

An Evaluation of Rolls Royce

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1 Introduction

As explained by Katsioloudes, (2006), management of any business irrespective of the sector that the given business operates in is constantly pondering on what needs to be done in order to ensure that the business is successful for a long period of time. In addition, the scholar (Katsioloudes, 2006) have pointed out that things have changed since while companies were successful by only selling high quality goods and services in the past, more is required in the 21st Century if a company wants to be effective. The reason why that is the case is due to the unprecedented changes that have taken place and have changed the manner in which things are done during the 21st Century.

Among others, the major changes that have has a major impact on how things are done in the 21st Century includes unprecedented technological innovations as well as the intensified globalization. In order for business to ensure that they are effective, the businesses have been left with no option apart from embracing the strategic management concept (Thompson and Martin, 2005).

This paper focuses on the subject of strategic operations management and features an evaluation of Rolls Royce. The evaluation commences with an evaluation of the company's ability of the company's strategy to implement, support and drive business strategy. Thereafter, the evaluation proceeds to use a suitable model of the design process to access Rolls Royce approach to designing and developing of new vehicles. Four approaches that are used by the company to improve quality are then evaluated and are followed by a discussion on how balanced scorecard and benchmarking can be used by the company to evaluate the performances of the

operations of the company. Nevertheless, prior to commencement of the analysis of Rolls Royce an overview of the company has been presented.

2 Overview of Rolls Royce

Rolls Royce was established in the year 1906 by Charles Rolls and Steward Royce. At the time of inception, the company mainly specialized in manufacturing of cars.

However, that changed few years later as the company designed and developed the first jet engine in the year 1914. In order to ensure that there was no conflict in the different products that that company designs and manufactures, Rolls Royce Motor that this analysis focuses on was set up as a different entity that only focuses in designing and production of cars while the Rolls Royce designs, develops, manufactures and services integrated power systems for use in the air, on land and at sea (Rolls Royce, 2015; Rolls Royce Motors, 2015).

3 Ability of Rolls Royce's operations strategy to implement, support and drive business strategy

3.1 Relationship of business strategy to operations strategy for Rolls Royce

Prior to discussing the relationship of business strategy to operations strategy of Rolls Royce, it is vital that the meaning of business strategy and operation strategy is established. Business strategy as defined by Rapid Business Intelligence (2008) is that it is a long term plan of action that that are developed to achieve a specific set of aims and objectives. On the other hand, operations strategy as expounded on by Business

Dictionary (2015) is a plan that specifies how a given organization allocates its resources so that infrastructure and production are supported.

In case of the operations of Rolls Royce, it can be explained that from the review of the operations of the company, there is a very strong connection between the company's business strategy and the operations strategy. Indeed, an in-depth analysis of Rolls Royce gives the impression that the operations strategy of the company is normally driven by the general business strategy of the company, and is intended to enhance efficient and effectiveness of production as well as other support elements while reducing the costs incurred by the business.

For example, Rolls Royce business strategy is to make high quality products that cannot be rivaled by what other competitors' offers in the market. Once that business strategy has been set, the company has to implement various approaches as part of the operations strategy in order to ensure that the business strategy is achieved. For instance, the company has the best research and developers and spends a lot of money on research and development of new products in order to ensure that the business strategy is well supported (Rolls Royce, 2015; Pugh 2001). Therefore, without there being good connection between business strategy and operations strategy at Rolls Royce, it would have almost being impossible for the company to have the success that it has enjoyed over the years.

3.2 Rolls Royce operation management abilities to implement, support and drive business strategy

According to Waters and Waters (2006), operation strategy drives the higher strategies since the only way that a business will be effective in the long term is only when the customers that that the organization targets perceives the products offered by the organization to be superior than the products that are offered by competitors. On the same note, Kaplan and Norton (2013) discussed that it is crucial that the operations of the company have distinctive capabilities that gives the company a competitive advantage over the competitors. In view of Rolls Royce, it can be pointed out that the company has various abilities that have over the years made it possible for the company to implement, support and drive the company's ability.

One of the aspects that can be used to access a company's operations management abilities entails the caliber of people that the company employs as they comprise of the management of the company. In case of Rolls Royce, the company employs individuals who are highly competent and from that view, it can thus be discussed that the company's operation has the abilities to implement, support and drive the business strategy.

