
So what is it that separates companies that have achieved Operational Excellence from the rest? Do they want it more than you do? Do they have more knowledge? Are they more motivated than you? Does their industry have more opportunities? Or can any company achieve Operational Excellence?

A Strategy for Achieving Operational Excellence

By Gary Sheader

Operational Excellence is not a destination, but a philosophy embraced by an organisation in order to continually meet the needs of the customer. The culture must be one that; fully understands true customer value, recognises waste and adopts a shared vision to continually improve business performance. This will be achieved when you optimise the balance between Strategy, People and Processes. There are 4 key stages in developing and deploying the strategy for Operational Excellence, which must be completed in the following order for the greatest benefits:

1. Set the Foundations (Vision & Strategy)
2. Build the Relationships (People & Culture)
3. Perfect the Systems (Optimise Processes)
4. Manage the Stability (Leadership & Balance)

It's pretty logical really. If you don't know where you are going are how you are going to get there, how can you guide your people? If your people are not engaged, how will you improve processes? Until you have designed the strategy, addressed the culture and recognized process improvements, how can you look for balance and lead the way? Once you understand this process and the reasons for achieving them in this order, I would suggest working through these 10 important steps:

Step 1: *"We can only claim to be Excellent when our customers tell us that we are. Who will be defining the term 'Excellent' in your business, will this be you, or will it be the customer?"* To strive for Excellence without the opinion of the customer is a false measure that will lead you

down a path of endless confusion. We have all made this mistake at some point in our careers, designed a product or service that WE feel the customer would fall in love with. We are so sure that this new product/service will accelerate the growth of our business that we fail to tell the

"We can only claim to be Excellent when our customers tell us that we are."

customer during development, we will just surprise them on launch day. Customers purchase our new offering but would they define us as Excellent? Maybe not, they have not been included in the decision making loop. If we are

really looking to excite our customers and get them shouting our names from the rooftops we need to listen to their needs. Exceed your customer's expectations with delivery and they will certainly refer to you as Excellent. Involve them within new product or service development, use customer surveys, or just ask your front facing staff to ask for feedback. Don't let people within the business define Excellence, ask the customer.

Step 2: *"Now you are aware of your customer's needs and expectations, how will your business behave to achieve them? What personal and business values will be required to drive the business forward? Will current attitudes need to change?"* These are decisions that will need to be considered by the Owner, CEO or MD, whoever holds responsibility for the future of the business. This line of questioning is referring to the Values of the company. What makes you different to everyone else? What attitudes and behaviour would you expect from employees? Your Values as a company are the foundations for the future. They can be altered along the journey but everyone must respect and adhere to these Values. You may have witnessed people leaving their job because 'they didn't fit in' or 'they couldn't work in the environment'. In a lot of circumstances people's own personal values do not match the values of the company and lead to unhappy times and regular conflict. It's always best to get these values out in the open and ensure they are discussed during the interview stage. People coming into the business (and existing staff) need to conform to the Values of company not vice versa.

Step 3: *"Now we are aware of our company Values we can define a powerful Vision and Mission to help drive change for the future, i.e. Where do you want to be? What do you want to*

achieve?" To inspire employees to get involved with change we need to give them a sense of direction. Why and how would people change if we did not inform them of where we are going?

"To inspire employees to get involved with change we need to give them a sense of direction."

This does not have to be the CEO or MD locking himself away for a few weeks devising the plan for the future. For the best results, let everyone get involved. Hold brainstorming meeting and give people a sense of ownership. We need to respect our employees as we do our customers if we are looking for 100% contribution. During these brainstorming meetings employees will begin to understand customer needs based on feedback you are discussing. Why not go one better and let your customers get involved in designing the future too. The direction for the future needs a clear Vision and must incorporate the needs of the customer.

