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5.1 THE ROLE OF OPERATIONS MANAGEMENT: ACTIVITY A

Read the case study information below and answer the questions that follow.

SUNBURST BAKERIES



Sunburst Bakeries is a supplier of all kinds of bread and cakes to leading Australian supermarkets. It has several huge factories, each specialising in the production of a limited range of goods. For example, breads and bread-related products (bagels, etc.) are made in their Aliceville factory, outside of Sydney and their cakes and sweet goods are manufactured in Campbell, Wollongong. Each factory makes the entire range of products – i.e., no finished items are bought in from

other bakeries. Each factory works round the clock, 24/7 365 days a year.

Recently management has been considering the option of purchasing a large section of land very close to a transportation hub that includes road, rail and air links to the rest of Australia. If the proposal is to go ahead all productions would take place in one megafactory to be built on this site and a large investment would be made to automate many of production processes. Management believes that the better and easier transportation of goods, especially the rail option would dramatically cut the company's 'carbon footprint' (reduced CO₂ emissions) and reduce production costs with better economies of scale and reduced staffing, thus ensuring it's long-term economic viability.

Source: www.BusinessManagementIB.com

5.1A: The Role of Operations Management Activity

QUESTIONS: 22 MARKS, 40 MINUTES

1. Identify **three** functional areas of Sunburst Bakeries that would likely be affected by the new proposal. **[2 marks]**
2. Explain which sector of the economy Sunburst Bakeries operates in. **[4 marks]**
3. Explain how value is added in the production process at Sunburst Bakeries. **[6 marks]**
4. Discuss the ecological and economic sustainability of the new proposal as well as the social effects of likely redundancies at Sunburst bakeries if the proposal goes ahead. **[10 marks]**