To Kay Heizer, always at my side

J.H.

To Horace Dawson and David Greenberg

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To Kim, Christopher, and Mark Munson for their unwavering support, and to Bentonville High School teachers Velma Reed and Cheryl Gregory, who instilled in me the importance of detail and a love of learning

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### Brief Table of Contents

#### PART ONE Introduction to Operations Management 1
- Chapter 1 Operations and Productivity 1
- Chapter 2 Operations Strategy in a Global Environment 29
- Chapter 3 Project Management 59
- Chapter 4 Forecasting 105

#### PART TWO Designing Operations 159
- Chapter 5 Design of Goods and Services 159
- Supplement 5 Sustainability in the Supply Chain 193
- Chapter 6 Managing Quality 213
- Supplement 6 Statistical Process Control 245
- Chapter 7 Process Strategies 279
- Supplement 7 Capacity and Constraint Management 307
- Chapter 8 Location Strategies 337
- Chapter 9 Layout Strategies 367
- Chapter 10 Human Resources, Job Design, and Work Measurement 407

#### PART THREE Managing Operations 441
- Chapter 11 Supply Chain Management 441
- Supplement 11 Supply Chain Management Analytics 471
- Chapter 12 Inventory Management 487
- Chapter 13 Aggregate Planning and S&OP 531
- Chapter 14 Material Requirements Planning (MRP) and ERP 565
- Chapter 15 Short-Term Scheduling 603
- Chapter 16 Lean Operations 641
- Chapter 17 Maintenance and Reliability 665

#### PART FOUR Business Analytics Modules 683
- Module A Decision-Making Tools 683
- Module B Linear Programming 703
- Module C Transportation Models 733
- Module D Waiting-Line Models 751
- Module E Learning Curves 779
- Module F Simulation 795
- Module G Applying Analytics to Big Data in Operations Management 813

#### APPENDICES
- Appendix I Normal Curve Areas A2
- Appendix II Using Excel OM and POM for Windows A4
- Appendix III Solutions to Even-Numbered Problems A8
<table>
<thead>
<tr>
<th>ONLINE TUTORIALS (located at MyLab Operations Management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Statistical Tools for Managers   T1-1</td>
</tr>
<tr>
<td>2. Acceptance Sampling              T2-1</td>
</tr>
<tr>
<td>3. The Simplex Method of Linear Programming T3-1</td>
</tr>
<tr>
<td>4. The MODI and VAM Methods of Solving Transportation Problems T4-1</td>
</tr>
<tr>
<td>5. Vehicle Routing and Scheduling   T5-1</td>
</tr>
</tbody>
</table>
# Table of Contents

Preface xix
About the Authors xxvi

## PART ONE   Introduction to Operations Management

<table>
<thead>
<tr>
<th>Chapter 1   Operations and Productivity 1</th>
<th>Chapter 2   Operations Strategy in a Global Environment 29</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL COMPANY PROFILE: Hard Rock Cafe: Operations Management at Hard Rock Cafe 2</td>
<td></td>
</tr>
<tr>
<td>What Is Operations Management? 4</td>
<td></td>
</tr>
<tr>
<td>Organizing to Produce Goods and Services 4</td>
<td></td>
</tr>
<tr>
<td>The Supply Chain 6</td>
<td></td>
</tr>
<tr>
<td>Why Study OM? 6</td>
<td></td>
</tr>
<tr>
<td>What Operations Managers Do 7</td>
<td></td>
</tr>
<tr>
<td>The Heritage of Operations Management 8</td>
<td></td>
</tr>
<tr>
<td>Operations for Goods and Services 11</td>
<td></td>
</tr>
<tr>
<td>Growth of Services 11</td>
<td></td>
</tr>
<tr>
<td>Service Pay 12</td>
<td></td>
</tr>
<tr>
<td>The Productivity Challenge 13</td>
<td></td>
</tr>
<tr>
<td>OM in Action: Improving Productivity at Starbucks 14</td>
<td></td>
</tr>
<tr>
<td>Productivity Measurement 14</td>
<td></td>
</tr>
<tr>
<td>Productivity Variables 15</td>
<td></td>
</tr>
<tr>
<td>Productivity and the Service Sector 17</td>
<td></td>
</tr>
<tr>
<td>OM in Action: Taco Bell Improves Productivity and Goes Green to Lower Costs 18</td>
<td></td>
</tr>
<tr>
<td>Current Challenges in Operations Management 18</td>
<td></td>
</tr>
<tr>
<td>Ethics, Social Responsibility, and Sustainability 19</td>
<td></td>
</tr>
<tr>
<td>Summary 20</td>
<td></td>
</tr>
<tr>
<td>Key Terms 20</td>
<td></td>
</tr>
<tr>
<td>Ethical Dilemma 20</td>
<td></td>
</tr>
<tr>
<td>Discussion Questions 20</td>
<td></td>
</tr>
<tr>
<td>Using Software for Productivity Analysis 21</td>
<td></td>
</tr>
<tr>
<td>Solved Problems 21</td>
<td></td>
</tr>
<tr>
<td>Problems 22</td>
<td></td>
</tr>
<tr>
<td>CASE STUDY 24</td>
<td></td>
</tr>
<tr>
<td>Uber Technologies, Inc. 24</td>
<td></td>
</tr>
<tr>
<td>VIDEO CASE STUDIES 24</td>
<td></td>
</tr>
<tr>
<td>Frito-Lay: Operations Management in Manufacturing 24</td>
<td></td>
</tr>
<tr>
<td>Hard Rock Cafe: Operations Management in Services 25</td>
<td></td>
</tr>
<tr>
<td>Celebrity Cruises: Operations Management at Sea 26</td>
<td></td>
</tr>
<tr>
<td>Endnotes 26</td>
<td></td>
</tr>
<tr>
<td>Bibliography 26</td>
<td></td>
</tr>
<tr>
<td>Chapter 1 Rapid Review 27</td>
<td></td>
</tr>
<tr>
<td>Self Test 28</td>
<td></td>
</tr>
</tbody>
</table>

GLOBAL COMPANY PROFILE: Boeing: Boeing’s Global Supply-Chain Strategy Yields Competitive Advantage 30

A Global View of Operations and Supply Chains 32

Cultural and Ethical Issues 35

Determining Missions and Strategies 35

Mission 35

Strategy 35

Achieving Competitive Advantage Through Operations 36

Competing on Differentiation 36

Competing on Cost 38

Competing on Response 38

Issues in Operations Strategy 40

Strategy Development and Implementation 41

OM in Action: Amazon Updates Sears’ Strategy 41

Key Success Factors and Core Competencies 42

Integrating OM with Other Activities 43

Building and Staffing the Organization 43

Implementing the 10 Strategic OM Decisions 44

Strategic Planning, Core Competencies, and Outsourcing 44

The Theory of Comparative Advantage 46

Risks of Outsourcing 46

OM in Action: China Outsources, too—to Ethiopia 46

Rating Outsource Providers 47

Global Operations Strategy Options 48

Summary 50

Key Terms 50

Ethical Dilemma 50

Discussion Questions 50

Using Software to Solve Outsourcing Problems 51

Solved Problems 52

Problems 53
# TABLE OF CONTENTS

## CASE STUDY 54
- Rapid-Lube 54

## VIDEO CASE STUDIES 55
- Strategy at Regal Marine 55
- Hard Rock Cafe’s Global Strategy 55
- Outsourcing Offshore at Darden 56

Endnotes 56
Bibliography 56
Chapter 2 Rapid Review 57
Self Test 58

## Chapter 3 Project Management 59

**GLOBAL COMPANY PROFILE: Bechtel Group: Project Management Provides a Competitive Advantage for Bechtel** 60
- The Importance of Project Management 62
  - Project Planning 62
    - The Project Manager 63
    - Work Breakdown Structure 64
  - Project Scheduling 65
    - *OM in Action:* Delta’s Ground Crew Orchestrates a Smooth Takeoff 66
  - Project Controlling 66
- Project Management Techniques: PERT and CPM 67
  - The Framework of PERT and CPM 67
  - Network Diagrams and Approaches 68
  - Activity-on-Node Example 69
  - Activity-on-Arrow Example 71
- Determining the Project Schedule 71
  - Forward Pass 72
  - Backward Pass 74
  - Calculating Slack Time and Identifying the Critical Path(s) 75
- Variability in Activity Times 77
  - Three Time Estimates in PERT 77
  - Probability of Project Completion 79
- Cost-Time Trade-Offs and Project Crashing 82
- A Critique of PERT and CPM 85
  - *OM in Action:* Behind the Tour de France 85
- Using Microsoft Project to Manage Projects 86
- Summary 88
- Key Terms 89
- Ethical Dilemma 89
- Discussion Questions 89
- Using Software to Solve Project Management Problems 90
- Solved Problems 91
- Problems 94