3.3 Evaluation of Rolls Royce's elements of operations strategy

As explained by Tan and Mathews (2009), there are basically six elements of operations strategy that comprises of; designing of the production systems, facilities for production

and services, product and services design development, technology selection, development and process development, allocation of resources and focus on facilities planning.

In case of Rolls Royce, in order to be able to evaluate the company's elements of operations strategy, Hayes and Wheelwright model can be used. As explained by Slack, Chambers and Johnston (2007), Hayes and Wheelwright model comprises of a four stage model which can be used to assess the role and contributions of the operations function to the business strategy. Thus, by evaluating Rolls Royce elements of operation strategy, it can be explained that the elements have over the years been crucial to the company's achievement of the business strategy. For example, in case of designing of the production system, the company has put in place a product focused production system that is responsible of ensuring that the company produces high quality products. On the other hand, in case of facilities for production and services, it can be explained that Rolls Royce has an engine production unit and a vehicle production unit with each unit solely focusing on ensuring that whatever it is producing is of very high quality. As far as the product or service design development is concerned, the company has a competent research and development team and it spends a lot of money on the R&D team in order to ensure that the team has any support that it requires. As far as technology selection and process development is concerned, the company always uses the latest technology and it is for that reason that Rolls Royce has been able to emerge as a market leader when it comes to designs of engines and motor vehicles. The other

aspect of operation strategy entails the allocation of resources and in context of Rolls Royce, it can be pointed out that the company ensures that the resources that are available are allocated well and fully exploited in order to ensure that the operations of the business are effective. Finally, the other element entails facility, capacity and layout planning. As far as Rolls Royce is concerned, it can be explained that the company has various production facilities that are located in countries that the company has found to be ideal for its operations.

4 Suitable model of the design process and critical evaluation of Rolls Royce's approach to the design and development new vehicles

As explained by Slack et al. (2007), there are various models of the design process that are used by organizations. Some of the common design models as expounded on by the scholars (Slack et al. 2007) comprises of design funnel model, sequential design model, and interaction design model. One of the most common design models as pointed Kerkey and Wynn (2011) entails the interactive design model that involves the investigation of the product's use and the targeted user by adopting a user centered approach to development instead of technical concerns. In addition, Slack et al. (2007) has expounded that this design model involves communication between stages that implies that there is persistence feedback and communication which minimizes the conflicts in the designing process. In addition, Slack et al. (2007) highlighted that some of the benefits of this model are that; the time taken to get the product to the market is

decreased; competitive advantage is increased, and enhances the efficiency of the designing process as there are minimal conflicts.

In case of Rolls Royce, a review of the design and development of new vehicle indicates that the company uses an interactive design model. The reason for that is due to the fact that as explained by Ng (2015), every car that is produced by the company is bespoke and it is usually manufactured in order to fit the tastes and preferences of the buyer. Indeed, Murray (2014) explained that even though people might of the view that all Rolls Royce vehicles are similar, each of the vehicles that is sold by the company is bespoke and made according to the specifications that are given by the buyer.

Considering that Rolls Royce is a high end car whose buyers are more focused on the quality of the car and its customization rather than the prices that the company is asking for the cars, the interactive design model that is used by the company is ideal since it plays a crucial role in ensuring that the car that the company finally delivers to the purchaser six months after placing the order meets the needs of the customer. As Taylor who is the company's director of design noted "commissioning a Rolls-Royce is one of life's unforgettable moments" since rather than buying a Rolls Royce, customers commission one as the possibilities for personalization are virtually limitless (Rolls Royce Motor Cars, 2015).

5 Approaches Rolls-Royce is taking to improve quality

As discussed by Tan and Mathew (2009), it is crucial that companies always aim at improving the quality of the services or products offered since any company that wants to succeed has to also always ensure that the quality is always been improved. In view of Rolls Royce operations, it is evident that the company adopts different approaches in order to ensure that quality is improved. In this section, the different approaches that are adopted by Rolls Royce with the objective of improving quality are discussed.