Step 4: *"You have a great Vision, Business Plan and Strategy but it's all on paper. How will you cascade this through the business effectively?"* Just as I am sat here writing a theoretical approach to achieving Operational Excellence, it is only words. We need our strategy to take shape and become actions. We have spent days, weeks, even months planning; it's now time to DO IT! How? We need the plan to be cascaded through the business using a technique known as Policy Deployment or Hoshin Kanri. This is a strategic planning methodology used to deploy objectives and goals, passing down as much responsibility as possible and highlighting

progress based on agreed measures. The CEO or MD will set the 5-6 key business objectives with his management team based on the desired future state and then conduct one-to-one meetings to agree each managers goals and contribution to achieving these objectives. The building of relationships begins and we start to become more personable with our team. Each

“We need our strategy to take shape and become actions.”

manager would then take their own goals and carry out the same process, one-to-one meetings with each member of their own team and agree the actual tasks to be performed to achieve the goals. This method of deploying the strategy (when conducted correctly) ensures everyone is involved and individuals gets an opportunity to contribute an opinion. It is also a good opportunity to discuss personal development, training needs to achieve the objectives and maybe conduct an Employee Survey. An internal survey will certainly highlight areas for improvement and enable you to understand your employee’s current beliefs. If we are to build a culture of continuous improvement and gain buy-in from all staff we need to address any internal issues. One-to-one reviews with individuals should be held every 6-12 months. Meetings should be held to review all objectives, tasks and progress of key business measures each month. Also, when setting up your performance measures always remember that ‘Measures will drive behaviour’. People will perform based on the measures you put in place so ensure they drive you towards your future state and improve performance. Too many measures will soon get out of hand and people will switch off and ignore

them. The wrong types of measures can also force a negative behaviour that will drive you away from your future state.

Step 5: *“Your business is now a hive of activity and everyone has ideas on how to improve performance. How will you manage the ideas, keep people focused and maintain steady progress?”* If you are working within a business that has asked employees for the first time ‘So, what do you think we should do to improve things?’ you will be inundated with ideas. Collate every one! Log every idea on an Action List and show your staff that every idea counts, no matter how big or small. Each idea will need to be given a Priority (High, Medium or Low) and a Timescale for implementation (Short, Medium or Long) based on where they fit into the Policy Deployment Plan. This way of prioritising and linking ideas to the strategy ensures improvement initiatives stay in line with our overall objectives. Teams will be given the freedom to implement ideas and adopt new working methods based on how much impact they will have on key business measures. We can also single out particular ideas for implementation as we notice performance slippage at monthly review meetings. This level of visibility ensures the management team have as much data as possible to make key decisions. Priorities will be agreed at each monthly review meeting and fed back to teams to ensure they are focused on ideas that will have the greatest impact.

Step 6: *“You have never had so much visibility. You are aware of your current position and where you plan to be. Staff are engaged and helping to make change happen. How do you get the best return on investment for all your assets? Plant, People, Processes and Parts (4 P’s).”* Time for some detailed analysis. It may seem back-to-front

to start to analyse at this stage, as employees are already generating ideas and prioritising changes. The reason for this is empowerment. We need people to be engaged and in the frame of mind that changes are good. As we start to analyse and utilise more complex tools for change we need to keep people with us. If we began our journey with complexity we would not get the level of buy in required to adopt a continuous improvement culture. So, detailed analysis will need to focus on your key areas for improvement based on your strategy. Some questions you may

“How do you get the best return on investment for all your assets?”

consider would be; Are Plant (equipment), People and Processes efficient? How much waste is within the system? How often is the Plant affected by breakdowns? Is variation too high and causing excessive defects? Are stock turns too high and creating cash flow problems? Are Processes triggered by customer demand or are Processes working without demand? Is untidiness slowing down delivery times? I could go but the analysis will need to be based on your circumstances. There is one thing for sure; the analysis will bring all the issues to the surface. Once we are aware of the gaps between where we are now, where we plan to be and how the issues found will affect the journey, we can make decisions on where to focus our improvement efforts. We can feed results back into our Policy Deployment Plan and ensure the whole team are focused in the key areas for improvement. These small Deming Type Plan-Do-Check-Act loops will ensure you maintain sustainable progress and you are constantly moving towards Excellence.