## VIDEO CASE STUDIES 100
- Project Management at Arnold Palmer Hospital 100
- Managing Hard Rock’s Rockfest 101

Endnotes 102
Bibliography 102
Chapter 3 Rapid Review 103
Self Test 104

## Chapter 4 Forecasting 105

**GLOBAL COMPANY PROFILE: Walt Disney Parks & Resorts: Forecasting Provides a Competitive Advantage for Disney** 106
- What Is Forecasting? 108
  - Forecasting Time Horizons 108
  - Types of Forecasts 109
- The Strategic Importance of Forecasting 109
  - Supply Chain Management 109
  - Human Resources 110
  - Capacity 110
- Seven Steps in the Forecasting System 110
- Forecasting Approaches 111
  - Overview of Qualitative Methods 111
  - Overview of Quantitative Methods 112
- Time-Series Forecasting 112
  - Decomposition of a Time Series 112
  - *OM in Action:* Forecasting at Olive Garden 113
  - Naive Approach 113
  - Moving Averages 114
  - Exponential Smoothing 116
  - Measuring Forecast Error 117
  - Exponential Smoothing with Trend Adjustment 120
  - Trend Projections 124
  - Seasonal Variations in Data 126
  - Cyclical Variations in Data 131
- Associative Forecasting Methods: Regression and Correlation Analysis 131
  - *OM in Action:* NYC’s Potholes and Regression Analysis 137
  - Using Regression Analysis for Forecasting 131
  - Standard Error of the Estimate 133
  - Correlation Coefficients for Regression Lines 134
  - Multiple Regression Analysis 136
- Monitoring and Controlling Forecasts 138
  - Adaptive Smoothing 139
  - Focus Forecasting 139
- Forecasting in the Service Sector 140
- Summary 141
- Key Terms 141
- Ethical Dilemma 141
- Discussion Questions 142
- Using Software in Forecasting 142
- Solved Problems 144
- Problems 146
Chapter 6   Managing Quality   213

GLOBAL COMPANY PROFILE: Arnold Palmer Hospital: Managing Quality Provides a Competitive Advantage at Arnold Palmer Hospital 214

Quality and Strategy 216

Defining Quality 217
   Implications of Quality 217
   Malcolm Baldrige National Quality Award 218
   ISO 9000 International Quality Standards 218
   Cost of Quality (COQ) 218
   Ethics and Quality Management 219

Total Quality Management 219
   Continuous Improvement 220
   Six Sigma 220
   Employee Empowerment 221
   Benchmarking 222
   Just-in-Time (JIT) 223
   Taguchi Concepts 223
   OM in Action: A Hospital Benchmarks against the Ferrari Racing Team? 223
   Knowledge of TQM Tools 224

Tools of TQM 225
   Check Sheets 225
   Scatter Diagrams 226
   Cause-and-Effect Diagrams 226
   Pareto Charts 226
   Flowcharts 227
   Histograms 228
   Statistical Process Control (SPC) 228

The Role of Inspection 229
   When and Where to Inspect 229
   OM in Action: OM in Action: Inspecting the Boeing 787 230
   Source Inspection 231
   Service Industry Inspection 231
   Inspection of Attributes versus Variables 231
   OM in Action: Safe Patients, Smart Hospitals 231

TQM in Services 232
   OM in Action: Richey International’s Spies 234

CASE STUDY 238
   Southwestern University: (C) 238

VIDEO CASE STUDIES 239
   The Culture of Quality at Arnold Palmer Hospital 239
   Quality Counts at Alaska Airlines 239
   Celebrity Cruises: A Premium Experience 241

Endnote 242
Bibliography 242
Chapter 6 Rapid Review 243
Self Test 244

Supplement 6   Statistical Process Control   245

Statistical Process Control (SPC) 246
   Control Charts for Variables 247
   The Central Limit Theorem 247
   Setting Mean Chart Limits (X-Charts) 249
   Setting Range Chart Limits (R-Charts) 252
   Using Mean and Range Charts 253
   Control Charts for Attributes 255
   OM in Action: Trying to Land a Seat with Frequent Flyer Miles 257
   Managerial Issues and Control Charts 258

Process Capability 259
   Process Capability Ratio ($C_P$) 259
   Process Capability Index ($C_{pk}$) 260

Acceptance Sampling 261
   Operating Characteristic Curve 262
   Average Outgoing Quality 263

Summary 264
Key Terms 264
Discussion Questions 264
Using Software for SPC 265
Solved Problems 266
Problems 267

CASE STUDY 273
   Bayfield Mud Company 273

VIDEO CASE STUDIES 274
   Frito-Lay’s Quality-Controlled Potato Chips 274
   Farm to Fork: Quality at Darden Restaurants 275

Endnotes 275
Bibliography 276
Supplement 6 Rapid Review 277
Self Test 278

Chapter 7   Process Strategies   279

GLOBAL COMPANY PROFILE: Harley-Davidson: Repetitive Manufacturing Works at Harley-Davidson 280

Four Process Strategies 282
   Process Focus 282
   Repetitive Focus 283
   Product Focus 284
   Mass Customization Focus 284
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TABLE OF CONTENTS</strong></td>
<td>xi</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> Mass Customization for Straight Teeth**</td>
<td>285</td>
</tr>
<tr>
<td>Process Comparison</td>
<td>286</td>
</tr>
<tr>
<td>Selection of Equipment</td>
<td>288</td>
</tr>
<tr>
<td>Process Analysis and Design</td>
<td>289</td>
</tr>
<tr>
<td>Flowchart</td>
<td>289</td>
</tr>
<tr>
<td>Time-Function Mapping</td>
<td>289</td>
</tr>
<tr>
<td>Process Charts</td>
<td>290</td>
</tr>
<tr>
<td>Value-Stream Mapping</td>
<td>290</td>
</tr>
<tr>
<td>Service Blueprinting</td>
<td>292</td>
</tr>
<tr>
<td>Special Considerations for Service Process Strategies</td>
<td>293</td>
</tr>
<tr>
<td>Production Technology</td>
<td>294</td>
</tr>
<tr>
<td>Machine Technology</td>
<td>294</td>
</tr>
<tr>
<td>Automatic Identification Systems (AISs) and RFID</td>
<td>295</td>
</tr>
<tr>
<td>Process Control</td>
<td>295</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> 500,000 Tons of Steel; 14 Jobs**</td>
<td>296</td>
</tr>
<tr>
<td>Vision Systems</td>
<td>296</td>
</tr>
<tr>
<td>Robots</td>
<td>296</td>
</tr>
<tr>
<td>Automated Storage and Retrieval Systems (ASRSs)</td>
<td>296</td>
</tr>
<tr>
<td>Automated Guided Vehicles (AGVs)</td>
<td>296</td>
</tr>
<tr>
<td>Flexible Manufacturing Systems (FMSs)</td>
<td>297</td>
</tr>
<tr>
<td>Computer-Integrated Manufacturing (CIM)</td>
<td>297</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> Technology Changes the Hotel Industry**</td>
<td>298</td>
</tr>
<tr>
<td>Technology in Services</td>
<td>298</td>
</tr>
<tr>
<td>Process Redesign</td>
<td>298</td>
</tr>
<tr>
<td>Summary</td>
<td>299</td>
</tr>
<tr>
<td>Key Terms</td>
<td>299</td>
</tr>
<tr>
<td>Ethical Dilemma</td>
<td>300</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>300</td>
</tr>
<tr>
<td>Solved Problem</td>
<td>300</td>
</tr>
<tr>
<td>Problems</td>
<td>301</td>
</tr>
<tr>
<td><strong>CASE STUDY</strong></td>
<td>302</td>
</tr>
<tr>
<td>Rochester Manufacturing's Process Decision</td>
<td>302</td>
</tr>
<tr>
<td><strong>VIDEO CASE STUDIES</strong></td>
<td>302</td>
</tr>
<tr>
<td>Process Strategy at Wheeled Coach</td>
<td>302</td>
</tr>
<tr>
<td>Alaska Airlines: 20-Minute Baggage Process—Guaranteed!</td>
<td>303</td>
</tr>
<tr>
<td>Process Analysis at Arnold Palmer Hospital</td>
<td>303</td>
</tr>
<tr>
<td>Endnotes</td>
<td>304</td>
</tr>
<tr>
<td>Bibliography</td>
<td>304</td>
</tr>
<tr>
<td>Chapter 7 Rapid Review</td>
<td>305</td>
</tr>
<tr>
<td>Self Test</td>
<td>306</td>
</tr>
<tr>
<td><strong>Supplement 7 Capacity and Constraint Management</strong></td>
<td>307</td>
</tr>
<tr>
<td>Capacity</td>
<td>308</td>
</tr>
<tr>
<td>Design and Effective Capacity</td>
<td>308</td>
</tr>
<tr>
<td>Capacity and Strategy</td>
<td>310</td>
</tr>
<tr>
<td>Capacity Considerations</td>
<td>311</td>
</tr>
<tr>
<td>Managing Demand</td>
<td>311</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> Matching Airline Capacity to Demand**</td>
<td>312</td>
</tr>
<tr>
<td>Service-Sector Demand and Capacity Management</td>
<td>313</td>
</tr>
<tr>
<td>Bottleneck Analysis and the Theory of Constraints</td>
<td>313</td>
</tr>
<tr>
<td>Theory of Constraints</td>
<td>316</td>
</tr>
<tr>
<td>Bottleneck Management</td>
<td>317</td>
</tr>
<tr>
<td>Break-Even Analysis</td>
<td>317</td>
</tr>
<tr>
<td>Single-Product Case</td>
<td>318</td>
</tr>
<tr>
<td>Multiproduct Case</td>
<td>319</td>
</tr>
<tr>
<td>Reducing Risk with Incremental Changes</td>
<td>321</td>
</tr>
<tr>
<td>Applying Expected Monetary Value (EMV) to Capacity Decisions</td>
<td>322</td>
</tr>
<tr>
<td>Applying Investment Analysis to Strategy-Driven Investments</td>
<td>323</td>
</tr>
<tr>
<td>Investment, Variable Cost, and Cash Flow</td>
<td>323</td>
</tr>
<tr>
<td>Net Present Value</td>
<td>323</td>
</tr>
<tr>
<td>Summary</td>
<td>325</td>
</tr>
<tr>
<td>Key Terms</td>
<td>326</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>326</td>
</tr>
<tr>
<td>Using Software for Break-Even Analysis</td>
<td>326</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>327</td>
</tr>
<tr>
<td>Problems</td>
<td>329</td>
</tr>
<tr>
<td><strong>VIDEO CASE STUDY</strong></td>
<td>333</td>
</tr>
<tr>
<td>Capacity Planning at Arnold Palmer Hospital</td>
<td>333</td>
</tr>
<tr>
<td>Bibliography</td>
<td>334</td>
</tr>
<tr>
<td>Supplement 7 Rapid Review</td>
<td>335</td>
</tr>
<tr>
<td>Self Test</td>
<td>336</td>
</tr>
<tr>
<td><strong>Chapter 8 Location Strategies</strong></td>
<td>337</td>
</tr>
<tr>
<td><strong>GLOBAL COMPANY PROFILE:</strong> FedEx: Location Provides Competitive Advantage for FedEx**</td>
<td>338</td>
</tr>
<tr>
<td>The Strategic Importance of Location</td>
<td>340</td>
</tr>
<tr>
<td>Factors That Affect Location Decisions</td>
<td>341</td>
</tr>
<tr>
<td>Labor Productivity</td>
<td>342</td>
</tr>
<tr>
<td>Exchange Rates and Currency Risk</td>
<td>342</td>
</tr>
<tr>
<td>Costs</td>
<td>342</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> Iowa—Home of Corn and Facebook</td>
<td>343</td>
</tr>
<tr>
<td>Political Risk, Values, and Culture</td>
<td>343</td>
</tr>
<tr>
<td>Proximity to Markets</td>
<td>343</td>
</tr>
<tr>
<td>Proximity to Suppliers</td>
<td>344</td>
</tr>
<tr>
<td>Proximity to Competitors (Clustering)</td>
<td>344</td>
</tr>
<tr>
<td>Methods of Evaluating Location Alternatives</td>
<td>344</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> Denmark’s Meat Cluster</td>
<td>345</td>
</tr>
<tr>
<td>The Factor-Rating Method</td>
<td>345</td>
</tr>
<tr>
<td>Locational Cost–Volume Analysis</td>
<td>346</td>
</tr>
<tr>
<td>Center-of-Gravity Method</td>
<td>348</td>
</tr>
<tr>
<td>Transportation Model</td>
<td>349</td>
</tr>
<tr>
<td>Service Location Strategy</td>
<td>350</td>
</tr>
<tr>
<td><strong>OM in Action:</strong> How La Quinta Selects Profitable Hotel Sites</td>
<td>351</td>
</tr>
<tr>
<td>Geographic Information Systems</td>
<td>351</td>
</tr>
<tr>
<td>Summary</td>
<td>353</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS

