

RESEARCH REPORT 2021/2022

# The Global State of Operational Excellence

## Critical Challenges & Future Trends

LICENSED FOR DISTRIBUTION

Created in partnership with the  
**Business Transformation &  
Operational Excellence World  
Summit (BTOES)**

Copyright © 2022 Proqis

Report Sponsors

**ABBYY**

celonis

## BTOES insights

### BTOES Insights

---

BTOES Insights is a professional online content platform for Business Transformation & Operational Excellence professionals. With exclusive content specifically targeted at answering the most pressing issues currently being faced by senior professional involved in continuous improvement, across all industries. We seek out the best, most relevant, original content from experienced industry thought leaders and experts.

Our mission is to produce top-calibre, exclusive content in a variety of formats, with a focus on current challenges, new developments and future trends within the industry.

We are currently the primary online source, with over 188,000 subscribers and 47,000 visitors per month, representing the views of industry thought-leaders and experts, presenting the most innovative opinions, and the highest-quality pieces across all industries.

For more information, please visit [BTOESInsights.com](http://BTOESInsights.com)  
Follow [BTOESInsights](#) on LinkedIn, Twitter or Facebook

## BTOES Awards

### Business Transformation & Operational Excellence Awards

---

The Business Transformation & Operational Excellence Awards showcase globally the most outstanding organizational achievements through the application of Operational Excellence programs.

This elite awards program demonstrates to the global business community the real results organizations achieve through the successful implementation of Operational Excellence.

The Awards are held in conjunction with the Business Transformation & Operational Excellence World Summit.

The Business Transformation & Operational Excellence Awards are open to all organizations, private and public sector, across the globe, which have implemented Operational Excellence programs to deliver outstanding business results.

For more information, please visit <http://btoesawards.com>

## BTOES

### Business Transformation & Operational Excellence World Summit (BTOES)

---

BTOES is the largest annual gathering of operational excellence industry leaders & senior-executives.

It brings together the best and brightest individuals & organizations from across industry to engage, network, benchmark and discuss the key challenges and future trends. It is uniquely designed to drive the best attendees, deliver exceptional content, and be the most engaging event in the industry.

BTOES defines the ecosystem and is where the industry leaders gather to create the future.

For more information, please visit [BTOES.com](http://BTOES.com)

## Proqis

---

Proqis - derived from "Pro", which means "positive" that is the impact we intend to have, and "Qis" means "life balance and energy", that is the higher outcome we want to delivery to all our stakeholders.

Proqis corporation's guiding force is to contribute to solving the most critical challenges senior-executives in businesses, governments and institutions face.

Our purpose is to become an executives trusted source for knowledge, ideas exchange, and industry networking.

Uncovering the most challenging issues requires deep, detailed primary industry research methodologies & analysis, and a significant investment in time. We do both. At our heart are forward-thinking insights via peer-driven research, and robust analytics.

We deliver our mission by convening the most influential thought leaders and experts to present their tactics on solving our research findings via engaging large-scale events, intimate private retreats, training and coaching programs, live online events, on-demand content and research reports.

Proqis is division of Global Media Research Ltd

This report was authored by Vijay Bajaj, CEO and Brian Reffell, CCO & Programme Director

# Contents

<b>5</b>	Executive Summary
<b>8</b>	Contributors
<b>15</b>	Key Findings
<b>16</b>	About The Respondents
<b>21</b>	Scope of Operational Excellence Programs
<b>21</b>	Maturity of Your Operational Excellence Teams
<b>22</b>	Utilization of Operational Excellence Methodologies
<b>24</b>	Department Responsible for Operational Excellence
<b>25</b>	Perception of Operational Excellence Methodologies
<b>28</b>	Critical Operational Excellence Challenges
<b>31</b>	Most Crucial Challenges
<b>41</b>	Primary Measures of Success of Operational Excellence Programs
<b>44</b>	Roadblocks
<b>45</b>	Operational Excellence Focus over the next 12-18 months
<b>48</b>	The greatest development for Operational Excellence in the past 5 years
<b>52</b>	Key drivers pushing change in the Operational Excellence Ecosystem
<b>55</b>	Top Industry thought-leaders (Individuals)
<b>55</b>	Top Industry thought-leaders (Companies)
<b>56</b>	Operational Excellence in Action - Leading Companies
<b>57</b>	Industry Perspectives
<b>61</b>	Perspectives of Large, Medium & Small Corporations
<b>133</b>	Closing Remarks

We are publishing this abridged version of the survey report which contains key data and verbatim responses from those surveyed. An unabridged full version will be released containing detailed perspectives and interpretations from industry thought leaders and experts across the operational excellence ecosystem, including additional observations and inference on the research findings from the Btoes Insights team. please visit Btoes Insights to obtain the latest version.

The published survey report follows the principles of the chatham house Rules - where neither the identity nor the affiliation of any participant will be revealed. Detailed perspectives and interpretations are identified and attributed to the respective author.



# Insights from Industry Thought Leaders

- 24 | Demands Of The Customer Are Changing
- 40 | The Critical Challenges Analysed
- 72 | **FEATURED:** Four Fail Proof Factors for a Successful Hybrid Work Model
- 74 | **FEATURED:** How CIOs Can Get the Most ROI from Digital Transformation Budgets
- 75 | **FEATURED:** How to leverage a CoE to accelerate execution excellence at scale
- 77 | **FEATURED:** Struggling to scale automation? You're not alone
- 79 | The Global State of Operational Excellence
- 80 | One measure doesn't fit all!
- 81 | Maintaining Key Priorities Consistently
- 82 | Innovation in Cultural Transformation
- 84 | Time to eat our own dog food
- 86 | Increasing demand for operational excellence methodologies even in non-mandated companies
- 87 | Black Belts, step aside.
- 90 | About The Topic of Sustaining...
- 91 | For operational excellence sustainability
- 93 | Culture – A competitive differentiator in the digital age
- 94 | Operational Excellence is Cultural Transformation (or the other way around?)
- 95 | People, Culture & Digital Talent
- 96 | Operational Excellence is not a “buzz word”
- 98 | Lean Six Sigma and Process Automation: Does a Bot need a Lean Process?
- 99 | It's about the people...
- 100 | Shaping Organizational Cultural
- 100 | Sustaining Operational Excellence
- 103 | Learning to Speak the Same Language
- 104 | Challenges and opportunities at customer experience programs
- 105 | Linking Operational Excellence, Business Transformation, & Cultural Change into a Sustainable Business Model
- 107 | Assessing the Corporate Culture
- 109 | Building an improvement culture, fast and slow
- 111 | Let's make OpEx simple again
- 112 | The Rise of the Lean Business System
- 115 | Culture Over Anything
- 117 | Don't hire People who fit your organisation
- 119 | So, how do we grow OE in light of change drivers?
- 121 | Sustainability of Operational Excellence in the Age of Disruption and Change
- 132 | Sustaining Operational Excellence: Why so hard?
- 125 | Check-points for traversing the exciting journey of End-to-End business transformation
- 127 | Changing and Improving Company Culture – what is needed beyond continuous improvement tools and methodologies?
- 129 | Culture, Culture, Culture
- 130 | Critical Challenges and Future Trends
- 131 | The Mainstay of Operational Excellence for Cultural Transformation
- 132 | Focus culture change to where the actual work is done
- 134 | Why Is Change So Hard?
- 136 | Improving the Reliability of Care and the Healthcare Culture
- 138 | Operational Excellence - The Magic Formula



The key challenge facing Operational Excellence programs remains squarely around **changing & improving company culture**, with over **53.1%** citing it as their top critical challenge.

This makes sense as cultural transformation, changing mindset and behaviours, is the hardest thing to do, and consequently it is the greatest progress limiter.

To highlight the difficulty of cultural transformation, many change initiatives don't achieve their objectives or are deemed unsuccessful, resulting in wasted resources and diminished moral. Research shows that amongst the many factors that contribute to poor results are change fatigue, too many priorities to focus on and poor employee engagement; which in turn leads to passive aggressive behaviors down the chain.

Culture is critical to the success of a change management program. Culture is shared values and "how things get done around here" it is how your people think, believe, act, feel. Companies need to get good at these cultural aspects, or they are likely to negatively impact the change.

Cultural transformation is critical to increase the pace of teams and organizations in order to make deep-rooted process changes required to gain advantage of digitization, automation and advanced technologies. **Results are the major output of a company, and culture is the major input.**

The results speak for themselves, the companies in the "Fortune 100 Best Companies To Work For" happen to achieve a double-digit return in market annualised growth of 11.08%, twice the average return of companies in the S&P 500 and the Russell 3000 indices. **This is why culture matters.**

Currently, the average lifespan of a company in the S&P 500 is only 14 years. To stay relevant companies more than ever need to adapt to changing business environments, and continuously improve and innovate.

**23.18%** of respondents cited **leadership buy-in and understanding** as their top critical challenge. Leadership

buy-in and understanding is a must to achieve a successful change management and cultural transformation program. Conversely its absence is considered a major cause for failure in operational excellence programs. Having a strong Global Leader at the corporate-level who is banging the drum for the VP and Directors in the business and functional units, ensuring executive leadership see the value of Operational Excellence as an investment with substantial reward, will ensure the right resources and budgets are put in place to deliver the necessary sustainable results.

Furthermore, the messaging on continuous improvement needs to be consistent, so everyone is rowing in the same direction. Leaders need to walk the talk and act the change in a visible way.

**Sustaining Operational Excellence improvements** came in at 2nd as the biggest challenge for a quarter of all respondents; with most environments having a tendency to move on to the next challenge once they feel they have implemented an improvement without any plan to sustain it, thinking once implemented it will not fail, or they fail to incorporate new advanced technologies to support it, which leaves them redundant. Leaders need to hold their departments accountable on the new process designs to ensure they sustain, and dedicated coaches need to ensure improvements and process reengineering remain a constant focus.

**Driving an end-to-end Business Transformation** program came in 3rd as the biggest challenge for 30.7% of respondents, which if you take a moment to think about it makes complete sense. If process re-engineering is not end-to-end, it will always be sub-optimal. Disparate continuous improvement efforts do not provide meaningful impact. It is key to bring together all relevant functions across the organization and maximise collaboration, and design systems to achieve flow between the relevant departments across the functional value stream.

## The Global State of Operational Excellence Critical Challenges & Future Trends



The 4th biggest challenge for respondents was the **willingness to embrace new technologies**, a challenge for 28.5% of respondents.

Part of the solution is for organizations to evaluate current employees for digital knowledge. **Companies must build a new inflow of digital talent in the organization** that have a flexible, rapid decision making, agile mindset. They need to rebalance their team with digital enablers who are ready, happy and know how to embrace new advanced digital technologies. **Digital talent must be obtained to fill the roles of quality professionals.** The type of talent now required in operational excellence are software designers, agile scrum masters, agility coaches, full-stack architects, robotic process automation specialists, and machine-learning engineers.

I have touched on the importance of culture, leadership, a sustainable end-to-end transformation, and technology, but what is this all for. This report confirms, that **we are in the age of Customer Delight**, which should not surprise. Businesses need to ensure all their policies and procedures are focused on Customer Delight, and their whole organization including their traditional sales and marketing departments are designed to focus on delight.

Before your product had to be 10 times better than the competition, now it is your customer experience that has to be 10 times lighter than the competition.

As one respondent put it **“Thanks to companies such as Amazon and Apple, they now expect every organization to deliver products and services swiftly, with a seamless user experience”**

Operational Excellence professionals need to focus on designing a low-friction customer experience, where there are minimal handoffs between people and departments.

