TRADE OFFS IN OPERATIONS

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ABSTRACT

Operations Executives (OE) make tradeoffs between strategy making and execution and between top level communication and functional deliberation. On the back drop of this time limitation that they have, this paper examines whether there is a need to match or align the OE's role in strategy making with the product differentiation and diversification. Specifically, it can be argued that an increase in time the OE spends on strategy making is associated with firm performance when products are more differentiated, diversified or when cost leadership is low. Additionally, within the OE's strategy making activities, an increased emphasis on top level communication with other executives is associated with higher performance when product differentiation is low, product diversification is high and cost of leadership is high.

Keywords: Functional deliberation, Top level communication, Product Differentiation, Diversification, Cost Leadership