Key Terms 353
Ethical Dilemma 354
Discussion Questions 354
Using Software to Solve Location Problems 354
Solved Problems 355
Problems 357
CASE STUDY 362
   Southern Recreational Vehicle Company 362
VIDEO CASE STUDIES 363
   Locating the Next Red Lobster Restaurant 363
   Where to Place the Hard Rock Cafe 363
Endnote 364
Bibliography 364
Chapter 8 Rapid Review 365
Self Test 366

Chapter 9 Layout Strategies 367
GLOBAL COMPANY PROFILE: McDonald’s: McDonald's Looks for Competitive Advantage through Layout 368
The Strategic Importance of Layout Decisions 370
Types of Layout 370
Office Layout 371
Retail Layout 372
   Servicescapes 375
Warehouse and Storage Layouts 375
   OM in Action: Amazon Warehouses Are Full of Robots 376
   Cross-Docking 376
   Random Stocking 377
   Customizing 377
Fixed-Position Layout 377
Process-Oriented Layout 378
   Computer Software for Process-Oriented Layouts 382
Focused Facilities 383
   Work Cells 383
   Focused Work Center 385
   Focused Factory 385
Repetitive and Product-Oriented Layout 385
   Assembly-Line Balancing 386
Summary 391
Key Terms 391
Ethical Dilemma 391
Discussion Questions 391
Using Software to Solve Layout Problems 392
Solved Problems 393
Problems 395
CASE STUDY 401
   State Automobile License Renewals 401
VIDEO CASE STUDIES 402
   Laying Out Arnold Palmer Hospital's New Facility 402
   Facility Layout at Wheeled Coach 403

Chapter 10 Human Resources, Job Design, and Work Measurement 407
GLOBAL COMPANY PROFILE: NASCAR's Racing Teams: High-Performance Teamwork Makes the Difference between Winning and Losing 408
Human Resource Strategy for Competitive Advantage 410
   Constraints on Human Resource Strategy 410
Labor Planning 411
   Employment-Stability Policies 411
   Work Schedules 411
   Job Classifications and Work Rules 412
Job Design 412
   Labor Specialization 412
   Job Expansion 413
   Psychological Components of Job Design 413
   Self-Directed Teams 414
   OM in Action: Using Incentives to Unsnarl Traffic Jams in the OR 415
   Motivation and Incentive Systems 415
Ergonomics and the Work Environment 415
   OM in Action: The Missing Perfect Chair 416
Methods Analysis 417
The Visual Workplace 420
Labor Standards 420
   Historical Experience 421
   Time Studies 421
   Predetermined Time Standards 425
   OM in Action: UPS: The Tightest Ship in the Shipping Business 426
   Work Sampling 427
Ethics 430
Summary 430
Key Terms 430
Ethical Dilemma 431
Discussion Questions 431
Solved Problems 432
Problems 434
CASE STUDY 437
   Jackson Manufacturing Company 437
VIDEO CASE STUDIES 437
   The “People” Focus: Human Resources at Alaska Airlines 437
   Hard Rock’s Human Resource Strategy 438
Bibliography 438
Chapter 10 Rapid Review 439
Self Test 440
## PART THREE  Managing Operations

<table>
<thead>
<tr>
<th>Chapter 11  Supply Chain Management</th>
<th>441</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL COMPANY PROFILE:</strong> Red Lobster: Red Lobster's Supply Chain Yields a Competitive Advantage</td>
<td>442</td>
</tr>
<tr>
<td>The Supply Chain's Strategic Importance</td>
<td>444</td>
</tr>
<tr>
<td>OM in Action: A Rose Is a Rose, But Only If It Is Fresh</td>
<td>446</td>
</tr>
<tr>
<td>Sourcing Issues: Make-or-Buy and Outsourcing</td>
<td>446</td>
</tr>
<tr>
<td>Make-or-Buy Decisions</td>
<td>447</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>447</td>
</tr>
<tr>
<td>Six Sourcing Strategies</td>
<td>447</td>
</tr>
<tr>
<td>Many Suppliers</td>
<td>447</td>
</tr>
<tr>
<td>Few Suppliers</td>
<td>447</td>
</tr>
<tr>
<td>OM in Action: The Complex Supply Chain for Apple and Samsung</td>
<td>448</td>
</tr>
<tr>
<td>Vertical Integration</td>
<td>448</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>449</td>
</tr>
<tr>
<td>Keiretsu Networks</td>
<td>449</td>
</tr>
<tr>
<td>Virtual Companies</td>
<td>449</td>
</tr>
<tr>
<td>Supply Chain Risk</td>
<td>449</td>
</tr>
<tr>
<td>Risks and Mitigation Tactics</td>
<td>450</td>
</tr>
<tr>
<td>Security and JIT</td>
<td>451</td>
</tr>
<tr>
<td>Managing the Integrated Supply Chain</td>
<td>451</td>
</tr>
<tr>
<td>OM in Action: The Complex Supply Chain for Apple and Samsung</td>
<td>448</td>
</tr>
<tr>
<td>Issues in Managing the Integrated Supply Chain</td>
<td>451</td>
</tr>
<tr>
<td>Opportunities in Managing the Integrated Supply Chain</td>
<td>452</td>
</tr>
<tr>
<td>Building the Supply Base</td>
<td>453</td>
</tr>
<tr>
<td>Supplier Evaluation</td>
<td>454</td>
</tr>
<tr>
<td>Supplier Development</td>
<td>454</td>
</tr>
<tr>
<td>Negotiations</td>
<td>454</td>
</tr>
<tr>
<td>Contracting</td>
<td>455</td>
</tr>
<tr>
<td>Centralized Purchasing</td>
<td>455</td>
</tr>
<tr>
<td>E-Procurement</td>
<td>455</td>
</tr>
<tr>
<td>Logistics Management</td>
<td>456</td>
</tr>
<tr>
<td>Shipping Systems</td>
<td>456</td>
</tr>
<tr>
<td>Warehousing</td>
<td>457</td>
</tr>
<tr>
<td>Third-Party Logistics (3PL)</td>
<td>457</td>
</tr>
<tr>
<td>OM in Action: DHL's Role in the Supply Chain</td>
<td>458</td>
</tr>
<tr>
<td>Distribution Management</td>
<td>458</td>
</tr>
<tr>
<td>Ethics and Sustainable Supply Chain Management</td>
<td>459</td>
</tr>
<tr>
<td>Supply Chain Management Ethics</td>
<td>459</td>
</tr>
<tr>
<td>Establishing Sustainability in Supply Chains</td>
<td>460</td>
</tr>
<tr>
<td>Measuring Supply Chain Performance</td>
<td>460</td>
</tr>
<tr>
<td>Assets Committed to Inventory</td>
<td>460</td>
</tr>
<tr>
<td>Benchmarking the Supply Chain</td>
<td>462</td>
</tr>
<tr>
<td>The SCOR Model</td>
<td>463</td>
</tr>
<tr>
<td>Summary</td>
<td>464</td>
</tr>
<tr>
<td>Key Terms</td>
<td>464</td>
</tr>
<tr>
<td>Ethical Dilemma</td>
<td>464</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>464</td>
</tr>
<tr>
<td>Solved Problem</td>
<td>465</td>
</tr>
<tr>
<td>Problems</td>
<td>465</td>
</tr>
<tr>
<td><strong>VIDEO CASE STUDIES</strong></td>
<td>467</td>
</tr>
<tr>
<td>Darden's Global Supply Chains</td>
<td>467</td>
</tr>
<tr>
<td>Supply Chain Management at Regal Marine</td>
<td>467</td>
</tr>
<tr>
<td>Arnold Palmer Hospital's Supply Chain</td>
<td>468</td>
</tr>
<tr>
<td>Bibliography</td>
<td>468</td>
</tr>
<tr>
<td>Chapter 11 Rapid Review</td>
<td>469</td>
</tr>
<tr>
<td>Self Test</td>
<td>470</td>
</tr>
</tbody>
</table>