Customer delight, generates the power of word of mouth, in particular with the amplification of social media, and is where the biggest ROI is generated today. A new breed of technologies deeply rooted in knowing who your customers are and how they behave is already here, and need to be part of any process re-engineering and business transformation.

Operational Excellence needs to involve Design Thinking to understand customer needs and then design the “idea process” embracing new advanced technologies.

It is also important to understand the new trends and competitive landscape, as there is no point in having the best end to end Operational Excellence processes if they are the wrong processes and systems for the new business landscape. Adapting to new trends is critical.

**The outlook is promising, a clear majority, nearly 60% of respondents have cited that Operational Excellence methodologies are growing in popularity.** This supports the

demand for process re-engineering and business transformation, adapting to new advanced technologies and the demands of the customer for a friction-free customer experience.

The reports concludes that changing and improving the company culture is the single most important factor for success. In simple terms, it is the people who do the work through the processes, that are enabled by technology. It is only people that can make the different processes and parts work well together. Processes will be simpler and technologies will get more advanced. Changing process and technology is the easier of the three to do, as they are more predictable, functional and controllable. However, we all know that people's mindset and behavior is the most important factor in business transformation and process re-engineering initiatives, and this is difficult to manage. Arguably, it is the executives biggest challenge, and as this report suggests it is where they need to focus their time, but yet they don't, they focus on processes and tools because it is easier. Instead, we need to double our efforts and invest and focus energy on people, as only they can tell us where to fix, simplify, and streamline the processes. Consequently, change management and cultural transformation will remain the single biggest issue facing operational excellence leaders.

A successful change management program with cultural transformation at its heart, will in turn drive a more sustainable and enterprise-wide Operational Excellence program, which will in turn drive a willingness to embrace new technologies and digital enablers. However, without leadership understanding and buy-in you can never achieve a successful change management and cultural transformation program. Leadership understanding and buy-in has to come first.

This report presents the new paradigm of Operational Excellence and the challenges that go along with it, where operational excellence leaders have to rethink their operations end to end, incorporating the numerous transformation drivers such as rising customer expectations, expanding markets, and digitalization activities along the whole value chain.

Operational Excellence needs to be viewed as a critical strategic weapon by the corporate-level executive leadership teams. It needs this level of buy-in and understanding for any organization to truly strive for and deliver end-to-end business transformation and sustainable adoption in normal business activities.

I hope this report will support you and provide you with the necessary data to help you and your leadership team get fully behind an enterprise-wide Operational Excellence program.

Warmest Regards,

**Vijay Bajaj**, CEO, **BTOES Insights**  
A Proqis Company

# Featured Contributors



**Richard Rabin**  
*Product Marketing Manager,  
Process Intelligence*

**ABBYY**

## Author of Four Fail Proof Factors for a Successful Hybrid Work Model

Richard Rabin is the Product Marketing Manager for Process Intelligence at ABBYY, a Digital Intelligence company. He works closely with global enterprises to help them better understand and optimize their business process workflows, bottlenecks, and how to select the initiatives that will yield the most business value with intelligent automation, and how they will impact overall operational excellence. Richard has a remarkable academic background in Computer and Information Science and AI and has more than 35 years of software engineering expertise.



**Anthony Macciola**  
*Chief Innovation Officer*

**ABBYY**

## Author of How CIOs Can Get the Most ROI from Digital Transformation Budgets

Anthony Macciola is a seasoned veteran of the tech industry, with over 30 years of experience in software, hardware, and algorithm development. He joined ABBYY's Executive Management Team as Chief Innovation Officer (CIO) in October 2017. In this role, Anthony formulates ABBYY's market-focused vision and strategy for driving innovation and develop new product concepts and evangelize strategic marketing strategies. He holds over 45 patents in the areas of mobility, text analytics, image processing, and process automation.



**Lars Reinkemeyer**  
*Vice President, Customer Transformation,*

**Celonis**

Lars Reinkemeyer is VP of Customer Transformation at Celonis. He joined Celonis from Siemens, where he held multiple senior executive roles and expanded the company's implementation of process mining. At Siemens, Reinkemeyer created a Center of Excellence and nurtured a large user community of process and execution experts. Reinkemeyer is the author of Process Mining in Action: Principles, Use Cases and Outlook.

## Authority Piece Summary

What difference does a Center of Excellence (CoE) make to process transformation? The numbers suggest it's mission critical: The Celonis 2021 State of Process Excellence report revealed that 71% of successful deployments used a CoE to drive organizational change.

But not every CoE is reaching its full potential, or even fit for purpose. In this article Lars Reinkemeyer, VP of Customer Transformation at Celonis, shares best practice for establishing a powerhouse CoE that delivers results. From the three roles a CoE should fulfill and the obstacles process leaders face, to finding the perfect setup and ramping up operations. Gain insights that will help you maximize the impact of your CoE.



**Niralee Shah**  
*Product Marketing Director*

**Celonis**

Niralee Shah is Global Product Marketing Director at Celonis, where she defines, owns, and drives the go-to-market positioning and product placement for the platform. Prior to Celonis, Niralee spent much of her career in brand management and product marketing at IBM and Pfizer. Niralee holds a B.A. from The University of North Carolina at Chapel Hill and an M.B.A from New York University Stern School of Business.

## Article Summary

Automation has transformed almost everything about our lives. But in the enterprise arena, it hasn't yet lived up to its promise. While two-thirds of organizations are piloting automation, less than a fifth can automate a process from start to end, or deploy automation across multiple business units. Reaping the benefits of automation requires doing execution at scale – a feat that's left many floundering.

In this article Niralee Shah, Global Product Marketing Director at Celonis, leverages their years of expertise to reveal the common missteps holding enterprises back from automation at scale. Discover how process discovery, an outcome-based approach and real-time intelligence can deliver growth and success.



# Report Sponsors

## ABBYY

### ABBYY

ABBYY empowers organizations to gain a complete understanding of their business processes and the content that fuels them with its Digital Intelligence platform. ABBYY technologies are used by more than 5,000 companies, including many of the Fortune 500, and are recognized for their leadership in Intelligent Document Processing (IDP) and Process Discovery & Mining for driving significant impact where it matters most: customer experience, effectiveness, profitability, and competitive advantage. ABBYY is a global company with offices in 14 countries. For more information, visit [www.abbyy.com](http://www.abbyy.com) and follow us on LinkedIn, Twitter, and Facebook.

## celonis

### Celonis

Celonis believes that every company can unlock its full execution capacity. Powered by its market-leading process mining technology, the Celonis Execution Management System provides a set of applications, developer studio and platform capabilities for business executives and users to eliminate billions in corporate inefficiencies. Celonis has thousands of customers, including ABB, AstraZeneca, Bosch, Coca-Cola, Citibank, Danaher Corporation, Dell, GSK, John Deere, L'Oréal, Siemens, Uber, Vodafone and Whirlpool.

# Contributors



**Leandro Bacellar**

*Vice President CRM & Operational Excellence*

**Volvo Trucks**

Leandro Bacellar Mello is Vice President CRM & Operational Excellence at Volvo Trucks and has been leading customer experience initiatives over the last 10 years with great successes and learning. With a solid leading positions background on Retail and Distribution Development in Europe and Latin America, he drives continuous improvement combining lean practices with customer centric mind set. Leandro is Brazilian executive and is current leaving with his family in Gothenburg Sweden.



**Sriram Balasubramanian**

*Head of Business Process Management*

**BASF**

Sriram is a Supply Chain professional with 20+ years of global experience in India, Europe, Asia and USA. He has diverse multi-sector experience - FMCG, paints, pharmaceuticals, chemicals, cement, Hi-tech, beverages, education and consulting. He has successfully led strategic projects in planning, manufacturing, distribution, logistics, procurement & IT. He has expertise to assess business situations, identify core issues from an overall perspective and recommend & implement suitable sustainable solution. He also is a strong team player with expertise in building and managing high performance teams.



**Dany Beaudoin**

*Leader of strategic and operational excellence projects*

**CEZinc**

Dany holds a Master of Engineering from the "Université de Sherbrooke" a Master of Business administration from the " École des sciences de la gestion (ESG UQAM)" and "Université Paris Dauphine". After working as a scientist for NTC and Glencore he now is Leader of strategic and operational excellence projects at CEZinc.



**Youcef Bensafi**

*Corporate Lean Six Sigma Director*

**BNP Paribas**

Youcef holds a Master of Engineering, Control Systems from the University of Sheffield. He currently is a Corporate Lean Six Sigma Director at BNP Paribas, where he started in 2007 as a Lean Six Sigma Deputy Director. Professionals who worked with him describe Youcef as a technically and socially high-skilled Six Sigma professional. He is a very good coach who is demanding and encouraging at the same time. Thereby Youcef helps to extend limits and increase skills and performance.



**Damian Bivona**

*AVP - Lean, Six Sigma and Transformation Executive for Global Operations*

**AIG**

Damian has extensive experience in strategic planning, Operations, project management and process improvement. Utilized background across numerous industries - Publishing, Re-insurance & Insurance, Finance, and Energy. Objective is to leverage work experience toward the Executive role of Operations Officer or strategic planner within business areas such as IT, Operations and customer service. Specialties: Proficient in Six Sigma methodology. PMO methods for project portfolio governance, Use of Minitab as data analytical tool. Service Center (call center) experience. Development of new / improved operating models.



**Alan Bronowicz**

*Head of Process Management & Quote to Cash Transformation*

**Refinitiv**

Leadership experience across roles in; customer services, technical service, business operations, sales support and administration, lead to cash, order to cash, procurement, business process design, user experience, and systems & tools. Additional experience with program management, project management, process transformation, change management, organizational transformation, offshoring, outsourcing, enterprise-wide ownership of business simplification, business case development, and talent management.

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### Twila Burdick

*Vice President (retired) of Organizational Performance*

#### Banner Health

Twila is a retired Vice President of Organizational Performance at Banner Health, where she worked 32 years. Banner Health is a regional healthcare provider with 23 hospitals in seven western states, with corporate headquarters in Phoenix, Arizona. Banner was recently recognized as one of the country's "Top 15 Health Systems" by Thomson Reuters. Twila has been employed by Banner in various roles since 1985, starting her work there as a Management Engineer. In her most recent role, she provided administrative direction for Case and Quality Management, Clinical Outcomes Analysis, Process Engineering and a number of systemwide Care Management teams. She holds a Master's Degree in Business Administration from the University of Montana.



### Pranay Butala

*Vice President, Strategy & Operations Transformation*

#### ReedGroup

Pranay is a proven strategic and results focused senior business leader. He has an outstanding reputation for driving growth, reducing costs, leading change, and customer retention. Experiences have been with top tier consulting firms (Deloitte, IBM, Accenture) and Fortune 500 companies (Pfizer, Sanofi, AstraZeneca, Guardian Life). His Specialties are End-to-end operational model development and execution, Customer experience optimization, ROI optimization, Multi-channel marketing, Commercial Operations, Digital technology strategy and execution, Lean Sigma



### Peter Cihunka

*Director Operational Excellence*

#### Mutual of Omaha Insurance Company

Peter is a transformational leader leveraging expertise in: Coaching/ Agile, Scrum, Product Ownership/Strategic Programs Management/ Process Improvement/ Cost Effectiveness.

Currently he is Director of Operational Excellence at Mutual of Omaha. Before starting at Mutual of Omaha he worked for TD Ameritrade for more than 10 years, where one of his tasks was to he manage a team of lean change agents who support 1000 associates in three call centers across two countries. He was responsible for helping them on their lean journey execution the tools and understanding of lean principles.