5.1 Quality Management Systems

One of the approaches that are used by Rolls Royce in order to improve quality comprises of the Quality Management Systems that is integrated in Rolls-Royce operations and comprises of a vigorous suite of processes that address the local controls as well as the business operations. The process controls are mainly carried out in the area of internal operations as well as the supply chain functions of the company. As far as the quality and business management are concerned, the quality management systems incorporates vigorous controls that are applied in all the operations of the business such as the manufacturing and design, service, business and design functions (Rolls Royce, 2015).

5.2 Lean manufacturing

Rolls Royce uses lean manufacturing approaches in its production process and it is for that reason that the company has been able to deliver custom made cars within six months after order has been placed by a customer. In addition, the lean management

method has also been used by the company in the engine production facility mainly to minimize lead time (Rolls Royce, 2015).

5.3 Benchmarking

Even though Rolls Royce is considered as being the industry leader in the sector that it operates in, the company regularly compares its operation approaches with the approaches that are applied by other competitors since from the comparison, the company is able to identify some of the measures that it can embrace in its operations and improve the quality of the services and products offered (ABB Communications, 2009).

5.4 Six Sigma

Six sigma as described by Slack et al. (2007) is a strategic approach that minimizes costs by minimizing waste and defects. In that view, the approach can be explained as been a quality improvement approach since in order to minimize waste and defect, quality has to be improved. In case of Rolls Royce, it can be explained that the concept of Six sigma is mainly used in the designing of the factory as well as the production process in order for the company to ensure that quality is enhanced (Rolls Royce, 2015).

6 Balanced Scorecard and benchmarking at Rolls Royce

6.1 How balanced scorecard and benchmarking can be used to assess operations of Rolls Royce

Prior to discussing how balanced scorecard and benchmarking can be used to assess the operations of Rolls Royce, it is vital to first define what balanced scorecard entails as well as what Rolls Royce entails. According to Kaplan and Norton (1996), balanced scorecard comprises of a strategy performance management tool that is used mainly to align the business activities with the vision and strategy of the business, to advance internal and external communications, and analyze the performance of the business in perspective of the strategic goals. On the other hand, as far as benchmarking is concerned, Boxwell and Robert (1994) discussed as a process that involves a company comparing its performance and processes with industry's bests.

In consideration of how balanced scorecard can be used by Rolls Royce to evaluate the operations of the company, it can be stated that the tool can be used to analyze different operations of the company thus making the management of the company to have a clear understanding of the status of the performance of the company in view of the strategic goals. Thus, by using the balanced score card approach, the company will always be aware of issues and areas that needs to be addressed in order to ensure that the operations are efficient.

On the other hand, as far as benchmarking is concerned, the approach would be ideal as it would help ensure that Rolls Royce can be able to find out areas where it is dragging behind its competitors thus making the management team aware of the need to implement some new approaches if any in order for the company to be able to compete effectively in the market.

6.2 Linkages between benchmarking and balanced scorecards

Even though benchmarking and balanced scorecards are two different approaches that can be used to measure performance of an organization, it can also be explained that the two are closely connected since even though they used different approaches to measure the performance of an organization, they are mainly used to measure how a given organization is performing. For example, in case of Rolls Royce, the company uses the sales revenues of its competitors to compare its performance with that of the competitors. Indeed, when a competitor of Rolls Royce generates high sales revenue of a certain product that Rolls Royce also produces, the company would use benchmarking as well as the balanced scorecards to find out why the competitor did better than Rolls Royce. Thus, it can be explained that while benchmarking is used to compare an organization's operations with that of a competing organization, balanced scorecard can be used to find the reason as to why the findings that have been made from the benchmarking exercise exist.

7 Conclusions

The 21st Century is a challenging time for any given business due to the fact that businesses have to encounter various changes that take place in the environment. From the analysis of Rolls Royce, it has been found that Rolls Royce is strategically managed since the company applies various tools, and approaches in order to ensure that the products offered to the clients are of high quality. In addition, the company has been found to implement various measures that are aimed at ensuring that the quality of the products and services is always improved.

Moving forward, the company needs to fully embrace the concept of benchmarking since as has already been pointed out, even though Rolls Royce is considered to be the industry leader, there are some aspects where the company is lagging behind its competitors. Indeed, if the management team of the company was to still be of the view that there is no need for benchmarking as the company is the industry leader, then there is a chance that the company might lose its position as the market leader as it faces stiff competition from other competitors.

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