### Supplement 11  Supply Chain Management Analytics 471

| Techniques for Evaluating Supply Chains  | 472 |
| Evaluating Disaster Risk in the Supply Chain  | 472 |
| Managing the Bullwhip Effect  | 473 |
| OM in Action: RFID Helps Control the Bullwhip  | 475 |
| Supplier Selection Analysis  | 476 |
| Transportation Mode Analysis  | 477 |
| Warehouse Storage  | 477 |
| Summary  | 479 |
| Discussion Questions  | 479 |
| Solved Problems  | 479 |
| Problems  | 481 |
| Bibliography  | 484 |
| Supplement 11 Rapid Review  | 485 |
| Self Test  | 486 |

<table>
<thead>
<tr>
<th>Chapter 12  Inventory Management</th>
<th>487</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL COMPANY PROFILE:</strong> Amazon.com: Inventory Management Provides Competitive Advantage at Amazon.com</td>
<td>488</td>
</tr>
<tr>
<td>The Importance of Inventory</td>
<td>490</td>
</tr>
<tr>
<td>Functions of Inventory</td>
<td>490</td>
</tr>
<tr>
<td>Types of Inventory</td>
<td>490</td>
</tr>
<tr>
<td>Managing Inventory</td>
<td>491</td>
</tr>
<tr>
<td>ABC Analysis</td>
<td>491</td>
</tr>
<tr>
<td>OM in Action: Inventory Accuracy at Milton Bradley</td>
<td>493</td>
</tr>
<tr>
<td>Record Accuracy</td>
<td>493</td>
</tr>
<tr>
<td>Cycle Counting</td>
<td>493</td>
</tr>
<tr>
<td>Control of Service Inventories</td>
<td>494</td>
</tr>
<tr>
<td>OM in Action: Retail's Last 10 Yards</td>
<td>495</td>
</tr>
<tr>
<td>Inventory Models</td>
<td>495</td>
</tr>
<tr>
<td>Independent vs. Dependent Demand</td>
<td>495</td>
</tr>
<tr>
<td>Holding, Ordering, and Setup Costs</td>
<td>495</td>
</tr>
</tbody>
</table>
### Inventory Models for Independent Demand  496
- **The Basic Economic Order Quantity (EOQ) Model**  496
- **Minimizing Costs**  497
- **Reorder Points**  501
- **Production Order Quantity Model**  502
- **Quantity Discount Models**  505

### Probabilistic Models and Safety Stock  508
- **Other Probabilistic Models**  511

### Single-Period Model  513

### Fixed-Period (P) Systems  514
- **Summary**  515

### Using Software to Solve Inventory Problems  516
- **Solved Problems**  517

### CASE STUDY  525
- **Zhou Bicycle Company**  525

### VIDEO CASE STUDIES  526
- **Managing Inventory at Frito-Lay**  526
- **Inventory Management at Celebrity Cruises**  526
- **Inventory Control at Wheeled Coach**  527

### Endnotes  528

### Bibliography  528

---

### Chapter 13 Aggregate Planning and S&OP  531

### GLOBAL COMPANY PROFILE: Frito-Lay: Aggregate Planning Provides a Competitive Advantage at Frito-Lay  532
- **The Planning Process**  534
- **Sales and Operations Planning**  535
- **The Nature of Aggregate Planning**  536
  - **OM in Action:** Building the Plan at Snapper  537

### Aggregate Planning Strategies  537
- **Capacity Options**  537
- **Demand Options**  538
- **Mixing Options to Develop a Plan**  539

### Methods for Aggregate Planning  540
- **Graphical Methods**  540
- **Mathematical Approaches**  545

### Aggregate Planning in Services  547
- **Restaurants**  548
- **Hospitals**  548
- **National Chains of Small Service Firms**  548
- **Miscellaneous Services**  548
- **Airline Industry**  549

### Revenue Management  549
  - **OM in Action:** Revenue Management Makes Disney the “King” of the Broadway Jungle  550

### Summary  552

### Key Terms  552

### Ethical Dilemma  553

### Discussion Questions  553

### Using Software for Aggregate Planning  554

### Solved Problems  556

### Problems  557

### CASE STUDY  561
- **Andrew-Carter, Inc.**  561

### VIDEO CASE STUDY  562
- **Using Revenue Management to Set Orlando Magic Ticket Prices**  562

### Bibliography  562

---

### Chapter 14 Material Requirements Planning (MRP) and ERP  565

### GLOBAL COMPANY PROFILE: Wheeled Coach: MRP Provides a Competitive Advantage for Wheeled Coach  566

### Dependent Demand  568
- **Dependent Inventory Model Requirements**  568

### Master Production Schedule  569

### Bills of Material  570

### Accurate Inventory Records  572

### Purchase Orders Outstanding  572

### Lead Times for Components  572

### MRP Structure  573

### MRP Management  577
- **MRP Dynamics**  577
- **MRP Limitations**  578

### Lot-Sizing Techniques  578

### Extensions of MRP  582
- **Material Requirements Planning II (MRP II)**  582
- **Closed-Loop MRP**  583
- **Capacity Planning**  583

### MRP in Services  585
- **Distribution Resource Planning (DRP)**  586

### Enterprise Resource Planning (ERP)  586
  - **OM in Action:** Managing Benetton with ERP Software  587
  - **ERP in the Service Sector**  589

### Summary  589

### Key Terms  589

### Ethical Dilemma  589

### Discussion Questions  590

### Using Software to Solve MRP Problems  590

### Solved Problems  591

### Problems  594
# TABLE OF CONTENTS

**CASE STUDY** 598
   *Hill's Automotive, Inc.* 598

**VIDEO CASE STUDIES** 598
   *When 18,500 Orlando Magic Fans Come to Dinner* 598
   *MRP at Wheeled Coach* 599

Endnotes 599
Bibliography 600
Chapter 14 Rapid Review 601
Self Test 602

**Chapter 15 Short-Term Scheduling** 603

**GLOBAL COMPANY PROFILE: Alaska Airlines: Scheduling Flights When Weather Is the Enemy** 604

The Importance of Short-Term Scheduling 606
Scheduling Issues 606
   *Forward and Backward Scheduling* 607
   *OM in Action: Prepping for the Orlando Magic Basketball Game* 608
   *Finite and Infinite Loading* 608
   *Scheduling Criteria* 608

Scheduling Process-Focused Facilities 609
Loading Jobs 609
   *Input–Output Control* 610
   *Gantt Charts* 611
   *Assignment Method* 612

Sequencing Jobs 615
   *Priority Rules for Sequencing Jobs* 615
   *Critical Ratio* 618
   *Sequencing N Jobs on Two Machines: Johnson’s Rule* 619
   *Limitations of Rule-Based Sequencing Systems* 620

Finite Capacity Scheduling (FCS) 621
Scheduling Services 622
   *OM in Action: Starbucks’ Controversial Scheduling Software* 623
   *Scheduling Service Employees with Cyclical Scheduling* 623

Summary 625
Key Terms 625
Ethical Dilemma 625
Discussion Questions 625
Using Software for Short-Term Scheduling 626
Solved Problems 628
Problems 630

**CASE STUDY** 634
   *Old Oregon Wood Store* 634

**VIDEO CASE STUDIES** 635
   *From the Eagles to the Magic: Converting the Amway Center* 635
   *Scheduling at Hard Rock Cafe* 637

Endnotes 638
Bibliography 638
Chapter 15 Rapid Review 639
Self Test 640

**Chapter 16 Lean Operations** 641

**GLOBAL COMPANY PROFILE: Toyota Motor Corporation: Achieving Competitive Advantage with Lean Operations at Toyota Motor Corporation** 642

Lean Operations 644
   *Eliminate Waste* 644
   *OM in Action: Toyota’s New Challenge* 645
   *Remove Variability* 646
   *Improve Throughput* 646

Lean and Just-in-Time 646
   *Suppliers Partnerships* 647
   *Lean Layout* 648
   *Lean Inventory* 649
   *Lean Scheduling* 652
   *Lean Quality* 655

Lean the Toyota Production System 655
   *Continuous Improvement* 655
   *Respect for People* 655
   *OM in Action: Dr Pepper’s Move to Kaizen* 655
   *Processes and Standard Work Practice* 656

Lean Organizations 656
   *Building a Lean Organization* 656
   *OM in Action: Lean Delivers the Medicine* 657
   *Lean Sustainability* 657

Lean in Services 657
Summary 658
Key Terms 658
Ethical Dilemma 659
Discussion Questions 659
Solved Problem 659
Problems 660

**VIDEO CASE STUDIES** 661
   *Lean Operations at Alaska Airlines* 661
   *JIT at Arnold Palmer Hospital* 661

Endnote 662
Bibliography 662
Chapter 16 Rapid Review 663
Self Test 664

**Chapter 17 Maintenance and Reliability** 665

**GLOBAL COMPANY PROFILE: Orlando Utilities Commission: Maintenance Provides a Competitive Advantage for the Orlando Utilities Commission** 666

The Strategic Importance of Maintenance and Reliability 668
Reliability 669
## PART FOUR Business Analytics Modules

