 1970's, labour laws were not strict as they are in recent years. Most companies took advantage of the cheap labour offered by that period which gave them competitive advantage.

Land Availability

Groblersdal is a farming town which means large portions of land owned by few individuals. Land in farming towns is less expensive as compared to mining towns and industrial towns. This town was chosen because of the availability of workforce and developed transportation infrastructure. This happens to be the same trend followed by the company in the expansion of the company into the other provinces.

Question 2

Use the weighted factor rating model to indicate which province in South Africa will be recommended the best to locate a new facility. Use the information as provided below (15 Marks)

Location Factor	Factor Weights	North West	Western Cape	Free state		North West	Western Cape	Free state
Labour Cost	0.1	100	60	85		10	6	8.5
Quality of Life	0.2	100	100	90		20	20	18
Stability of the local government	0.15	80	85	80		12	12.75	12
Proximity to market	0.25	70	20	30		17.5	5	7.5
Supply chain compatibility	0.3	80	85	75		24	25.5	22.5
Total Score						83.5	69.25	68.5

Calculations

1. $\text{North West} = (0.1 \times 100) + (0.2 \times 100) + (0.15 \times 80) + (0.25 \times 70) + (0.3 \times 80)$

$$10 + 20 + 12 + 17.5 + 24 = 83.5$$

2. $\text{Western Cape} = (0.1 \times 60) + (0.2 \times 100) + (0.15 \times 85) + (0.25 \times 20) + (0.3 \times 85)$

$$6 + 20 + 12.75 + 5 + 25.5 = 69.25$$

3. $\text{Free State} = (0.1 \times 85) + (0.2 \times 90) + (0.15 \times 80) + (0.25 \times 30) + (0.3 \times 75)$

$$8.5 + 18 + 12 + 7.5 + 22.5 = 68.5$$

NB: North West province has the highest weighted score, it is the best recommended location to locate a new facility.

Question 3

3.1

Do you think the Northwest University is a pure service (6 Marks)

Arlbjorn JS and De Haas H. (2011). Service supply chain management: A survey of lean application in the municipal sector". International Journal of physical distribution and logistics management, vol. 41 ISS:3 pp277 - 295 explains service SCM as the management of information, processes, service performance and funds from supplier to the customer.

On another hand www.easynotecards.com defines pure service or servitization as a company that is building service activities inot products they can offer to their customers or users. The service would include things such as maintenance of equipment, spare parts removing or replacing them, training students, system design and research and design projects. With that said in my opinion the North West University is definitely a pure service as it is providing service to "Train or Teach" students to be skilled professionals in their respective fields of study. When a student applies to the university they are given a variety of choices of courses they can choose from to fulfill their needs of becoming a certain skilled professional, in return the student will have to pay fees to the university for the service they are providing to the student. At the end of the course if the students has met all the course requirements will only then the student graduate and get their degree or honours certificate - being the product they have been trained for during the duration of the course.

3.2 Discuss the primary elements to consider when designing a queuing system for a financial institution (9 Marks)

The primary elements to consider when designing a queuing system for any institution are: the input process, the queue characteristics and the service characteristics. When designing the queuing system for a financial institution, managers need to consider the demand source which will be the arrival of customers at the institution, requiring different types of services. The arrival pattern may differ with high peaks around a particular period of the month or week. The institution may opt to have more clerks servicing the customers during that period so that the turnaround time spent by customers is minimised but satisfactory.

The Input Process:

The input process starts with the Demand source which is where the area or first step where customers arrive. For a financial institution whereby it is a branch set up. It would be an infinite demand because people can come in at any time for financial services. We do note that there will be different patterns where demand is higher: Usually caused by the services demands at e.g. Month End in banking (Financial) institutions demand for financial services is higher.

How a financial Institution queuing system could be configured:

Based on the Demand source identified, a multiple channel and multiple phase configuration would be ideal. This would allow for while the customer has to have a central point of contact upon arrival. The institution would need to cater for different service offerings, thus using different servers along the multiple phases.

- The queue characteristics

The queue discipline to be adopted by the financial institution is first-come-first-served with priority given to the elderly, pregnant and physically challenged customers. The financial institution may also decide on a dedicated queue for businesses to ensure security and privacy.

Virtual Queue

Technology can be used for administering bundling up or bottlenecks in queues, particularly at the entry of a financial institution. This can also be seen as “managing waiting times” managing the perception of waiting times for customers.

Financial institutions can offer Customers places (ticket holding) in the queue, and it would be tracked by a computerized system that allows them to roam the premises until their ticket is called.

- The service characteristics

In a financial institution, service will be rendered by multiple servers using multiple-channel-single phase systems. The customers enter the institution, receive a service from any available server and exit. While waiting the customers are waiting, they will be kept occupied so that the wait does not feel long. The waiting time management technique to relieve customer anxiety while waiting must keep them informed of the variety of services offered at an institution. This will be done through magazines and television showcasing the services of the institution.

3.3

Take the five dimensions of service quality and advise McDonald's how they can use that to their competitive advantage (5 marks)

Customer perceptions play a huge role in measuring service quality of any business. This is influenced by customer's expected service, personal needs and past experiences. The McDonald's Corporation is one of the most successful global restaurant chains around the world, but there is always room for improved service quality against competitors. McDonald's could use the five dimensions of service quality to their competitive advantage by:

Reliability- by developing strong, efficient processes and procedures and remaining consistent on them allow for businesses to develop. An example can be during

summer season where there is a high demand of ice cream and sometimes consumers find that they are out of ice cream or the ice cream machine is out of order. They could make sure that in all their outlets, they are equipped with extra machinery in order for them to remain reliable and dependable

Responsiveness- this entails giving customers what they want for example when customers go for drive inn at Mc Donald's they want to order, pay, collect and drive away. This is often not possible because of long queues. They could perhaps implement express drive inn lanes for single orders for those consumers that are in a hurry.

Assurance-developing strong consumer confidence is vital, it is therefore prudent that Mc Donald's processes and procedures remain efficient for their brand.

Empathy- McDonald's should be a good listener. This means that they should always be approachable. The key function of a business is to discover consumer wants and cater to them.

- **Tangibles-** with constant upgrading and maintaining their physical facilities.

SUMMARY

The assignments discusses and answers the questions that elicits the factors that form Global location decision and Services Response Logistics. Location is a very vital factor that forms part of supply chain as it influences efficiency and the effectiveness of supply chain. A good example of Global locations decision is Nandos, a South African restaurant explaining the labour factors i.e. Labour Cost, Quality of Life, Stability of the government, Proximity to Market and supply chain compatibility. Question 2 demonstrates the weighted rating factor model used to determine which of the 3 South African province is ideal for a new facility. Question 3 discusses components of Services Responses Logistics. North West University is deemed as pure service as it only teaches/trains. There a primary elements to consider when designing a queuing system along. McDonalds is advised of the five dimensions to increase competitive advantage which are reliability, responsiveness, assurance, empathy and tangibles.

Reference list

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