

SURVIVAL FACTOR: PERFECTION

Operational Excellence as an Engine of Increasing Value

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A profitable, efficiently organized company is similar to an expensive watch: no matter how accurate it is, there is always room for improvement in the mechanism's design. Companies also need to be constantly looking for new approaches that enable them to perfect their internal operations, i.e. their organizational and process structures, further. This is the only way they can survive in the age of a fast-moving, highly dynamic globalization.

One such approach is the use of 'Operational Excellence', or 'OPEX' for short. OPEX aims to achieve the ongoing improvement of operational structures and processes within the company. And not just in sub-areas, but across the entire value chain. The

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focus for this lies on efficiency (performing tasks / processes correctly) and effectiveness (performing the right tasks / processes). OPEX, however, is about far more than short-term profit gains or increased staff productivity. It's about the understanding of being part of a value circuit and

about each individual constantly contributing towards its evolution, be it through process stability, ideas for improvement or inherent fault management. The focus also lies on the motivation to acquire and share knowledge and evolve towards new 'excellence' through all of the mistakes and successes. In ideal cases, autonomous value streams develop. And

no matter where in the value chain disruptions or potential improvements occur, the staff responsible resolve or harness these directly without any intervention on the part of managers. Sounds too good to be true? In fact, there are a number of reasons why most companies might wish for operational excellence but only a few actually achieve it in practice.

OPEX as an Extension of Lean

In view of the similarities between OPEX and Lean Management approaches, the terms are often used interchangeably. In reality, however, they differ. This difference ranges from the philosophy behind the approaches to, more importantly, the way they are implemented in practice. 'Lean', or the demand for 'streamlined processes' was once the watchword for boosting efficiency in production. Today, companies sometimes associate with this project concepts that operate on the basis of the "lawnmower method" (for example which are focused only on reducing costs) and which do not take into account individual industry requirements. Often, the frantic 1:1 adoption of Lean concepts from production into unsuitable areas of activity leads to meagre results. This is not so much the fault of the Lean principles, however, but rather their flawed implementation. In actual fact, Lean principles often provide a good starting point for achieving substantial improvements with OPEX.

This is because OPEX is a useful add-on for Lean. And not just because the term can be transported in a more neutral, less philosophically burdened way, and therefore applied more easily to very different areas of implementation. The key advantage is the larger methods kit. It contains solutions for companies of all industries who are experiencing

growing cost pressure, overstrained resources or shortfalls in knowledge transfer – be they production companies, financial service providers or public institutions.

The cross-industry bonus of OPEX, however, lies in the fact that it does not involve improving efficiency through merciless cost-cutting. Costs do need to be cut to a sensible level in line with the market and maintained there long-term. They are however only one of many other approaches in a company without there being end points to these in the sense of 'project completion'. Of course, the results of OPEX measures are also measured against hard performance indicators such as returns on sales or customer complaints. The key difference to approaches such as Lean, however, lies

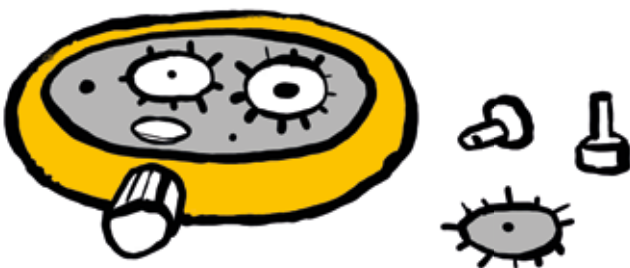
OPEX is a useful add-on for Lean – for companies in all industries.

in OPEX's aim of permanently improving the entire value chain. This ultimately also leads to a contemporary extension in terms of prospects: on highly volatile markets and during unpredictable events that cause business systems to drift in new directions on a weekly or even daily basis, five-year strategies simply no longer work.

Four Approaches for Operational Excellence

When it comes to implementing OPEX successfully, it helps to understand that OPEX cannot be prescribed. As with all far-reaching changes, it is easy to agree to the principle of constant improvement and error avoidance, but more difficult to actually implement it. OPEX takes some getting used to, which is why, when implementing an OPEX approach, there are four key success factors that need to be focused on:

- Management commitment at all hierarchical levels
- Integration of employees
- Results-orientated dialogue between experts
- Tailored tools





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*Management Commitment at All
Hierarchical Levels*

Senior managers should demonstrate through their communications and their actions that they are 100 per cent behind OPEX. They also monitor whether all managers are following the course in a top-down manner and are not afraid of confrontation if this is not the case. Ultimately for OPEX implementation, it is also important to realise that no time can be wasted when it comes to seizing oppor-

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tunities for improvement and eliminating errors. All managers should therefore set out clear goals, check regularly that these goals have also been understood and communicate successes as well as failures in a clear and direct manner.

Integration of Employees

Employees' willingness to learn and change in relation to OPEX should be encouraged right from day one. This is because almost every employee can indicate

offhand deficiencies or potential improvements. Unfortunately, popular patterns of experience show that precisely this is unwelcome or it 'fizzles out' without any noticeable consequences. Managers should therefore always keep an eye on the close relationship between cultural and structural aspects and strive to achieve a dialogue between departments and across the company as a whole. How can product quality be increased over the long term while at the same time reducing quality costs? Why does a particular department, an international office, a competitor or a supplier do it better?

*Results-orientated Dialogue Between
Experts*

In methodological terms, best practice programs prove their worth time and time again, with individual employees acting as experts to encourage the exchange of information beyond company and national borders. Experts may also be external consultants with specialist know-how that is only required for a limited time in a particular project stage. And last but not least, customers are perhaps the most important experts who, through their complaints or the 'pull principle', should exert a direct influence on process improvements. Strictly speaking, therefore, every employee and customer is an expert in their respective role – and in the hectic world of everyday operations, it is therefore crucial to productively bring the flow of information of all of these types of expertise into circulation.

Tailored Tools

The chosen measures are given the 'correct finish' with matching tools, especially for structuring and visualising the exchange of information. One very simple and useful structuring tool is the daily, five- to ten-minute discussion of performance. This discussion should establish

a common understanding of goals, draw up detailed road maps but also create space for ideas and suggested improvements. Ideal for visualising OPEX-relevant information in production areas, for example, are display boards bearing performance parameters that focus on chronological indicators and the value flow.

Using All Aspects of OPEX

Anyone analysing individual stages of production, process workflows in their supply chain or creation phases in development down to the tiniest efficiency parameter already has a streets-ahead advantage over competitors that still more or less leave these processes to chance. Anyone who recognizes the relationship between these elements and harnesses this for constant improvements is already practicing operational excellence.

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However OPEX professionals achieve even more: they change sectors that lie below the perception radar. The interface management, for example, between individual functional links in the value chain. This relates to energy and resources management, for example. Some companies are already investing a lot of time and money directly into avoiding 'silent' waste in sub-sectors. The real rewards only come, however, with a look at the overall picture: Are there workflows that are efficient if viewed separately, but which, if recombined and by avoiding interfaces, could be even better as a result? Are materials being disposed of as waste that could be recycled in other areas? The key to perfection lies squarely in these types of questions.