### Module A Decision-Making Tools 683

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Decision Process in Operations</td>
<td>684</td>
</tr>
<tr>
<td>Fundamentals of Decision Making</td>
<td>684</td>
</tr>
<tr>
<td>Decision Tables</td>
<td>685</td>
</tr>
<tr>
<td>Types of Decision-Making Environments</td>
<td>686</td>
</tr>
<tr>
<td>Decision Making Under Uncertainty</td>
<td>686</td>
</tr>
<tr>
<td>Decision Making Under Risk</td>
<td>687</td>
</tr>
<tr>
<td>Decision Making Under Certainty</td>
<td>688</td>
</tr>
<tr>
<td>Expected Value of Perfect Information (EVPI)</td>
<td>688</td>
</tr>
<tr>
<td>Decision Trees</td>
<td>690</td>
</tr>
<tr>
<td>A More Complex Decision Tree</td>
<td>691</td>
</tr>
<tr>
<td>Summary</td>
<td>693</td>
</tr>
<tr>
<td>Key Terms</td>
<td>693</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>693</td>
</tr>
<tr>
<td>Using Software for Decision Models</td>
<td>693</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>695</td>
</tr>
<tr>
<td>Problems</td>
<td>696</td>
</tr>
<tr>
<td>CASE STUDY</td>
<td>700</td>
</tr>
<tr>
<td>Tom Thompson’s Liver Transplant</td>
<td>700</td>
</tr>
<tr>
<td>Endnote</td>
<td>700</td>
</tr>
<tr>
<td>Bibliography</td>
<td>700</td>
</tr>
<tr>
<td>Module A Rapid Review</td>
<td>701</td>
</tr>
<tr>
<td>Self Test</td>
<td>702</td>
</tr>
</tbody>
</table>

### Module B Linear Programming 703

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why Use Linear Programming?</td>
<td>704</td>
</tr>
<tr>
<td>Requirements of a Linear Programming Problem</td>
<td>704</td>
</tr>
<tr>
<td>Formulating Linear Programming Problems</td>
<td>704</td>
</tr>
<tr>
<td>Glickman Electronics Example</td>
<td>705</td>
</tr>
<tr>
<td>Graphical Solution to a Linear Programming Problem</td>
<td>706</td>
</tr>
<tr>
<td>Graphical Representation of Constraints</td>
<td>706</td>
</tr>
<tr>
<td>Iso-Profit Line Solution Method</td>
<td>707</td>
</tr>
<tr>
<td>Corner-Point Solution Method</td>
<td>709</td>
</tr>
<tr>
<td>Sensitivity Analysis</td>
<td>709</td>
</tr>
<tr>
<td>Sensitivity Report</td>
<td>710</td>
</tr>
<tr>
<td>Changes in the Resources or Right-Hand-Side Values</td>
<td>710</td>
</tr>
<tr>
<td>Changes in the Objective Function Coefficient</td>
<td>711</td>
</tr>
<tr>
<td>Solving Minimization Problems</td>
<td>712</td>
</tr>
<tr>
<td>OM in Action: LP at UPS</td>
<td>713</td>
</tr>
<tr>
<td>Linear Programming Applications</td>
<td>714</td>
</tr>
<tr>
<td>Production-Mix Example</td>
<td>714</td>
</tr>
<tr>
<td>Diet Problem Example</td>
<td>715</td>
</tr>
<tr>
<td>Labor Scheduling Example</td>
<td>716</td>
</tr>
<tr>
<td>The Simplex Method of LP</td>
<td>717</td>
</tr>
<tr>
<td>Integer and Binary Variables</td>
<td>717</td>
</tr>
<tr>
<td>Creating Integer and Binary Variables</td>
<td>717</td>
</tr>
<tr>
<td>Linear Programming Applications with Binary Variables</td>
<td>718</td>
</tr>
<tr>
<td>A Fixed-Charge Integer Programming Problem</td>
<td>719</td>
</tr>
<tr>
<td>Summary</td>
<td>720</td>
</tr>
<tr>
<td>Key Terms</td>
<td>720</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>720</td>
</tr>
<tr>
<td>Using Software to Solve LP Problems</td>
<td>720</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>722</td>
</tr>
<tr>
<td>Problems</td>
<td>724</td>
</tr>
<tr>
<td>CASE STUDY</td>
<td>729</td>
</tr>
<tr>
<td>Quain Lawn and Garden, Inc.</td>
<td>729</td>
</tr>
<tr>
<td>VIDEO CASE STUDY</td>
<td>729</td>
</tr>
<tr>
<td>Scheduling Challenges at Alaska Airlines</td>
<td>729</td>
</tr>
<tr>
<td>Endnotes</td>
<td>730</td>
</tr>
<tr>
<td>Bibliography</td>
<td>730</td>
</tr>
<tr>
<td>Module B Rapid Review</td>
<td>731</td>
</tr>
<tr>
<td>Self Test</td>
<td>732</td>
</tr>
</tbody>
</table>