### Andrea Conte

*Sr. Manager Operations Operational Excellence Caribbean & Latin America*

#### Marriott

Andrea is an accomplished hotelier, whose career has spanned through 5 continents, while expanding and refining on his five languages through the course of his tenure as manager and passionate food and beverage connoisseur. He held a degree in hospitality management, certification in hotel leadership with Cornell University and Level 1 sommelier certification.

Andrea demeanor and appreciation of cultural values is tailored fit to customer relations. Throughout his career spanning the Middle East, South Asia, Europe, Caribbean, South and Central America he has a proven understanding of the importance of cultural interaction for a successful operation, proof of these results are the employee engagement growth year over year of 14% in St Thomas U.S.V.I., with latest engagement in 2017 of 94% for the Food and Beverage department.



### Paul Docherty

*Founder & Executive Director i-nexus, Strategy Execution, Operational Excellence*

#### Business Transformation

Strategy execution expert Paul Docherty is the founder of i-nexus, an industry-leading provider of strategy execution software to some of the world's most successful companies. Here, he urges operational excellence leaders to take a leaf from global leaders and adopt an all-encompassing systemic approach to operational excellence.



### Heather Eusebio

*Cross Functional Business Process Owner - Life of the Order & Customer Engagement*

#### Columbia Sportswear

Heather is a process improvement leader. She manages the programs and processes that strengthen talent in supply chain implementation. She practice s Nemawashi. Nemawashi is the Japanese expression for the process of informally laying the foundation for new project implementation, business growth, and organizational change. It is a strategic communication process that, when done with attention to individual dignity and self-worth, facilitates team cohesiveness, process ownership, and winning final solutions.

In her experience working in the executive space and throughout the global business process model, Nemawashi is essential to the development and nurturing to high-performance teams. When her Japanese colleagues introduced her to this term to describe her work style as a Process Owner, she could not have been more flattered. It describes her approach perfectly.



## The Global State of Operational Excellence

Critical Challenges & Future Trends



**Edgard Graterol**

*Regional Vice President Operational Excellence*

**LSG Group**

Edgard is a globally experienced operational excellence leader with a successful track record in launching, developing and sustaining customer focused quality and productivity improvement programs.

He has proven ability to motivate and work effectively with multiple cultures.

He has extensive background and experience in change management and successful project delivery.

He is fluent English, Spanish and Portuguese. He also has working knowledge of German.

His specialities are Operational Excellence, Change Management, Global Program and Project Management, Lean, Six Sigma and Quality.



**Iris Gregoriou**

*Assistant Vice President, Head of Continuous Improvement, Investment Division*

**Manulife Financial Corporation**

Strategic leader with twenty years of experience driving business transformation. Leader of specialized teams, focused on creating a new future for organizations via Lean and Six Sigma methodologies and new strategies aiming to optimize the customer experience and shareholder value. Background combining Management Consulting (business process analysis and design) and Six Sigma (certified Black Belt), with 7 years of leading strategic business improvement and transformation.

Strong leadership skills in environments of difficult or strategic change requiring teamwork and collaboration. Strong people leader and coach.



**Leonard Hepp**

*Executive Director, Operational Excellence, Global Manufacturing and Supply*

**Bristol-Myers Squibb**

Leonard is a recognized leader in instilling Continuous Improvement linked to Business Transformational Strategies with over 20 years of experience in progressive responsibility, training and certification as a Master Black Belt in Lean, DMAIC and DMADOV/DFSS along with being a Change and Facilitation Leader who has "Created High Performance Teams ... Delivering Enterprise Excellence".

Involved in multiple deployments of Lean Six Sigma at various companies & industries; developed expertise in End to End Process Management (BPM), Continuous Improvement, New Technology and product-process Design Development, and Cultural Change.



**Steven Hodlin**

*Vice President Leadership and Operational Excellence*

**Blackbaud**

Steven's entire career has been as an effective executive, change agent, and cultural development leader with a passion for organizational performance excellence and continuous improvement. Currently, he is leading the corporate-wide leadership development & quality initiatives for Blackbaud, Inc. Previously, applied his expertise as VP, Performance Excellence at Video Gaming Technologies, led strategic planning, balanced scorecard process, process improvements, and the performance excellence journey.



**Steven Hoisington**

*Vice President (retired) of quality and safety*

**Flowserve, Inc.**

Steven is a retired vice president of quality and safety at Flowserve, Inc., in Irving, Texas, a worldwide organization that provides engineering, project management, products, and service expertise for the challenges of fluid motion control. A recognized senior level executive for many years, he was the president of Electro-Motive Diesels Locomotive Company (EMDLC) in Pretoria, South Africa, vice president of India operations at EMD Locomotive Technologies Pty. Ltd. in Delhi, India, vice president of quality and reliability at Electro-Motive Diesels, Inc. in LaGrange, Illinois, senior vice president of operations for Exel, Inc. in Bracknell, United Kingdom, and vice president of quality for Johnson Controls, Inc. in Milwaukee, WI prior to joining Flowserve in 2012. Entering the field in 1981, Steven was hired by IBM as an engineer and progressed his career up to director of quality and customer satisfaction over the next 20 years.



**Philip Holt**

*VP Continuous Improvement*

**Travelport**

Philip is an experienced Senior Operations and Business Transformation Leader with over 25 years of experience delivering value and improvements globally. He is an operational Excellence Thought Leader with regular speaking engagements at conferences. He also developed and deployed the Lean Business System for a Global Blue Chip Company and successfully managed complex Transformation programs delivering over €100M bottom line impact. Philip led the Lean Change Program, delivering double digit productivity improvement, over €40M conversion cost improvement, and 30%+ Year-on-Year Quality, Delivery and Inventory Improvement. He combined Intelligent Automation with Lean Thinking to deliver Digital

## The Global State of Operational Excellence

Critical Challenges & Future Trends



**Elli Hurst**

*Vice President, Automation*

**IBM**

Elli Hurst is responsible for the strategy and development of Cognitive Enterprise Automation with a particular focus on automation for application management. Elli's experience includes over 20 years in leadership roles within IBM in the application development management and innovation space, including deep expertise in global delivery models.



**Kevin Kellow**

*Vice President, Continuous Improvement*

**ASRC Federal**

Kevin has spent the past two decades working across varied industries to help define scope, identify business impacts, elicit business requirements, and enable better, quicker decisions while improving cycle time, quality, functionality, and overall business and financial performance. He has great passion for tackling complex challenges and identifying opportunities to grow business in new directions as well as taking great pride in leading cross-functional teams that can consistently demonstrate creativity, thoughtfulness, and the ability to refine business execution.



**Terrence Magee**

*Continuous Improvement and Customer Experience Leader, Operational Excellence Lead*

**Ciox Health**

Terrence Magee is a global Quality and Operational Excellence executive who has worked in healthcare and pharmaceuticals for the past eighteen years in a global capacity. Terrence is a results oriented with proven success in developing and improving people, processes and technology. As Continuous Improvement and Customer Satisfaction Leader, Terrence is employed with Ciox Health and is based in Phoenix, Arizona within the Clinical Data Analytical & Insights division. Ciox is uniquely positioned to access, facilitate and improve the management and exchange of protected health information. Terrence earned his Bachelor of Science degree in Biological Sciences from California Polytechnic University, Pomona; is an accomplished Lean Six Sigma Black Belt from Villanova University and holds a master's certificate in Logistics & Supply Chain Management from San Francisco School of Management.



**Jeremy Moorman**

*VP Operational Excellence*

**Applied Industrial Technologies**

Jeremy's global experience includes management of teams across 4 continents, spanning a variety of language and cultural barriers. The work he enjoys most is bringing teams together across cultures and with varying backgrounds, to bring great, high quality and valued products & services to customers all over the globe. A key component of that work is a focus on Continuous Improvement. While trained and experienced in a variety of tools and techniques, he also likes to quote 4 simple rules to CI: "Make sure you know what the customer values. Go to Gemba. Respect the people that do the work. Kill the Waste."



**Lucie Morel**

*Consultant, Coach and Trainer - Management, Operational Excellence and Transformation*

**LM Consulting**

Lucie Morel is an independent management consultant, trainer, and coach, French and Australian, based in Bordeaux in France. Her background includes developing continuous improvement and innovation programs, delivering transformation projects, managing multicultural teams, coaching leaders, individuals and project teams, delivering corporate training. Her mission is to help individuals and companies reach their full potential, overcome challenges, grow and achieve their goals.



**Rebecca Mott**

*Senior Continuous Improvement Specialist Enterprise Improvement*

**Tennessee Valley Authority**

Rebecca is a champion for continuous improvement (Lean Six Sigma) and innovation with 24 years of utility and laboratory experience. She enjoys using her analytical skills, business acumen, and strategic thinking to lead teams through change and transition. She lives by the mottos "None of us is as smart as all of us together" and "You can always better your best." Wherever she finds myself, she looks for opportunities to make the team and its work better. It is all about the never ending journey of continuous improvement.

## The Global State of Operational Excellence

Critical Challenges & Future Trends



**Massimiliano Niselli**

*Operational Excellence Coordinator*

**Stevanato Group**

Massimiliano is a Lean Six Sigma Belt with 10 years of experience in Operational Excellence, inside a wide variety of industries. Currently he is Operational Excellence Coordinator at Stevanato Group where he:

- is responsible for Steps Program (=WCM) strategy, design and implementation within 6 plants (Italy, China, Mexico, Slovakia, Brazil)
- selects, prioritizes, monitors improvement projects, according to Process Excellence methodologies (X-Matrix, ...)
- Plays an important role in helping to foster a culture of sustainable change through the creation and embedding of Lean Six Sigma methodology



**Sisir Padhy**

*Senior Vice President*

**Verizon Corp.**

Sisir joined Verizon in 2011 and is the Vice President of Process Excellence and Innovation. Prior to joining Verizon, Sisir was part of the General Electric Company, where he held several leadership roles at GE Appliances, GE Transportation Systems, Pratt & Whitney, GE Corporate, and GE Aviation, in design, process excellence, e-Business, and strategic marketing. Sisir led the global P&Ls for GE Aircraft Engine and GE Smart Grid Automation businesses. He has published more than twenty papers in conferences, professional journals and books. In addition, Sisir has chaired many technical conferences and attended executive education at Wharton, Stanford and Harvard Business School. He received his masters in mechanical engineering with specialization in Artificial Intelligence and a Ph.D. in Mechanical Engineering.



**Canice Pinto**

*Global Operational Excellence Leader*

**First Advantage**

Canice is a PMP certified Master Black Belt and has an MBA from IIM Kozhikode with 19 years of experience in business process outsourcing, call center operations, business process re-engineering, lean and six sigma, continuous improvement, advanced analytics, workforce management, forecasting and project management. He possesses industry experience in banking, IT, telecom, manufacturing and business process outsourcing. He independently set up and grew the process excellence practice. He led and managed large teams of black belts, set up the process excellence practice to drive high priority process improvement projects. His international consulting experience includes stints in Europe, Australia, US and India. He also has proven ability to work with senior leadership to incorporate continuous improvement goals into business plans.



**Anu Pujji**

*VP Operational Excellence*

**Molina Healthcare, Inc.**

As a results oriented Executive with more than 20 years of Industry experience, Anu brings specific expertise and focus in the following areas: Designing and Deploying Operational Excellence Models with demonstrated results, Organizational Design and Leadership, Enterprise-wide People Management and Global Team building, Executing scalable Program Frameworks embedded with elements of Operational Quality Assurance, Building User Acceptance Testing Frameworks, Healthcare IT - Business Process Improvement, Re-engineering and Outsourcing Customer Service Leadership, Leveraging Lean Six-Sigma Deployments to gain Operational Efficiencies, Technology Strategy focussed on Benefit Design and Development, Healthcare Revenue Cycle Process Continuous Improvement and Quality Control



**Bart Reijs**

*Head Process Management and Analysis*

**Roche**

Bart has more than 20 years of international experience in data generation technology, processing and analytics. Since early 90's he was involved in application of generic algorithms and intelligent agent systems, since 2001 he is focusing on clinical data and analytics.