Step 7: *“Detailed analysis has given you an opportunity to analyse gaps and refine plans for the future. What are the best tools to use when making improvements?”* The reason for the wording here of ‘tools’ is to highlight the fact that tools are implements used to perform operations. As with any tool, be it physical or theoretical its use would depend on the application. I would not use a hammer for screw applications or a tape measure to check the distance of a car journey. They would both work but would not give me the best results. So, unfortunately without knowing the application it is difficult to name tools. Yes, Lean Manufacturing, Six Sigma and Theory of Constraints are all methodologies that work but best to get an expert involved to help with decision making. The wrong choice could have a negative impact on your team and prove to be costly. You may only need a few pointers to help you on your way so the cost does not need to be an issue. What I will say is that 5S is a great starting point for any business that has no experience of continuous improvement. It is relatively easy to implement, gets everyone involved and poses minimal risk.

Step 8: *“Profit margins are increasing and you are moving closer to achieving Operational Excellence. Operators are bought in and processes are becoming more optimised. Less fire fighting for Middle Management and Supervision to carry out has created a lot of free time. How can you utilise Management and Supervision time and get the best return?”* For those companies that have put in the hard work, this stage of the process is very common. People having previously filled the day with problem solving and fire fighting now have less to do. Fewer problems will obviously provide more people with extra time and we need to utilise the time to add value to the business. This opportunity allows us to

pass down more responsibility and turn our Managers and Supervisors into Leaders. A layer of management that are capable of leading, taking on extra responsibilities and driving change will provide foundations that are completely solid. All progress made will be sustained and you will have the confidence that you are maximising opportunities for increasing profit. Issues will be resolved at Management level and will not escalate causing unnecessary delays. Achieving Operational Excellence will be easier with a strong management team and will increase sustainability.

Step 9: *“You are exceeding your customer’s expectations, the strategy is going to plan and the future is looking bright. How do I reward my staff for their efforts?”* Life just couldn’t be better, everything is going to plan and you are well on your way to achieving Operational Excellence, some customers are already quoting Excellent. You feel compelled to give something back and reward everyone for their efforts. Stop! Don’t move straight to the pay rise. There are a lot of alternative rewards to consider that may have a healthier impact on morale and improve staff retention. The number one thing you can provide your staff with is ‘purpose’. This has been proven with hundreds of employee surveys around the world. How can you give them a boost and a sense of purpose? You are already doing it. Everyone is involved in the process of making change happen and everyone has been given the opportunity to provide an opinion. So, with the extra time you have saved with improvements made; give employees extra time to work on new projects. It’s difficult to watch at times when employees are away from their stations and not adding value but they have earned the reward. The great thing is, the time spent on new projects will increase profit further, win-win. If you are not paying the market rate

then yes you should look at a pay rise and pay the market rate, or even just above to let people know they are appreciated. There are also celebrations to be had along the journey, when you hit agreed targets treat employees to a shopping voucher, cinema tickets or a day at the races. You may even consider share options, pensions, health insurance, more holidays or flexible working hours. Just remember you will not please everyone, so don’t try to. Be fair and don’t single people out as favourites.

Step 10: *“Enjoy the journey!”* So many people feel that they will not be happy until they reach destination X. Operational Excellence or anything you are striving to achieve must have its rewards along the way. The journey must fill you with happiness and enjoyable times. Appreciate that this is the same for everyone around you. They are on the journey with you and deserve to be happy too. Be the one to create steadiness and stability. Fill everyone with confidence that you have the correct balance in life and at work.

“The number one thing you can provide your staff with is purpose.”

Finally, congratulate people every day for the small things they do, always wear a smile (it’s infectious) and never, never, never, give up!

For further information on Operational Excellence or other related material please contact Gary Sheader at Futurestate Solutions (www.futurestatesolutions.co.uk). Gary is a Business Improvement and Change Management Specialist with a passion for people and achieving Excellence.