### Module C Transportation Models 733

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Modeling</td>
<td>734</td>
</tr>
<tr>
<td>Developing an Initial Solution</td>
<td>735</td>
</tr>
<tr>
<td>The Northwest-Corner Rule</td>
<td>735</td>
</tr>
<tr>
<td>The Intuitive Lowest-Cost Method</td>
<td>737</td>
</tr>
</tbody>
</table>
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Visualization</td>
<td>820</td>
</tr>
<tr>
<td>Using Excel's Visualization Tools</td>
<td>820</td>
</tr>
<tr>
<td>Predictive and Prescriptive Business Analytics Tools</td>
<td>822</td>
</tr>
<tr>
<td>Other Business Analytics Tools Not Covered in This Text</td>
<td>822</td>
</tr>
<tr>
<td>Summary</td>
<td>823</td>
</tr>
<tr>
<td>Key Terms</td>
<td>823</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>823</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>824</td>
</tr>
<tr>
<td>Problems</td>
<td>825</td>
</tr>
<tr>
<td><strong>ONLINE TUTORIALS (located at MyLab Operations Management)</strong></td>
<td></td>
</tr>
<tr>
<td>1. Statistical Tools for Managers</td>
<td></td>
</tr>
<tr>
<td>Discrete Probability Distributions</td>
<td>1-2</td>
</tr>
<tr>
<td>Expected Value of a Discrete Probability Distribution</td>
<td>1-3</td>
</tr>
<tr>
<td>Variance of a Discrete Probability Distribution</td>
<td>1-3</td>
</tr>
<tr>
<td>Continuous Probability Distributions</td>
<td>1-4</td>
</tr>
<tr>
<td>The Normal Distribution</td>
<td>1-4</td>
</tr>
<tr>
<td>Summary</td>
<td>1-7</td>
</tr>
<tr>
<td>Key Terms</td>
<td>1-7</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>1-7</td>
</tr>
<tr>
<td>Problems</td>
<td>1-7</td>
</tr>
<tr>
<td>Bibliography</td>
<td>1-7</td>
</tr>
<tr>
<td>2. Acceptance Sampling</td>
<td>2-1</td>
</tr>
<tr>
<td>Sampling Plans</td>
<td>2-2</td>
</tr>
<tr>
<td>Single Sampling</td>
<td>2-2</td>
</tr>
<tr>
<td>Double Sampling</td>
<td>2-2</td>
</tr>
<tr>
<td>Sequential Sampling</td>
<td>2-2</td>
</tr>
<tr>
<td>Operating Characterist (OC) Curves</td>
<td>2-2</td>
</tr>
<tr>
<td>Producer's and Consumer's Risk</td>
<td>2-3</td>
</tr>
<tr>
<td>Average Outgoing Quality</td>
<td>2-5</td>
</tr>
<tr>
<td>Summary</td>
<td>2-6</td>
</tr>
<tr>
<td>Key Terms</td>
<td>2-6</td>
</tr>
<tr>
<td>Solved Problem</td>
<td>2-7</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>2-7</td>
</tr>
<tr>
<td>Problems</td>
<td>2-7</td>
</tr>
<tr>
<td>3. The Simplex Method of Linear Programming</td>
<td>3-1</td>
</tr>
<tr>
<td>Converting the Constraints to Equations</td>
<td>3-2</td>
</tr>
<tr>
<td>Setting Up the First Simplex Tableau</td>
<td>3-2</td>
</tr>
<tr>
<td>Simplex Solution Procedures</td>
<td>3-4</td>
</tr>
<tr>
<td>Summary of Simplex Procedures</td>
<td>3-6</td>
</tr>
<tr>
<td>Artificial and Surplus Variables</td>
<td>3-7</td>
</tr>
<tr>
<td>Solving Minimization Problems</td>
<td>3-7</td>
</tr>
<tr>
<td>Summary</td>
<td>3-8</td>
</tr>
<tr>
<td>Key Terms</td>
<td>3-8</td>
</tr>
<tr>
<td>Solved Problem</td>
<td>3-8</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>3-8</td>
</tr>
<tr>
<td>Problems</td>
<td>3-9</td>
</tr>
<tr>
<td>4. The MODI and VAM Methods of Solving Transportation Problems</td>
<td></td>
</tr>
<tr>
<td>MODI Method</td>
<td>4-2</td>
</tr>
<tr>
<td>How to Use the MODI Method</td>
<td>4-2</td>
</tr>
<tr>
<td>Solving the Arizona Plumbing Problem with MODI</td>
<td>4-2</td>
</tr>
<tr>
<td>Vogel's Approximation Method: Another Way to Find an Initial Solution</td>
<td>4-4</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>4-8</td>
</tr>
<tr>
<td>Problems</td>
<td>4-8</td>
</tr>
<tr>
<td>5. Vehicle Routing and Scheduling</td>
<td>5-1</td>
</tr>
<tr>
<td>Introduction</td>
<td>5-2</td>
</tr>
<tr>
<td>Service Delivery Example: Meals-for-ME</td>
<td>5-2</td>
</tr>
<tr>
<td>Objectives of Routing and Scheduling Problems</td>
<td>5-2</td>
</tr>
<tr>
<td>Characteristics of Routing and Scheduling Problems</td>
<td>5-3</td>
</tr>
<tr>
<td>Classifying Routing and Scheduling Problems</td>
<td>5-3</td>
</tr>
<tr>
<td>Solving Routing and Scheduling Problems</td>
<td>5-4</td>
</tr>
<tr>
<td>Routing Service Vehicles</td>
<td>5-5</td>
</tr>
<tr>
<td>The Traveling Salesman Problem</td>
<td>5-5</td>
</tr>
<tr>
<td>Multiple Traveling Salesman Problem</td>
<td>5-8</td>
</tr>
<tr>
<td>The Vehicle Routing Problem</td>
<td>5-9</td>
</tr>
<tr>
<td>Cluster First, Route Second Approach</td>
<td>5-10</td>
</tr>
<tr>
<td>Scheduling Service Vehicles</td>
<td>5-11</td>
</tr>
<tr>
<td>The Concurrent Scheduler Approach</td>
<td>5-13</td>
</tr>
<tr>
<td>Other Routing and Scheduling Problems</td>
<td>5-13</td>
</tr>
<tr>
<td>Summary</td>
<td>5-14</td>
</tr>
<tr>
<td>Key Terms</td>
<td>5-15</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>5-15</td>
</tr>
<tr>
<td>Problems</td>
<td>5-15</td>
</tr>
<tr>
<td>CASE STUDY</td>
<td>5-17</td>
</tr>
<tr>
<td>Routing and Scheduling of Phlebotomists</td>
<td>5-17</td>
</tr>
<tr>
<td>Bibliography</td>
<td>5-17</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>5-17</td>
</tr>
<tr>
<td>Problems</td>
<td>5-17</td>
</tr>
<tr>
<td>6. Endnote</td>
<td>825</td>
</tr>
<tr>
<td>Bibliography</td>
<td>826</td>
</tr>
<tr>
<td>Module G Rapid Review</td>
<td>827</td>
</tr>
<tr>
<td>Self Test</td>
<td>828</td>
</tr>
<tr>
<td><strong>Appendix I</strong> Normal Curve Areas</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix II</strong> Using Excel OM and POM for Windows</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix III</strong> Solutions to Even-Numbered Problems</td>
<td></td>
</tr>
<tr>
<td>Name Index</td>
<td>1</td>
</tr>
<tr>
<td>General Index</td>
<td>4</td>
</tr>
<tr>
<td>Data Visualization</td>
<td>820</td>
</tr>
<tr>
<td>Using Excel's Visualization Tools</td>
<td>820</td>
</tr>
<tr>
<td>Predictive and Prescriptive Business Analytics Tools</td>
<td>822</td>
</tr>
<tr>
<td>Other Business Analytics Tools Not Covered in This Text</td>
<td>822</td>
</tr>
<tr>
<td>Summary</td>
<td>823</td>
</tr>
<tr>
<td>Key Terms</td>
<td>823</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>823</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>824</td>
</tr>
<tr>
<td>Problems</td>
<td>825</td>
</tr>
<tr>
<td>Endnote</td>
<td>825</td>
</tr>
<tr>
<td>Bibliography</td>
<td>826</td>
</tr>
<tr>
<td>Module G Rapid Review</td>
<td>827</td>
</tr>
<tr>
<td>Self Test</td>
<td>828</td>
</tr>
<tr>
<td><strong>Appendix I</strong> Normal Curve Areas</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix II</strong> Using Excel OM and POM for Windows</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix III</strong> Solutions to Even-Numbered Problems</td>
<td></td>
</tr>
<tr>
<td>Name Index</td>
<td>1</td>
</tr>
<tr>
<td>General Index</td>
<td>4</td>
</tr>
<tr>
<td>Data Visualization</td>
<td>820</td>
</tr>
<tr>
<td>Using Excel's Visualization Tools</td>
<td>820</td>
</tr>
<tr>
<td>Predictive and Prescriptive Business Analytics Tools</td>
<td>822</td>
</tr>
<tr>
<td>Other Business Analytics Tools Not Covered in This Text</td>
<td>822</td>
</tr>
<tr>
<td>Summary</td>
<td>823</td>
</tr>
<tr>
<td>Key Terms</td>
<td>823</td>
</tr>
<tr>
<td>Discussion Questions</td>
<td>823</td>
</tr>
<tr>
<td>Solved Problems</td>
<td>824</td>
</tr>
<tr>
<td>Problems</td>
<td>825</td>
</tr>
<tr>
<td>Endnote</td>
<td>825</td>
</tr>
<tr>
<td>Bibliography</td>
<td>826</td>
</tr>
<tr>
<td>Module G Rapid Review</td>
<td>827</td>
</tr>
<tr>
<td>Self Test</td>
<td>828</td>
</tr>
<tr>
<td><strong>Appendix I</strong> Normal Curve Areas</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix II</strong> Using Excel OM and POM for Windows</td>
<td></td>
</tr>
<tr>
<td><strong>Appendix III</strong> Solutions to Even-Numbered Problems</td>
<td></td>
</tr>
<tr>
<td>Name Index</td>
<td>1</td>
</tr>
<tr>
<td>General Index</td>
<td>4</td>
</tr>
</tbody>
</table>
New to This Edition

Operations is an exciting area of management that has a profound effect on productivity. The goal of this text and MyLab Operations Management is to present students a broad introduction to the field of operations in a realistic, practical, and applied manner. We want students to understand how operations work within an organization by seeing first-hand what goes on behind the scenes at a concert or major sports event; place an order through Amazon.com; board a flight on Alaska Airlines; or take a cruise with Celebrity Cruises. This text and MyLab Operations Management offer behind the scenes views that no other product on the market provides and one that students tell us they value because they gain a true understanding of operations.

With each edition, we work to gather feedback from instructors and students to enhance our text and MyLab. Based on that feedback, we have added the following new features and improvements.

Video Cases – Celebrity Cruise Line

With each edition, we offer in MyLab Operations Management integrated Video Cases as a valuable teaching tool for students. These short videos help readers see and understand operations in action within a variety of industries. With this edition, we are pleased to take you behind the scenes of Celebrity Cruises, one of the world’s premier cruise lines. This fascinating organization opened its doors—and ships—for us to examine and share with you leading-edge OM in the cruise line industry.

The videos provide an inside look at:

- the 10 operations decisions at Celebrity Cruises (Chapter 1);
- how Celebrity Cruises designs a new product (Chapter 5);
- Celebrity’s “Save-the-Waves” sustainability program (Supplement 5);
- how Celebrity Cruises treats quality as the heartbeat of the company (Chapter 6); and
- inventory management at Celebrity Cruises (Chapter 12).

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- inventory management at Celebrity Cruises (Chapter 12).

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Celebrity Cruises: Operations Management at Sea

On any given day, Celebrity Cruises, Inc. has tens of thousands of passengers at sea on more than a dozen spectacular ships, spanning 7 continents and 75 countries. With this level of capital investment, along with the responsibility for the happiness and safety of so many passengers, excellence in operations is required.

To make it all work, the 10 operations management decisions must be executed flawlessly. From product design (which encompasses the ship’s layout, the food, and 300 destinations), to scheduling, supply chain, inventory, personnel, maintenance, and the processes that hold them together, OM is critical.

Cruise lines require precise scheduling of ships, with down-to-the-minute docking and departure times. In addition to ship and port scheduling, some 2,000 plus crew members must be scheduled. And there are many schedule variations. Entertainers may arrive and leave at each port, while officers may have a schedule of 10 weeks on and 10 weeks off. Other crew members have onboard commitments varying from 4 to 9 months.

With $400 million invested in a ship and more than 5,000 lives involved in a cruise, detailed processes to ensure maintenance and reliability are vital. The modern ship is a technological marvel with hundreds of electronic monitors operating 24/7 to track everything from ship speed and location, to sea depth, to shipboard power demand and cabin temperature.

Celebrity’s ship layout, destinations, and routing are adjusted to meet seasonal demands and the expectations of its premium market segment. With destinations from Alaska to Europe to Asia, crews are recruited worldwide, with as many as 70 nationalities represented. Instilling a quality culture requires an aggressive quality service orientation and, of course, meticulous cleanliness and attention to detail. Processes for food preparation, laundry, quality, and maintenance are complete and detailed.

A cruise ship, as a moving city, requires a comprehensive and precise supply chain that fulfills almost everything from food to fuel to soap and water. Land-based buyers support Celebrity’s annual food and beverage purchases that exceed $110 million. Included in these expenditures are weekly shipments of 6 to 10 containers from the Miami headquarters destined for ships in European ports. An onboard staff organizes inventories to support this massive operation. The logistics effort includes hedging the weekly use of 24,000 gallons of fuel per ship with purchases 8 years into the future. Reliable global supply chains have been developed that deliver the required inventory on a tight time frame.

These crucial shipboard systems typically represent the best of operations management. Such is the case at Celebrity Cruises.

Discussion Questions*

1. Describe how the 10 OM decisions are implemented at Celebrity Cruises, Inc.
2. Identify how the 10 OM decisions at Celebrity Cruises differ from those decisions at a manufacturing firm.
3. Identify how the 10 OM decisions at Celebrity Cruises differ from those decisions at a retail store.
4. How are hotel operations on a ship different from those at a land-based hotel?

*You may wish to view the video that accompanies this case before addressing these questions.
In addition, we continue to offer our previous Video Cases that cover: Alaska Airlines, Orlando Magic basketball team, Frito-Lay, Darden/Red Lobster Restaurants, Hard Rock Cafe, Arnold Palmer Hospital, Wheeled Coach Ambulances, and Regal Marine.