He led more IT and Change Management Projects as well as leading global groups, the past 15 years within both pharma and diagnostics. Business owner of multiple IT systems.

He is a Lean practitioner with Lean Six Sigma Black Belt Certification.



**Dushyanth Sekhar**

*Senior Director, Center for Automation, Robotics and Extraction (CARE)*

**S&P Global**

The role involves working across all 4 divisions of S&P Global – S&P Ratings, S&P Global Market Intelligence, S&P Platts & S&P Dow Jones Indices, and to set and execute a strategy for enterprise wide initiatives to transform major internal processes and operations using automation, lean & Six Sigma. Responsible for creating, maintaining and executing a process improvement and automation strategy road map. Automation initiatives involve using robotic process automation (RPA), machine learning and other cognitive tools.



## The Global State of Operational Excellence

Critical Challenges & Future Trends



**Andrea Sinclair**

*Sr. Program Coordinator*

**University Of Louisville**

Problem solver with progressive supervisory/management experience. I am continuously learning, currently adding clinical mental health skills to my resume. Previously I was especially interested in fields directly related to process improvement in health care but oddly enough, the longer I work at a University the more I realize it's complex systems with high human interaction that interest me.

That being said, I really am looking to make a difference in processes that directly impact human lives, and that sounds a whole lot like counseling. So I'm taking advantage of my tuition benefit to study Psychology, with a goal of eventually completing a M.Ed and PhD in mental health counseling.

Specialties: process improvement, problem solving, team leading, medical ethics, bioethics, complicated situation visualization or philosophy in general, scarce resource management.



**Johan Southey**

*Manufacturing Excellence Manager*

**Coca-Cola Beverages Africa  
(International Division)**

Johan has a keen interest in leadership behaviour and mind-sets and the resultant impact that it has on the success of organisations. I am fascinated by the link between a legitimate leadership culture and the sustainability of World Class Manufacturing interventions which was why I chose to research it as the subject of my MBA dissertation.



**Michael Stober**

*SVP Process Reengineering*

**Citizens Bank**

Michael Stober is a Certified Six Sigma Master Black Belt and Project Management Professional (PMP) with seventeen years of expansive experience in the Continuous Improvement field in industries such as banking, manufacturing, and insurance.

Michael is celebrated for his ability to gain trust in challenging business environments to drive the creation of future-thinking yet unified visions of true transformational change.

Michael currently serves as the Senior Vice President of Lean Reengineering at Citizens Bank, responsible for the Continuous Improvement (CI) and enterprise Robotic Process Automation (RPA) programs. As CI Leader, he works closely with the executive team to identify, assess, design and oversee key organizational improvement initiatives using such methodologies as Six Sigma, Design Thinking, LEAN, and Process Redesign to drive bottom line benefits. As RPA Leader he is responsible for maturing the organization's process automation and business process outsourcing capabilities, as integral solution levers of the continuous improvement agenda.



**Byron Tatsumi**

*Senior Director, Process Innovation*

**Salesforce**

Byron Tatsumi is a senior director at Salesforce and leads the company wide process innovation program. He has more than 20 years of industry and consulting experience in strategic planning, business process improvement & transformation, business operations, and strategic sourcing. He has a strong background in strategy development and business plan implementation and considerable program, project, and change management experience.



**Linh Truong**

*Director of Internal Audit, Controls and Process Improvement*

**Orthofix**

CAE with 20 plus years experience in industries including healthcare/medical device manufacturing / oil/gas, retail, and financial services. Focus on audits and special project engagements that contribute to the company's bottom line. Proven success in developing collaborative relationships with executive management.

Specialties: Establishing/building an audit department from ground zero with a focus on adding value and executive management consulting, SOX streamlining/cost reduction, ERM, international experience.



**Joseph Vacca**

*Head of Operational Excellence*

**CIGNA Government Segment**

Joe has, for more than 20 years, been empowering organizations, teams and individuals to continuously improve processes and outcomes toward their goals and ultimately achieve Excellence in their chosen field.

What makes him unique is that he has lead successful OE deployments across several Fortune 100 companies - AND - he has experienced the deployment and sustainment phases both as a senior leader of organizations, as well as an OE practitioner.

## The Global State of Operational Excellence

Critical Challenges & Future Trends



**Suzanne van Egmond**

*Strategic Project Manager R&D*

**Philips**

Good conceptual thinker with very well developed analytical skills. Creates clear structure in projects, organizations and improvement programs. Able to quickly gain overview of new approaches and concepts, making these tangible and actionable by adapting these to the specific needs of project or organization. Experienced in workshop design and moderation for project teams (planning, risk identification) and other teams (improvement planning, value stream mapping, tutorials). Able to connect people's view into one common way forward. Has a well developed view onto lean innovation, is able to apply lean development concepts beyond just using the tools. Specialties: product development, product innovation management, project management, lean development, knowledge based development, moderate group workshops, lead improvement initiatives.



**Brian Reffell**

*CCO and Programme Director*

**Proqis**

Brian is a commercial specialist, programme director and innovator - with a focus on live events, conferences, exhibitions and media on an international basis. Disciplined business development director, with extensive team building and leading skills. Direct 'hands-on' experience within the legal, finance, pharmaceutical, life sciences, IT, continuous improvement, energy, gaming & professional services industries. Commercial and project consultant/implementor on start-up's, through to established Plc's in business areas ranging from transport to technology. Interested in all aspects of the events industry - from early-stage startups to companies "on the bubble", through to established Plc's. Specialties: Revenue generation, commercial/sponsorship sales and commercial negotiation. Relationship building and account management. Building and leading focused commercial sales teams.



**Steve Waszak**

*Vice President of Operational Excellence*

**Greene Group Industries**

Steve, each day, looks forward to meeting new people, new challenges, learning, and opportunities to bring business performance, competitiveness and growth to new levels.

Steve is the Vice President of Operational Excellence for Greene Group Industries, a privately-held major supplier to leading industrial manufacturers, with locations across the USA in California, Michigan, and Pennsylvania. Reporting to the President, Steve works across the company's business units and functional areas driving organizational alignment and fostering a customer focused culture to support the goal of continuously improving competitive advantage.

Prior to the Greene Group, Steve spent 20 plus years working internationally, gaining experience and expertise across industries and disciplines. He has worked seven years in management consulting, seven years in operational leadership roles, five years running a high-tech start-up, and served four years in the United States Air Force, where he was awarded the Air Force Achievement Medal.



**Steffen Weber**

*Head Process Management*

**Syngenta AG**

Steffen believes that everyone has passion to perform in a team delivering solutions. Therefore, he works with people to unlock their potential through a structured approach that connects to purpose and facilitates collaboration and decision making. This way he is building high performing teams that can accomplish anything from product delivery to business transformation.

Currently he is Head of Process Management, Seeds Development and Managing Director at Syngenta Sweden AB.

Syngenta's global Seeds business operates in

a competitive, technology-driven and highly regulated environment delivering into diverse geo-climatic markets. This requires a diversified, yet anchored approach to product development. Unlocking the economy of scale of a global corporation while maintaining customer focus as well as compliance to regulations in highly localized markets is the challenge for Steffen's Process Management role.



**Vijay Bajaj**

*Founder and CEO*

**Proqis**

founded, built and sold two successful market-leading businesses. The first in London, UK in the office equipment distribution sector, which he launched in 1991 and sold to Ingram Micro in 1999, after which he took a year off and traveled around India with his wife. The second headquartered out of Chicago, IL, in the research and large-scale commercial B2B conference sector, which was launched in 2001 and sold in 2012. The business was the market leader in Lean & Six Sigma research and conferences. In 2012 he retired to spend time with family and focus on meditation. In 2015 looking for the next challenge, he founded and is currently CEO of Proqis, which is a research organization at its core, and stages the Business Transformation & Operational Excellence World Summit & Industry Awards (BTOES), which has become the largest senior-level cross-industry event within the sector, BTOES.com, and BTOESInsights.com a professional online content platform for senior-level executives involved in continuous improvement, which has grown to over 188,000 subscribers. He is also an angel investor, mentor, and board advisor. Vijay lives in the London, UK, with his wife Reshma, son Armaan, and labrador Archie.

# Key Findings

## 57.9%

of respondents have cited that **Operational Excellence methodologies are growing in popularity**. This supports the demand for process re-engineering and business transformation to adapt to new advanced technologies and customer demands.

### THE TOP



key drivers of growth in Business Transformation & Operational Excellence are **rising customer expectations, a more competitive landscape, and the impact of digitalization** along the whole value chain.

## 53.1%

of respondents cited their top critical challenge within Operational Excellence remains squarely around **changing & improving the company culture**.

## 44.3%

of organization are utilizing Operational Excellence methodologies to achieve **Customers Delight**, which is now a front and center focus of Operational Excellence programs. Customers want **all the friction taken out of their customer journey**.

## 40%

of respondents have an **enterprise-wide Operational Excellence deployment program**.

## 23.2%

of respondents cited their top critical challenge was a **lack of leadership understanding and buy-in**. Without buy-in there will be no role models, no budget, resources and no commitment to a long-term program.

