Exercise walk-through

5.4

Crisis management, research and development, and information systems

International Baccalaureate · IB Diploma · Business Management · HL

Operations management

- explain the role of operations and **value added**, and compare job, batch, **mass production** and **mass customisation**;
- analyse the factors that decide where a business locates, including outsourcing and reshoring;
- calculate contribution, break-even output, the margin of safety, target output and target price;
- at HL, explain lean production and quality management, plan stock and capacity, and evaluate crisis management, R&D and information systems.

The role of operations and operations methods

- **Operations management** is the part of a business that makes its goods or provides its services.
- It turns **inputs** (labour, materials, machines, money and information) into **outputs** that are worth more than the **inputs**.
- The extra value is **value added** .
- *Inputs are transformed into **outputs** worth more than the inputs: **value added***

Sources for this lesson

- International Baccalaureate, *Business Management guide* (first assessment 2024).
- Toyota Motor Corporation, reports on the 2011 Great East Japan Earthquake and its supply-chain recovery; Reuters reporting on Toyota's chip stocks (2021).
- T. Ohno, *Toyota Production System: Beyond Large-Scale Production* (1988).
- International Organization for Standardization, ISO 9001:2015 ***Quality** management systems*.

Exercises 2.1·2.2

2.1 Distinguish between crisis management and contingency planning. [2]



2.2 State **two** ways a firm can protect its intellectual property. [2]



Exercises 2.1·2.2

2.1 Distinguish between crisis management and contingency planning. [2]



2.1

contingency planning: preparing in advance for possible crises; crisis management: responding to a crisis while it happens to limit the damage

2.2 State **two** ways a firm can protect its intellectual property. [2]



2.2

any two: patent; copyright; trademark

Exercises 2.3·2.4

2.3 Explain **one** benefit and **one** cost of contingency planning for an airline. [4]



2.4 Distinguish between product innovation and process innovation, with an example of each from a car maker. [4]



new model



robot

Exercises 2.3·2.4

2.3 Explain **one** benefit and **one** cost of contingency planning for an airline. [4]



2.3

benefit: staff know what to do in an emergency (e.g. a cancelled flight or a safety incident), so passengers are protected and reputation is kept; cost: plans take time and money to prepare, test and update, and may not match the actual crisis

2.4 Distinguish between product innovation and process innovation, with an example of each from a car maker. [4]



new model



robot

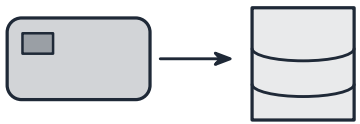
2.4

product innovation: a new or improved product; e.g. a new electric model; process innovation: a new or better way of making or delivering the product; e.g. robots on the assembly line

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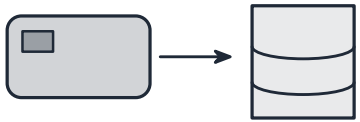
Exercise 2.5

2.5 A supermarket collects data through its loyalty card. Explain **two** ethical issues this raises. [4]



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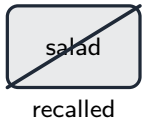
2.5

any two, explained: privacy: detailed shopping data can reveal personal information (health, religion); consent: customers may not understand how their data are used or sold; security: a data breach could expose customers; manipulation: targeted offers may push vulnerable customers to overspend

Exercise 3.1 (a)

3.1 FreshFarm sells packaged salads to supermarkets. A food-safety test finds bacteria in salads from one of its factories, and several customers become ill. News spreads quickly on social media. FreshFarm has no contingency plan.

(a) Explain **two** factors that make crisis management effective. [4]

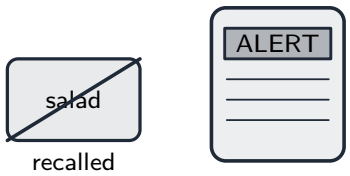




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(a) Explain **two** factors that make crisis management effective. [4]



(a) any two, explained: transparency: honest information builds trust; communication: fast, clear messages to all stakeholders; speed: acting quickly limits harm; control: a clear leader and plan avoid confusion

Exercise 3.1 (b)

3.1 FreshFarm sells packaged salads to supermarkets. A food-safety test finds bacteria in salads from one of its factories, and several customers become ill. News spreads quickly on social media. FreshFarm has no contingency plan.

(b) Discuss how FreshFarm should manage this crisis. [10]

Exercise 3.1 (b)

3.1 FreshFarm sells packaged salads to supermarkets. A food-safety test finds bacteria in salads from one of its factories, and several customers become ill. News spreads quickly on social media. FreshFarm has no contingency plan.

(b) Discuss how FreshFarm should manage this crisis. [10]

(b) award up to [10]: recall all products from the factory at once to protect customers; short-term cost and lost sales, but limits harm and legal claims; transparency: publish what is known and what is being done; communication with customers, supermarkets, regulators and staff, including on social media; speed and control: one leader and a crisis team; investigate the cause and fix it before reopening; support affected customers; possible compensation; long term: create a contingency plan and better quality assurance; judgement: reputation depends on an honest, fast response