We take the integration of our video case studies seriously, and for this reason, all of our videos are created by the authors, with the outstanding coauthorship of Beverly Amer at Northern Arizona University, to explicitly match text content and terminology.

46 Video Cases Listed by Chapter (new videos in bold)

- Frito-Lay: Operations Management in Manufacturing (Chapter 1)
- Celebrity Cruises: Operations Management at Sea (Chapter 1)
- Hard Rock Cafe: Operations Management in Services (Chapter 1)
- Strategy at Regal Marine (Chapter 2)
- Hard Rock Cafe's Global Strategy (Chapter 2)
- Outsourcing Offshore at Darden (Chapter 2)
- Project Management at Arnold Palmer Hospital (Chapter 3)
- Managing Hard Rock's Rockfest (Chapter 3)
- Forecasting Ticket Revenue for Orlando Magic Basketball Games (Chapter 4)
- Forecasting at Hard Rock Cafe (Chapter 4)
- Celebrity Cruises Designs a New Ship (Chapter 5)
- Product Design at Regal Marine (Chapter 5)
- Building Sustainability at the Orlando Magic’s Amway Center (Supplement 5)
- “Saving the Waves” at Celebrity Cruises (Supplement 5)
- Green Manufacturing and Sustainability at Frito-Lay (Supplement 5)
- Quality Counts at Alaska Airlines (Chapter 6)
- The Culture of Quality at Arnold Palmer Hospital (Chapter 6)
- Celebrity Cruises: A Premium Experience (Chapter 6)
- Quality at the Ritz-Carlton Hotel Company (Chapter 6)
- Frito-Lay’s Quality-Controlled Potato Chips (Supplement 6)
- Farm to Fork: Quality at Darden Restaurants (Supplement 6)
- Alaska Airlines: 20-Minute Baggage Process—Guaranteed! (Chapter 7)
- Process Strategy at Wheeled Coach (Chapter 7)
- Process Analysis at Arnold Palmer Hospital (Chapter 7)
- Capacity Planning at Arnold Palmer Hospital (Supplement 7)
- Locating the Next Red Lobster Restaurant (Chapter 8)
- Where to Place the Hard Rock Cafe (Chapter 8)
- Facility Layout at Wheeled Coach (Chapter 9)
- Laying Out Arnold Palmer Hospital’s New Facility (Chapter 9)
- The “People” Focus: Human Resources at Alaska Airlines (Chapter 10)
- Hard Rock's Human Resource Strategy (Chapter 10)
- Darden’s Global Supply Chains (Chapter 11)
- Supply Chain Management at Regal Marine (Chapter 11)
- Arnold Palmer Hospital’s Supply Chain (Chapter 11)
- Inventory Management at Celebrity Cruises (Chapter 12)
- Managing Inventory at Frito-Lay (Chapter 12)
- Inventory Control at Wheeled Coach (Chapter 12)
- Using Revenue Management to Set Orlando Magic Ticket Prices (Chapter 13)
- When 18,500 Orlando Magic Fans Come to Dinner (Chapter 14)
- MRP at Wheeled Coach (Chapter 14)
- From the Eagles to the Magic: Converting the Amway Center (Chapter 15)
- Scheduling at Hard Rock Cafe (Chapter 15)
- Lean Operations at Alaska Airlines (Chapter 16)
- JIT at Arnold Palmer Hospital (Chapter 16)
- Maintenance Drives Profits at Frito-Lay (Chapter 17)
- Scheduling Challenges at Alaska Airlines (Module B)
Videos from Recent Graduates for Students
Located in MyLab Operations Management are brief videos of many recent grads who now work in some aspect of operations management. These 2- to 4-minute video clips feature young professionals talking about their jobs in the gamut of OM functions—each tied to a specific chapter and accompanied by multiple-choice quizzes that may be assigned. Each recent grad also talks about tips for success in the job market. This is sure to be a popular feature to engage students!

More Homework Problems—Quantity, Algorithmic, and Conceptual
We know that a vast selection of quality homework problems, ranging from easy to challenging (denoted by one to four dots), is critical for both instructors and students. Instructors need a broad selection of problems to choose from for homework, quizzes, and exams—without reusing the same set from semester to semester. We take pride in having more problems—by far, with 818—than any other OM text.

For this edition, we have added several HUNDRED new algorithmic problems and concept questions in MyLab Operations Management!

New Module Called “Applying Analytics to Big Data in Operations Management”
The marriage of business analytics, big data, and operations/supply chain management is a revolutionary change in our field. We are the first text to include a chapter (Module G) on this subject, which includes sections on data management, data visualization, and predictive and prescriptive business analytics tools. The topics include heat maps, conditional formatting for cleaning data, and pivot tables. The module includes numerous exercises that will use students’ Excel skills and show them the power of Excel in Big Data.

Detailed Chapter-by-Chapter Changes

Chapter 1: Operations and Productivity
We introduced two new learning objectives for the chapter: “Identify the 10 strategic decisions of operations management” and “Identify career opportunities in operations management.” Our first new video case study is called “Celebrity Cruises: Operations Management at Sea.” We updated several entries for the Globalization Era in Figure 1.4. We updated Table 1.4 to reflect employment in various sectors. Finally, we added a new discussion question.

Chapter 2: Operations Strategy in a Global Environment
We updated Figure 2.1 on the growth of world trade and added several key historical events to the graph. We added the new key term operational hedging. There are two new OM in Action boxes in this chapter: “Amazon Updates Sears’ Strategy” and “China Outsources Too—to Ethiopia.” Finally, we updated Figure 2.5 to reflect product life cycle changes.

Chapter 3: Project Management
The Bechtel Global Profile has been rewritten and we have added four new homework problems.

Chapter 4: Forecasting
There are eight new homework problems in this chapter.

Chapter 5: Design of Goods and Services
We modified Figure 5.2 to present the cash flows more clearly. We introduced a discussion of additive manufacturing as a new key term to subsume 3-D printing. We added a new discussion of augmented reality. There are two new OM in Action boxes: “Product Design at McDonald’s” and “Amazon Pushes Product Design.” Our second new video case study is called “Celebrity
Cruises Designs a New Ship.” We replaced the section on PCN Analysis with a new discussion on service design. We added two discussion questions and have seven new homework problems in this chapter.

Supplement 5: Sustainability in the Supply Chain
There is a new video case study called “Saving the Waves at Celebrity Cruises.” We’ve also added new material on the circular economy and on ISO 50001. There is also a new OM in Action box called “Designing for the End of Life.”

Chapter 6: Managing Quality
Our new video case study is called “Celebrity Cruises: A Premium Experience.” There is also a new OM in Action box called “Inspecting the Boeing 787,” new material on testing Samsung smart phones, and four new homework problems.

Supplement 6: Statistical Process Control
We have added 14 new homework problems and updated the OM in Action box called “Landing a Seat with Frequent Flyer Miles.”

Chapter 7: Process Strategies
We updated Figure 7.8 to simplify the presentation of degree of customization and labor for services. We added an OM in Action box called “500,000 Tons of Steel; 14 Jobs.” Finally, we updated Table 7.4 to provide more examples of technology’s impact on services.

Supplement 7: Capacity and Constraint Management
We modified the numbers used to compute actual output in Table S7.1. We modified Figure S7.6 to improve the exposition for the four approaches to capacity expansion. We added 10 new homework problems for this supplement. Finally, we updated the birth rates in Table S7.4 for the Arnold Palmer Hospital case.

Chapter 8: Location Strategies
We have added seven new homework problems to this chapter.

Chapter 9: Layout Strategies
There is a new OM in Action box called “Amazon Warehouses are Full of Robots,” and we have made major revisions to our coverage of Work Cells, Focused Facilities, Focused Work Centers, and Focused Factories. There are also four new homework problems.

Chapter 10: Human Resources, Job Design, and Work Measurement
We have added five new homework problems to this chapter.

Chapter 11: Supply Chain Management
We begin the chapter with a new Global Company Profile featuring Red Lobster. We’ve added a new section on blockchain, a new OM in Action box called “Samsung and Apple’s Complex Supply Chain,” and updated our treatment of SCOR. We also added three new homework problems.

Supplement 11: Supply Chain Management Analytics
There is a new discussion question and three new homework problems.

Chapter 12: Inventory Management
There is a new video case study called “Inventory Management at Celebrity Cruises.” We have also revised the Amazon Global Company Profile and expanded coverage of the single period model. In addition, there are 13 new homework problems.

Chapter 13: Aggregate Planning and S&OP
We’ve added three new homework problems to this chapter.
Chapter 14: Material Requirements Planning (MRP) and ERP
We deleted Figure 14.6 and moved the presentation of allocated items into Example 3. Under MRP Management, we introduced a new section and key term for demand-driven MRP, along with a new associated Figure 14.6. A discussion of blockchains is introduced in the Enterprise Resource Planning (ERP) section. Finally, five new homework problems were added for this chapter.

Chapter 15: Short-Term Scheduling
There are six new homework problems to this chapter.

Chapter 16: Lean Operations
There is a new OM in Action box, “Dr. Pepper’s Move to Kaizen,” and two new homework problems.

Chapter 17: Maintenance and Reliability
There is new coverage of predictive maintenance, and there are three new homework problems.

Module A: Decision Making Tools
There is a new case study, “Tom Thompson’s Liver Transplant,” and seven new homework problems.

Module B: Linear Programming
We have added seven new homework problems to this module.

Module C: Transportation Models
We have added one new homework problem to this module.

Module D: Waiting-Line Models
There are five new homework problems in this module.

Module E: Learning Curves
We have revised Figure E.1, which deals with exponential and log-log learning graphs.

Module F: Simulation
There are three new homework problems in this module.