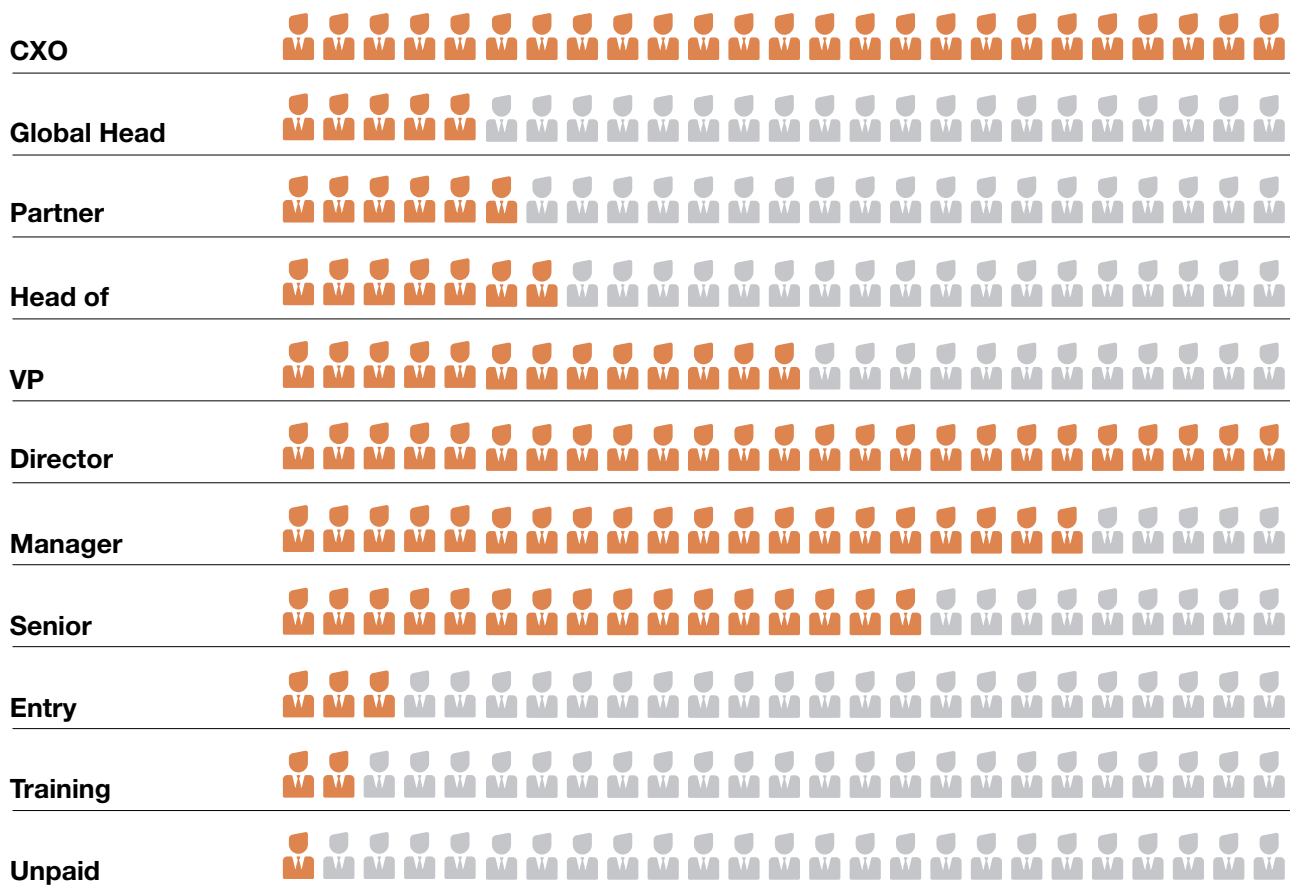
## 35.6%

of respondents cited their top critical challenge was **executing sustainable Operational Excellence projects**. One potential reason, was due to lack of full-time OE leaders and coaches at the business unit level holding people accountable to new project designs.

# About Our Respondents

This report is the most comprehensive state of Operational Excellence report ever conducted with input from across 86 industry sectors, 42 job functions, 11 seniority-levels, all 10 major regions of the world, and organizations of all sizes and types from public, privately held, to government agencies and nonprofits.

## Seniority Level



The majority of our respondents are senior-level executives with over 29% at CXO, Global Leader, or Head of level or other senior corporate level positions, and over 30% at VP & Director-Level. Another key representation was Managers within continuous improvement roles at 17%, and business owners and partners at almost 20%.

## Key Operational Excellence Job Titles from the Survey

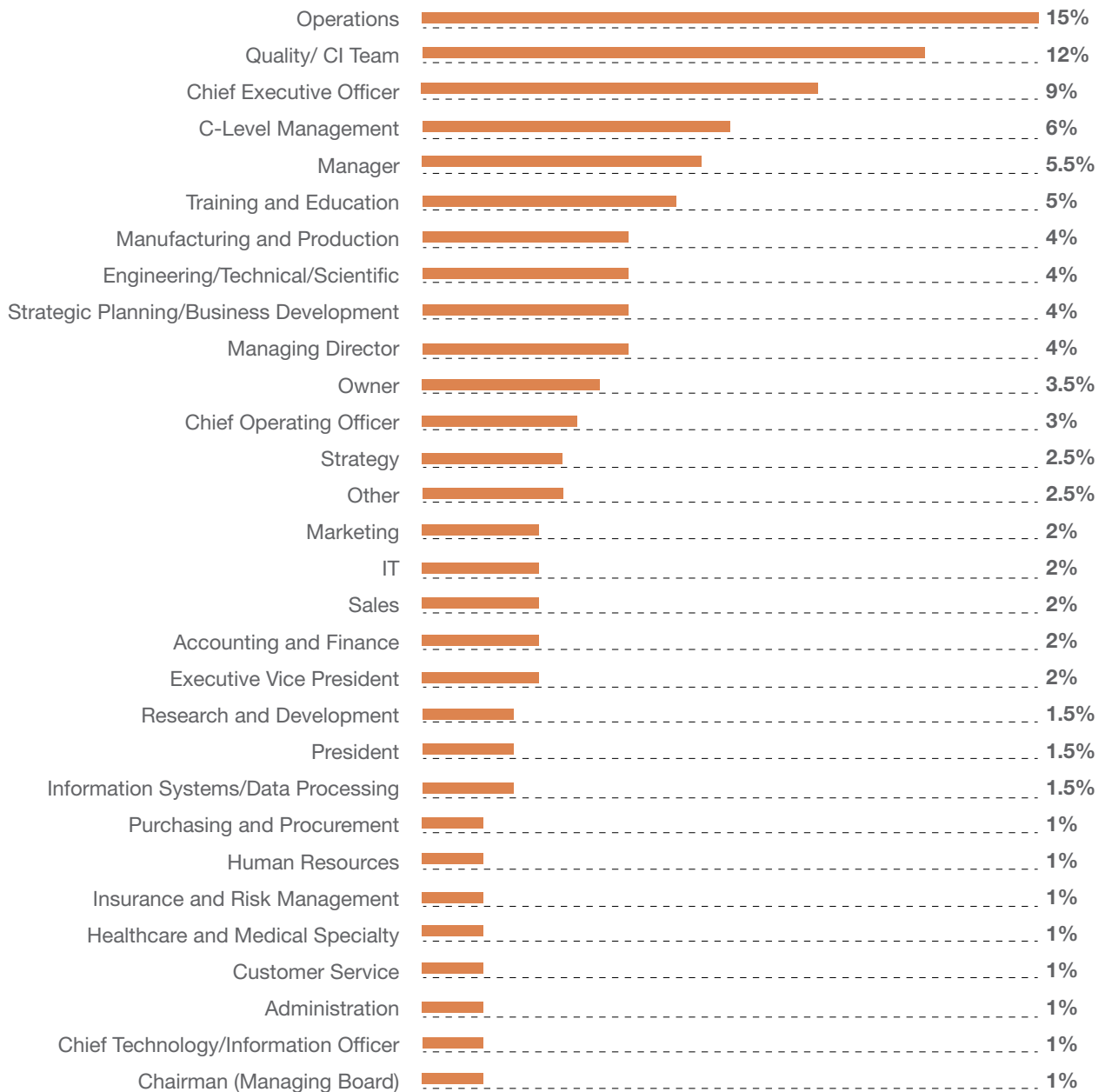
CEOs, COOs, Chief Excellence Officers, Presidents, Managing Directors

Global Heads, Heads of, EVPs, SVPs, VPs, Directors & Managers of Business Excellence, Business Transformation, Innovation Excellence, Productivity, Operational Excellence, Continuous Improvement, Process Excellence, Process Engineering, Strategy Execution, Change Management, Customer Experience, Lean Enterprise, Capability Excellence, Process Optimization, Process Management, Process Analysis, Enterprise Risk Management, Production & Logistics, Lean Six Sigma, Process ReEngineering, Performance Excellence, Manufacturing Excellence, Plant Safety & Clinical Excellence.



## ► Our respondents

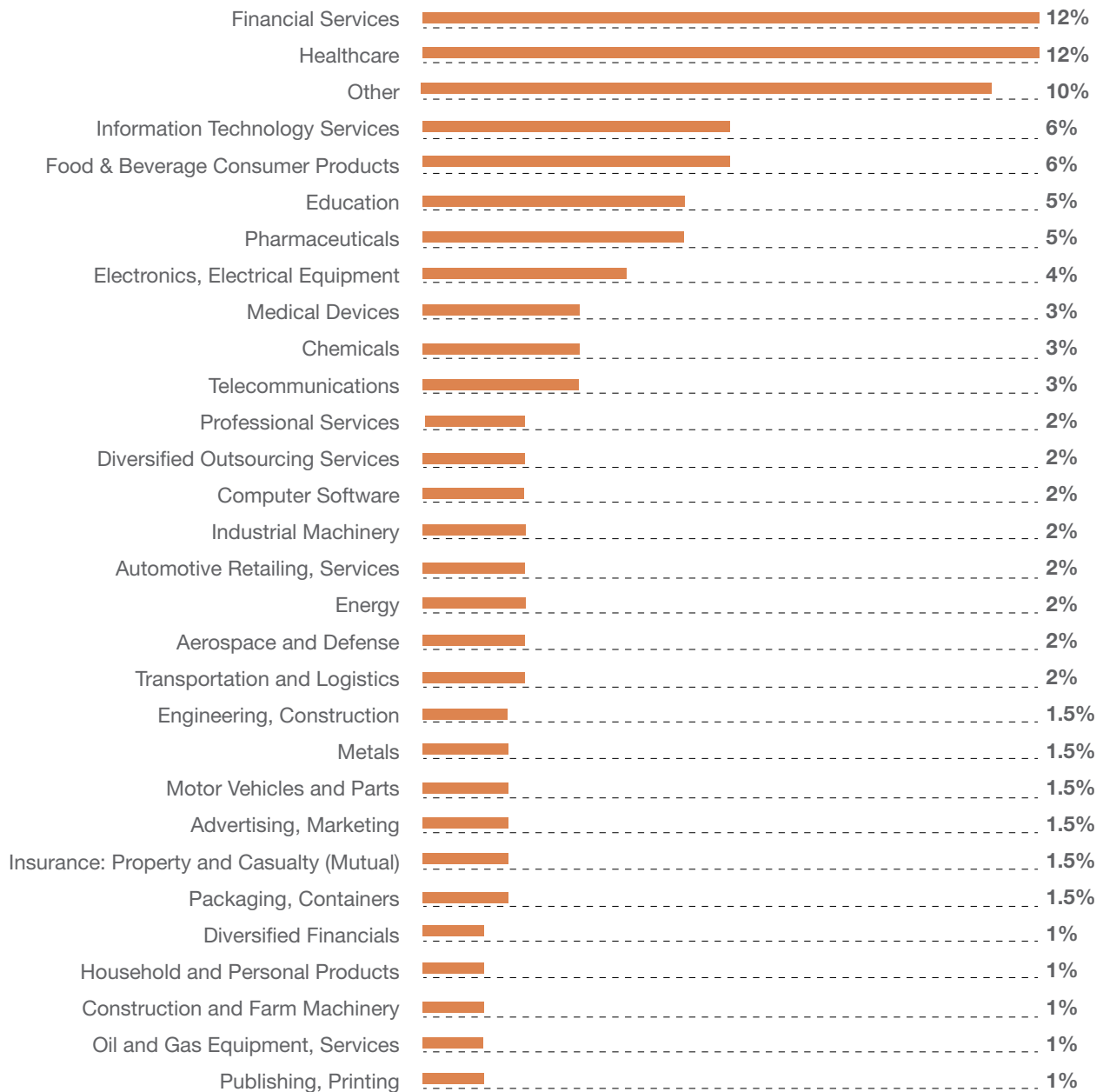
## Job Function



The job function spread shows the leadership and deployment of improvement projects is across all key functions of the business. The significant ones being Operations at 15.6%, C-Level/Leadership Team at 14.6%, Dedicated Quality/CI Unit at 11.8%, followed by areas such as Engineering & Manufacturing & Production, Strategy, IT, Marketing, Accounting & Finance, and Sales.

## ► Our respondents

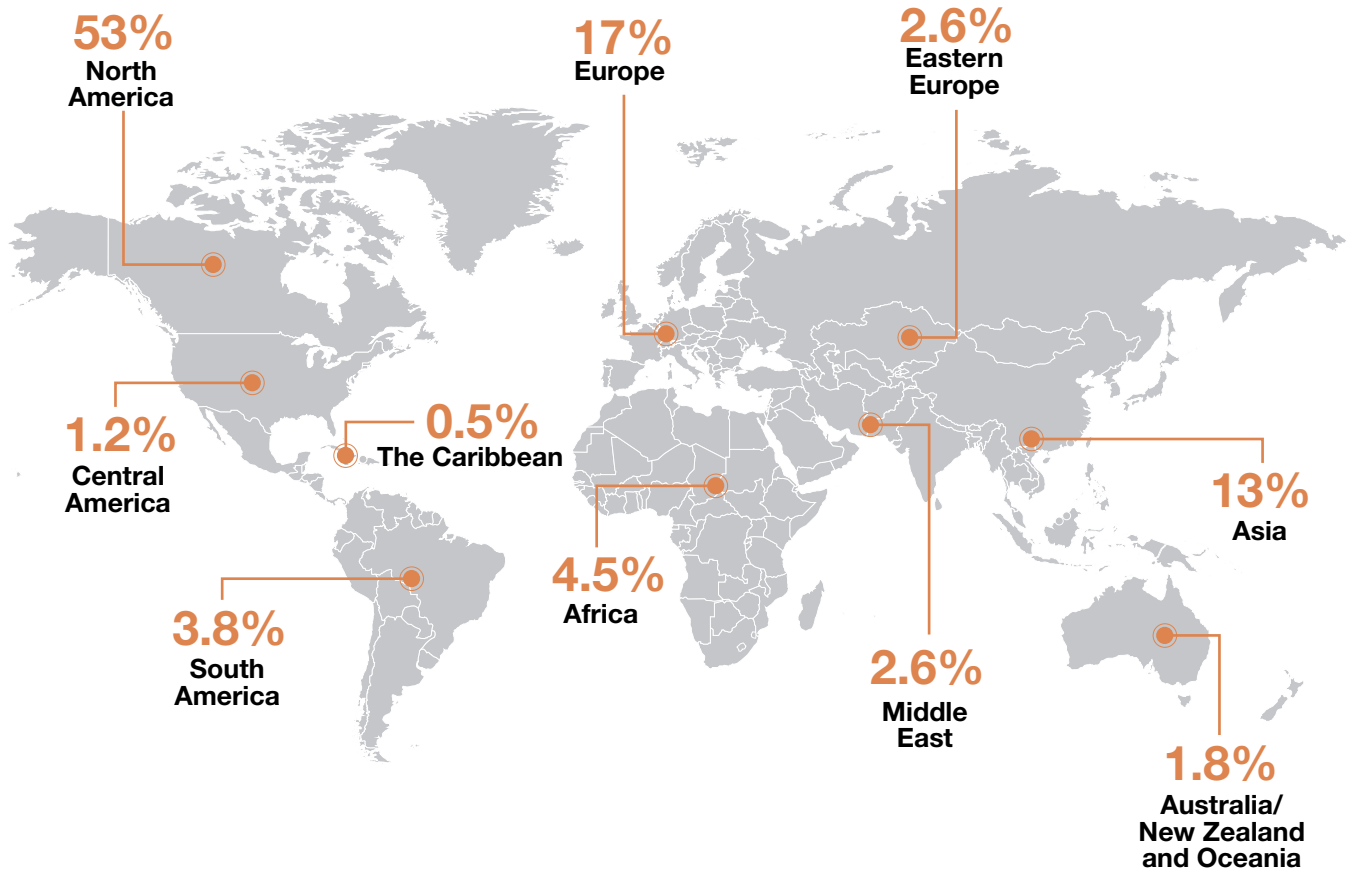
## Industry Sector



With representation from over 65 industry sectors, this report presents the views from across most industries, as well as perspectives unique to individual industries. It further demonstrates the penetration of continuous improvement programs across most major industries.

## ► Our respondents

## In which region are you based?



Whilst North America represents over 53.6% of all responses, we have significant representation from the 9 other major regions of the world, including Europe at 17% and Asia at 14%.

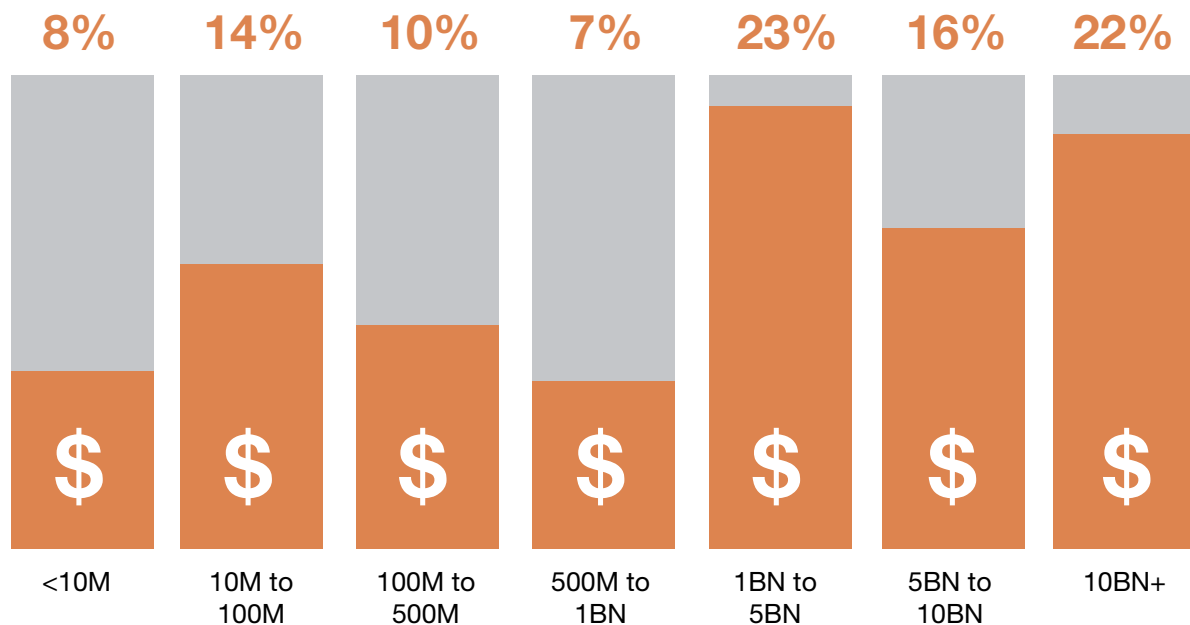
► Our respondents

## Number of Employees



43% of respondents came from companies with over 5000 employees with nearly an equal amount from small companies, and 16% from medium sized companies with over 1000+ employees. Please see the section of the report with the responses presented from each of their perspectives.

## Annual Revenue



On analysis of the responses above one of observations that came out loud and clear is that **size does not have any correlation to the maturity and success of an Operational Excellence program**, which varies greatly whatever the size of the organization, and interestingly varies by the industry sector, with some sectors being more advanced than others. For example, according to the data oil and gas companies are still at level 1, focussed on Operational Disciplines and improvement methodologies from the 80s and very silo orientated with no interest in enterprise-wide application; whereas software companies are focussed on Agile, Lean, Six Sigma and its application on Innovation Acceleration.



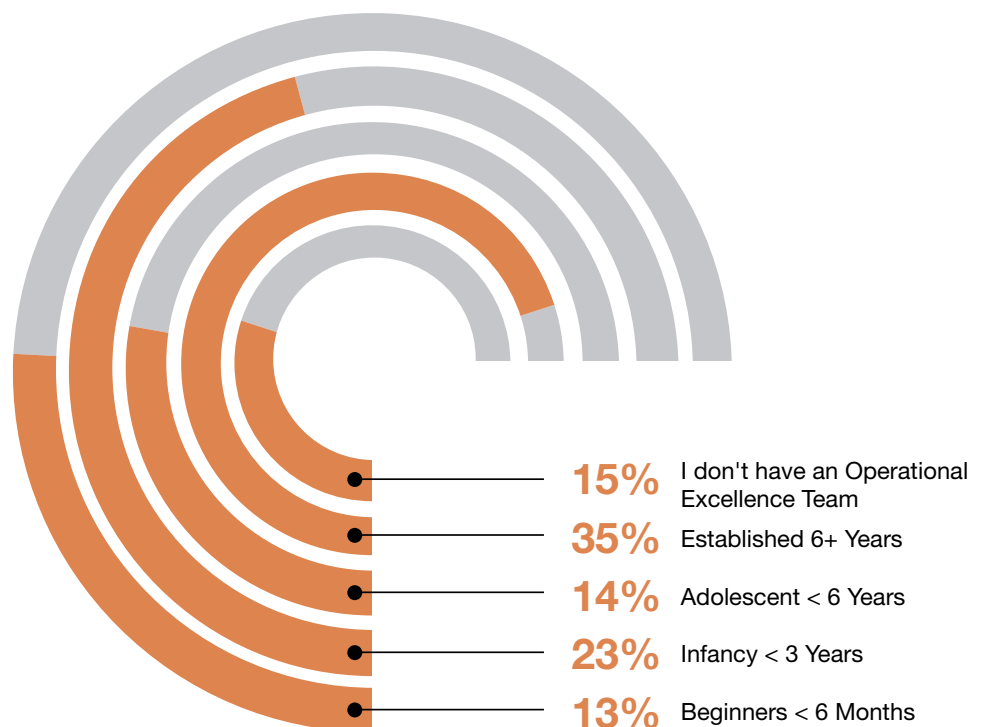
## What is the current scope of your Operational Excellence Program?



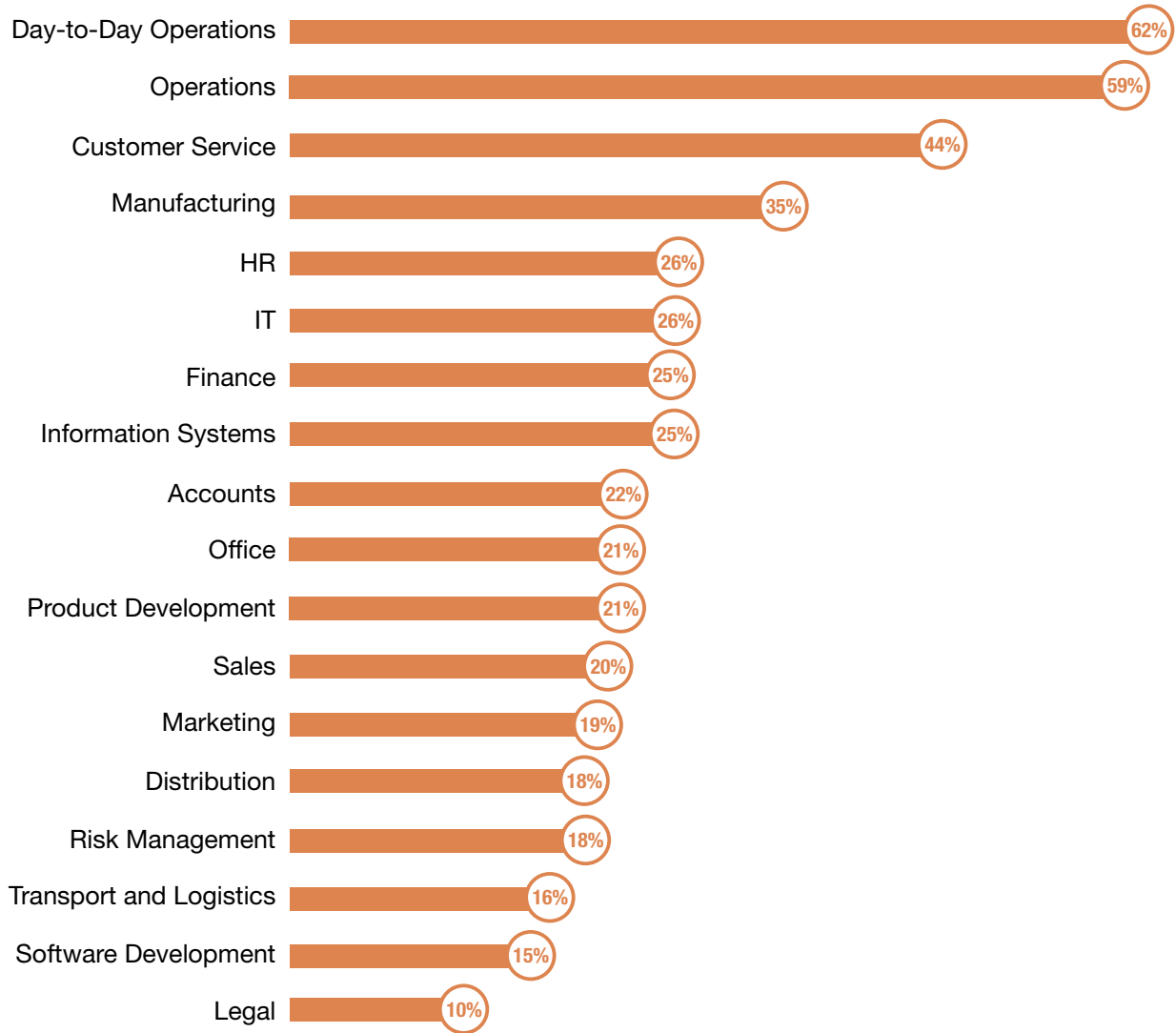
Over 40% of respondents have an enterprise-wide Operational Excellence deployment program, which is impressive to say the least. However, Operational Excellence deployments have a long way to go before they are embraced across all industries and all departments. Leadership buy-in, cultural transformation, dedicated coaches, and sustainable execution are all key factors in this.