Module G: Applying Analytics to Big Data in Operations Management
This new module includes sections on big data and business analytics, data management, data visualization, and predictive and prescriptive business analytics tools. There are 10 homework problems, two solved problems, and eight discussion questions.

Solving Teaching and Learning Challenges
Now in its 13th edition, the text and MyLab Operations Management provide an extremely comprehensive learning package. This robust program addresses teaching and learning challenges and affords the student with opportunities to learn and practice employable skills. Here are just a few of the key elements offered with this textbook and MyLab Operations Management.
MyLab Operations Management

MyLab Operations Management is the teaching and learning platform that empowers every student. When combined with educational content written by the authors, MyLab Operations Management helps deliver the learning outcomes to which students and instructors aspire.

Operations Management Simulations

Five operations management simulations give students hands-on experience in real-world roles, helping them make decisions, think critically, and link course concepts to on-the-job application.

By receiving real-time, dynamic feedback from stakeholders, students see the impact of their choices and can gauge their performance against individual, peer, and system metrics. Results of these simulations are recorded in the MyLab Gradebook.

The five simulations are:

◆ Project Management (Chapter 3)
◆ Forecasting (Chapter 4)
◆ Quality Management (Chapter 6)
◆ Supply Chain Management (Chapter 11)
◆ Inventory Management (Chapter 12)

Students tell us that they enjoy learning OM through these simulations!

A Powerful Homework and Test Manager

Problems from the textbook can be assigned to students via a robust platform. This allows instructors to manage, create, and import online homework assignments, quizzes, and tests that are automatically graded. Instructors can choose from a wide range of assignment options, including time limits, proctoring, and maximum number of attempts allowed. The bottom line: MyLab Operations Management means more learning and less time grading.

Learning Aids

Right at the time of learning, students can access Learning Aids like Help Me Solve This, Videos from the authors of similar problems being solved, Ask My Instructor, and eText Pages. All of which provides the student feedback and assistance when they need it most.
Using Software to Solve Outsourcing Problems

Excel, Excel OM, and POM for Windows may be used to solve many of the problems in this chapter.

Creating Your Own Excel Spreadsheets

Program 2.1 illustrates how to build an Excel spreadsheet for the data in Example 1. In this example the factor rating method is used to compare National Architects’ three potential outsourcing providers. This program provides the data inputs for seven important factors, including their weights (0.0–1.0) and ratings (1–5 scale where 5 is the highest rating) for each country. As we see, BIM is most highly rated, with a 3.9 score, versus 3.3 for S.P.C. and 3.8 for Telco.

Program 2.1 Using Excel to Develop a Factor Rating Analysis, With Data from Example 1

Compute the weighted scores as the sum of the product of the weights and the scores for each option using the SUMPRODUCT function.

=SUMPRODUCT($B$6:$B$12,C6:C12)

Enter factor names and weights in columns A and B.

Enter scores (that come from manager ratings) for BIM, S.P.C., and Telco on each factor in columns C, D, and E.

Actions
Copy C14 to D14 and E14

Using Excel OM
Excel OM (free with your text and also found in MyLab Operations Management) may be used to solve Example 1 (with the Factor Rating module).

Using POM for Windows
POM for Windows also includes a factor rating module. For details, refer to Appendix II. POM for Windows is also found in MyLab Operations Management and can solve all problems labeled with a P.

Jay, Barry, & Chuck’s OM Blog

As a complement to this text, we have created a companion blog, with coordinated features to help teach the OM course. There are teaching tips, highlights of OM items in the news (along with class discussion questions and links), video tips, guest posts by instructors using our text, and much more—all arranged by chapter. To learn more about any chapter topics, visit www.heizerrenderOM.wordpress.com. As instructors prepare their lectures and syllabus, they can scan our blog for discussion ideas, teaching tips, and classroom exercises.
ABOUT THE AUTHORS

JAY HEIZER

The Jesse H. Jones Professor Emeritus of Business Administration, Texas Lutheran University, Seguin, Texas. He received his B.B.A. and M.B.A. from the University of North Texas and his Ph.D. in Management and Statistics from Arizona State University. He was previously a member of the faculty at the University of Memphis, the University of Oklahoma, Virginia Commonwealth University, where he was department chair, and the University of Richmond. He has also held visiting positions at Boston University, George Mason University, the Czech Management Center, and the Otto-Von-Guericke University, Magdeburg.

Dr. Heizer’s industrial experience is extensive. He learned the practical side of operations management as a machinist apprentice at Foringer and Company, as a production planner for Westinghouse Airbrake, and at General Dynamics, where he worked in engineering administration. In addition, he has been actively involved in consulting in the OM and MIS areas for a variety of organizations, including Philip Morris, Firestone, Dixie Container Corporation, Columbia Industries, and Tenneco. He holds the CPIM certification from APICS—the Association for Operations Management.

Professor Heizer has co-authored five books and has published more than 30 articles on a variety of management topics. His papers have appeared in the Academy of Management Journal, Journal of Purchasing, Personnel Psychology, Production & Inventory Control Management, APICS—The Performance Advantage, Journal of Management History, IIE Solutions, and Engineering Management, among others. He has taught operations management courses in undergraduate, graduate, and executive programs.

BARRY RENDER

The Charles Harwood Professor Emeritus of Operations Management, Crummer Graduate School of Business, Rollins College, Winter Park, Florida. He received his B.S. in Mathematics and Physics at Roosevelt University, and his M.S. in Operations Research and Ph.D. in Quantitative Analysis at the University of Cincinnati. He previously taught at George Washington University, University of New Orleans, Boston University, and George Mason University, where he held the Mason Foundation Professorship in Decision Sciences and was Chair of the Decision Sciences Department. Dr. Render has also worked in the aerospace industry for General Electric, McDonnell Douglas, and NASA.

Professor Render has co-authored 10 textbooks for Pearson, including Managerial Decision Modeling with Spreadsheets, Quantitative Analysis for Management, Service Management, Introduction to Management Science, and Cases and Readings in Management Science. Quantitative Analysis for Management, now in its 14th edition, is a leading text in that discipline in the United States and globally. Dr. Render’s more than 100 articles on a variety of management topics have appeared in Decision Sciences, Production and Operations Management, Interfaces, Information and Management, Journal of Management Information Systems, Socio-Economic Planning Sciences, IIE Solutions, and Operations Management Review, among others. Dr. Render has been honored as an AACSB Fellow and was twice named a Senior Fulbright Scholar. He was Vice President of the Decision Science Institute Southeast Region and served as Software Review Editor for Decision Line for six years and as Editor of the New York Times Operations Management special issues for five years. For nine years, Dr. Render was President of Management Service Associates of Virginia, Inc., whose technology clients included the FBI, NASA, the U.S. Navy, Fairfax County, Virginia, and C&P Telephone. Dr. Render has received Rollins College’s Welsh Award as leading Professor and was selected by Roosevelt University as the recipient of the St. Claire Drake Award for Outstanding Scholarship. Dr. Render also received the Rollins College MBA Student Award for Best Overall Course and was named Professor of the Year by full-time MBA students.

Dr. Munson has taught operations management core and elective courses at the undergraduate, MBA, and Ph.D. levels at Washington State University. He has also conducted several teaching workshops at international conferences and for Ph.D. students at Washington State University. His major awards include winning the Sahlin Faculty Excellence Award for Instruction (Washington State University’s top teaching award, 2016); being a Founding Board Member of the Washington State University President’s Teaching Academy (2004); winning the WSU College of Business Outstanding Teaching Award (2001 and 2015), Research Award (2004), and Service Award (2009 and 2013); and being named the WSU MBA Professor of the Year (2000 and 2008).
Instructor Teaching Resources

This teaching package comes with the following teaching resources.

<table>
<thead>
<tr>
<th>Supplements available to instructors at <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a></th>
<th>Features of the Supplement</th>
</tr>
</thead>
</table>
| Instructor's Resource Manual  
authored by Chuck Munson | • Chapter summary  
• Class Discussion Ideas  
• Active Classroom Learning Exercises  
• Company Videos discussion  
• Cinematic Ticklers  
• Jay, Barry, and Chuck’s OM Blog  
• Presentation Slides discussion  
• Additional Assignment Ideas  
• Internet Resources and Other Supplementary Materials |
| Instructor's Solutions Manual | The Instructor's Solutions Manual, written by the authors, contains the answers to all of the discussion questions, Ethical Dilemmas, Active Models, and cases in the text, as well as worked-out solutions to all the end-of-chapter problems, additional homework problems, and additional case studies. |
| Test Bank  
authored by Jianli Hu, Cerritos College | • More than 1,500 multiple-choice, true-or-false, and essay questions  
• Keyed by learning objective  
• Classified according to difficulty level  
• AACSB learning standard identified (Ethical Understanding and Reasoning; Analytical Thinking Skills; Information Technology; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge) |
| Computerized TestGen | TestGen allows instructors to  
• customize, save, and generate classroom tests.  
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| PowerPoints  
authored by Jeff Heyl, Lincoln University | An extensive set of PowerPoint presentations is available for each chapter. With well over 2,000 slides, this set has excellent color and clarity.  
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Features include:  
• Keyboard and screen reader access  
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• High contrast between background and foreground colors |
| Excel Data Files, Excel OM, POM for Windows, and Active Models  
developed by Howard Weiss, Temple University | • The data files are prepared for specific examples and allow users to solve all the marked text examples without reentering any data.  
• POM for Windows is a powerful tool for easily solving OM problems.  
• Excel OM is our exclusive user-friendly Excel add-in. Excel OM automatically creates worksheets to model and solve problems. This software is great for student homework, what-if analysis, and classroom demonstrations.  
• Active Models are Excel-based OM simulations, designed to help students understand the quantitative methods shown in the textbook examples. Students may change the data to see how the changes affect the answers. |
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*We wish you a pleasant and productive introduction to operations management.*

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