## What is the maturity of your Operational Excellence team?

The enterprise scope of a program is somewhat correlated with the maturity of the Operational Excellence team. It takes a long-time to establish a strong leadership team, that can then develop a successful Operational Excellence program across all business units, silo functions, and departments.



## Where in your organization are you utilizing Operational Excellence methodologies?



With day to day operations and operations in general dominating the utilization of Operational Excellence, some interesting areas to note: Customer Service is still continuing to dominate and the other utilization areas are almost similar to the prior year, with the notable exception of **HR which has moved up from 11th in the rankings to 5th place.**

There is utilization across all departments which partly correlates to the large number of enterprise-wide programs. It is pleasing to see the spread from legal, finance, office environments, sales, marketing, and risk management.

# Demands Of The Customer Are Changing

Vijay Bajaj, CEO, BTOES Insights

Operational Excellence within Customer Service, Support, Experience and ultimately Delight is clearly a rising key focus area that should not surprise.

Smart companies, predominantly in the B2C space are already focussing on the delight stage of the customer journey, They understand that this is where the biggest ROI is today.

AirBnB, Zappos, Purple, Warbey & Parker Eyewear, Spotify, Dollar Shave, Trunk Club, Lyft, Uber are just a few of the startups that are all less than 10 years old, and all essentially selling commodities and relatively undifferentiated products, but they are all growing at exponential rates, because they have **taken out all the friction in their customer journey**, developed a WOW customer experience, and reimagined their industries. Their businesses, policies and procedures are all focused on **Customer Delight**, and their whole organization including their traditional sales and marketing departments are all designed to focus on delight.

As three respondents put it:

“Serving our customers is a team sport and everyone in the value chain needs to understand their impact on our ability to win”

“Changing customer demand dictates the way we deliver our services, everything else follows”

“The market is being filled by new entrants, customers have many choices now. Previously only 3”

Before your product had to be 10 times better than the competition, now it is **your customer experience that has to be 10 times lighter than the competition**. Before, it was usually the best product that won, now the best customer experience wins. Before it used to be what you sold and now it is how well you sell.

Companies like Apple and Amazon have led the way, providing a frictionless customer journey and experience, where there is no need to talk to a single human.

As one respondent put it

“Thanks to companies such as Amazon and Apple, they now expect every organization to deliver products and services swiftly, with a seamless user experience”

**In the B2C space the train has left the station, if you are not doing this, your business is already being disrupted.**

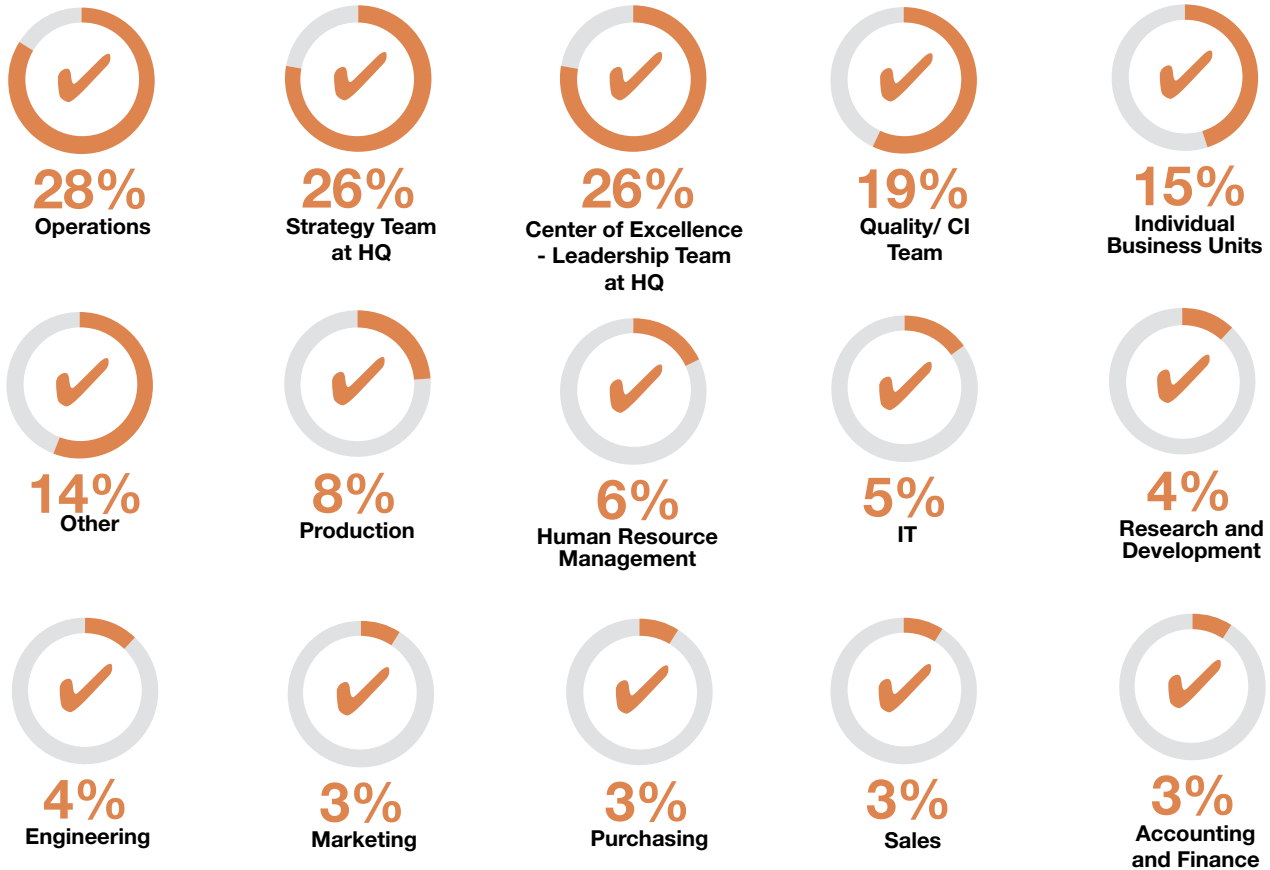
In the B2B space there is still massive opportunity to focus on customer delight and gain competitive advantage. By creating a low friction customer experience, where there are minimal handoffs between people, where close to 80% of customer interactions can be self-service. The key is to focus investment on making the customers more efficient, and particularly invest in automation, where humans now only handle the complicated cases, the exceptions, and employees have cross functional knowledge, to avoid hand-offs.

Customer delight, generates the power of word of mouth, in particular with the amplification of social media, and is where the biggest ROI is generated today; as compared to traditional marketing or sales practices. Word of mouth should be a key part of any business strategy, by designing a frictionless customer journey.

Simply put, **we are in the age of the customer**; customers expect you to know them, and Operational Excellence professionals need to be digital enablers. The pace of digital automation to enhance the customer experience, and reimagine industries, and the new breed of technologies deeply rooted in knowing who your customers are and how they behave are already here, and need to be part of any process re-engineering and business transformation.

Executive leaders need to be aware that they are in a market where decisions or lack of decisions now on customer experience will have great consequences.

## Which department is responsible for Operational Excellence?



It was pleasing to see that over 52% of respondents cited their organization has either a Center of Excellence - Leadership Team or Strategy Team at corporate level HQ responsible for Operational Excellence. This ties in with the other reported data i.e.

- The scope of the program, with over 40% of respondents having an enterprise-wide Operational Excellence deployment program
- The maturity with over 33.9% having an established Operational Excellence team for over 6+ years
- The utilization across all departments of the organization.



## Which do you think best matches the wide perception of Operational Excellence Methodologies right now?



Overwhelmingly, 58% of respondents have cited that Operational Excellence methodologies are growing in popularity. This supports the demand for process re-engineering and business transformation to adapt to new advanced technologies and the demands of the customer of a friction-free customer experience, and to create a framework, structure and discipline around top growth areas, such as innovation acceleration, customer journey mapping, strategy execution, sales and marketing and much much more.

# What is Digital Intelligence

Drive process improvement through cognitive awareness  
to streamline operations, optimize decisions and drive automation



# The ABBYY Advantage

New approach to  
Process Intelligence

AI Powered Document Skills Library  
Drag, Drop, Deploy

Seamless integration  
with RPA and BPM tools

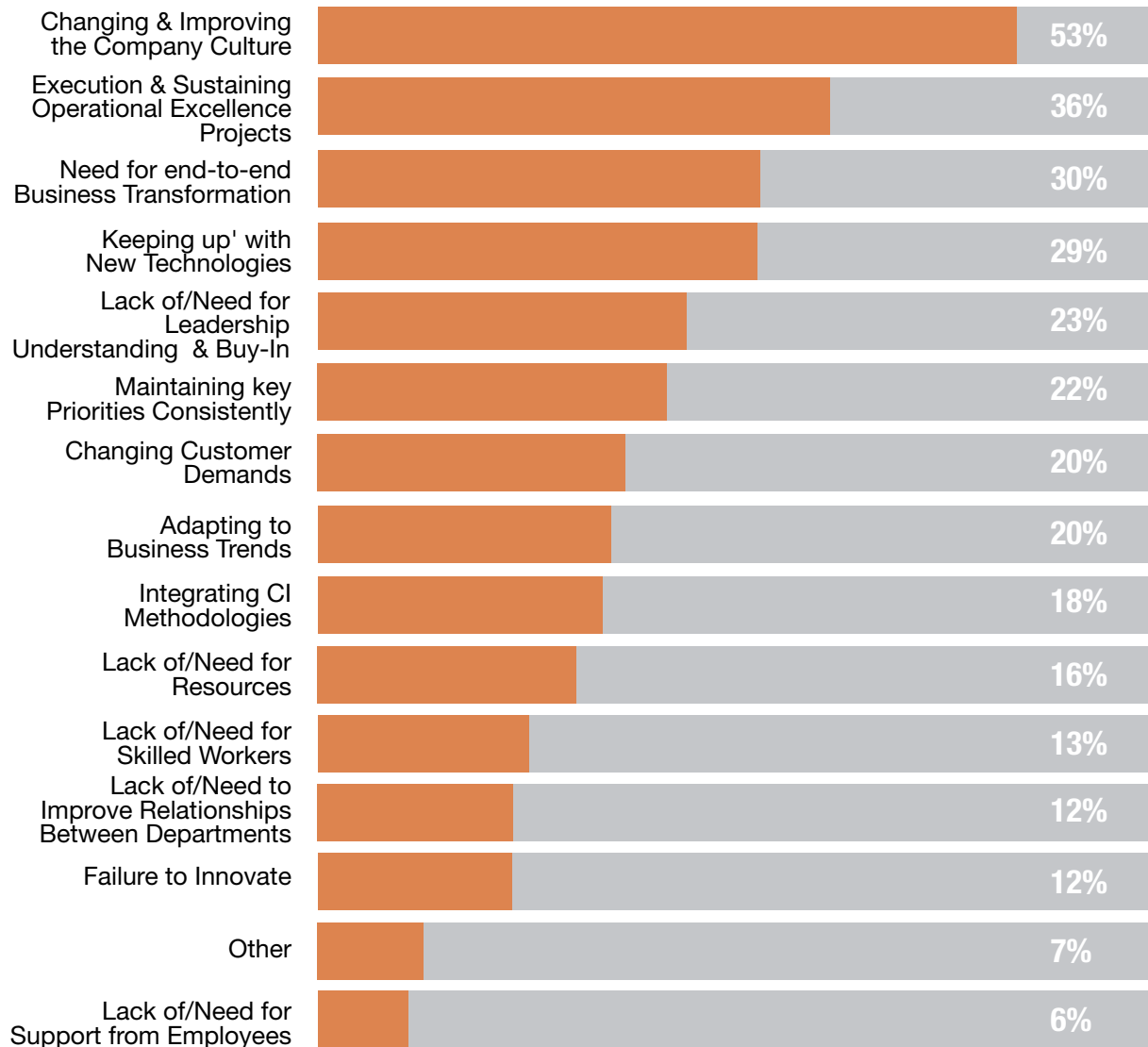


**ABBYY**

Digital  
Intelligence

For more information visit [abbyy.com](https://abbyy.com)  
or contact [intelligence@abbyy.com](mailto:intelligence@abbyy.com)

## What are the 3 most critical Operational Excellence-focused challenges affecting your job role right now?



The challenges within Operational Excellence remain squarely around changing & improving the company culture with over 53.1% citing it as a critical challenge.

A successful change management program with cultural transformation at its heart, will in turn drive more sustainable Operational Excellence Projects, a critical challenge for 35.58% of respondents, and help drive an end-to-end Business Transformation program, a critical challenge for 30.7% of respondents, which will in turn drive a willingness to embrace new technologies and digital enablers, a critical challenge for 28.5% of respondents.

However, without leadership understanding and buy-in, a critical challenge for 23.18% of respondents, you can never achieve a successful change management and cultural transformation program. Hence, leadership understanding and buy-in has to come first.

Clearly, from the above, you can see the top 5 critical challenges are all interlinked, and having leadership buy-in, and developing a successful cultural transformation program will resolve a number of the other challenges identified in this report.

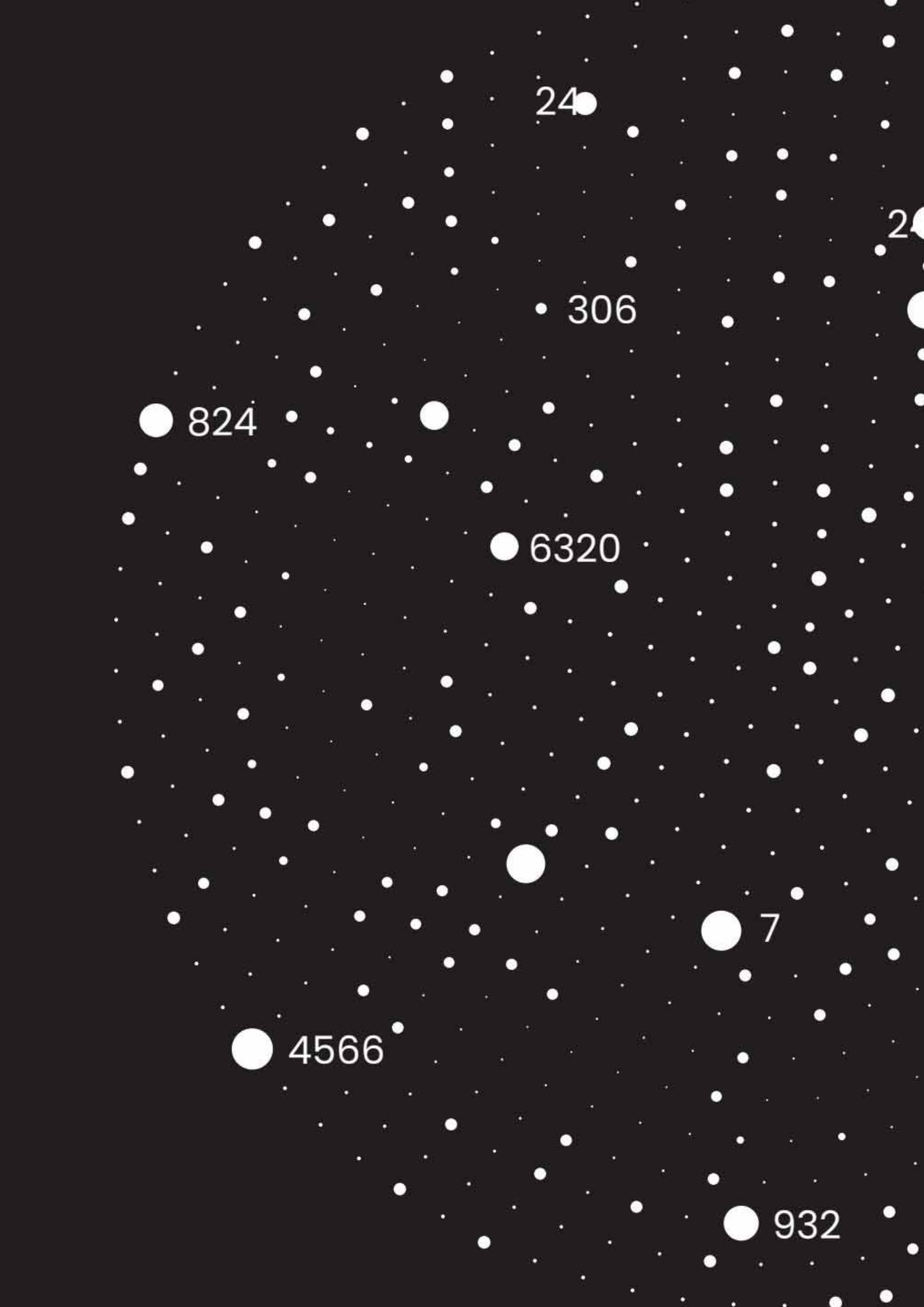




# From Data Analytics to Data Execution

Unlock your company's full capacity

[celonis.com](https://celonis.com)



24

24

306

824

6320

7

4566

932

# Business Transformation & Operational Excellence World Summit & Industry Awards (BTOES)

The Largest Premier Cross-Industry Gathering of  
Business Transformation, Digital Transformation,  
Operational Excellence, & Innovation Excellence  
Industry Leaders & Senior Executives

**Register now**

Solve your greatest challenges



[btoes.com](https://btoes.com)

# Open Responses

**The next section is a selection of the responses from the following open ended questions.**

Which of these do you believe is the most crucial, critical challenge?

What is your primary measure of success for your Operational Excellence program?

What will be your Operational Excellence focus over the next 12-18 months?

What do you believe to be the greatest development for Operational Excellence in the past 5 years?

What are the key drivers pushing change in the Operational Excellence Ecosystem?

Responses have been selected to ensure they each add new impactful context to the question.





## Which of these do you believe is the most crucial, critical challenge?

### Featured Responses

This company's culture would fit nicely about a decade ago. We cannot continue to ask for improvements in technology and support processes and allow for the rest of the company (HR and Executive teams) to work under an Old Power model.

**Associate Director - Video Operations**  
Information Technology Services

Execution & Sustaining Operational Excellence Projects. This is most crucial for our company at this point because we have made vast improvements in our skilled workforce, company culture, and strategic planning over the last few years. Unfortunately, many of these plans fail to materialize for a lack of skill and methodologies for developing, executing, and sustaining operational excellence change plans (projects). More strength in this area could be revolutionary for us.

**Director, Organizational Development**  
Computer Software

End to End business transformation. We've locked value into how we do business via inefficiencies in our systems. Extracting that value is critical, and Operational Excellence is an element in the strategy to do this.

**TES Director USGC and Maintenance Expertise Center**  
Chemicals

At this point keeping up with new technologies and implementing them quickly has been a problem that prevented us from capturing the benefits of external innovation.

**Business Integration - Associate Services**  
Food & Beverage Consumer Products

Lack of Leadership: leaders are overloaded, it's necessary to have a dedicated leader who can control the overall Excellence program.

**APU manager**  
Automotive Retailing, Services

Buy Clients Adapting Maturity Level Operational Excellence  
Necessary Leadership Buy-in Strategy Support  
Failure to innovate Execution Maintaining Key Priorities  
Customer Organization Culture Skilled Workers  
Sustaining Change Management  
Business Transformation Departments Resources  
Quality Leadership Buy-in Industry  
New Technologies Improve Relationships Integrating

Committed leadership, changing and improving the company culture, sustaining the program and the new process designs, embracing new advanced technologies, and having an end-to-end business transformation program are currently the biggest challenges faced by Operational Excellence professionals. Cultural transformation is the hardest thing to do, it is currently the greatest progress limiter, hence why it is the top critical challenge Operational Excellence professionals need to address.



## Which of these do you believe is the most crucial, critical challenge?

Below is a selection of the responses from the above open ended question. Responses have been selected to ensure they each add new impactful context to the question. For this question, responses have been grouped into key themes.

### Changing & Improving Company Culture

Changing & Improving Company Culture: We are at a crossroads in Canada, with large scale health authority restructuring to form effective governance structures that are aligned to serve a 4.7 million populace. Culture change is critical.

**CEO & Founder**

**Health Care: Medical Facilities**

Changing & Improving Company Culture, the elements are present but not every leader is consistent on the message of continuous improvement.

**Site Director Operational Excellence**

**Pharmaceuticals**

Changing and Improving Culture. Your best assets are your people: You need everyone rowing in the same direction to drive this type of change.

**President**

**Financial Data Services**

Changing and Improving the Company Culture: As a 50 years + company we have to adjust to the new, more competitive environment and need to get everybody on board to increase productivity and accountability of employees.

**Special project and operational excellence**

**manager**

**Metals**

Changing culture. If our culture is not one of continuous improvement and respect for individual, any tools or project we put in place will not be sustainable.

**Director of Operational Excellence**

**Health Care: Medical Facilities**

Changing/Improving Company Culture ...because culture trumps everything.

**Vice President Operational Excellence**

**Medical Devices**

Culture of Excellence to create, maintain and sustain organisational development, performance improvement and sustain growth.

**Chief Executive Officer**

**Miscellaneous**

Culture: No matter how good your CI program is, if the company is not ready to adopt and transform, it will not fly.

**AVP**

**Financial Data Services**

I believe that culture is the start and end of any company. The going concern requires that the

company can adapt to changing business environments and continuously improves and innovates. If the mindset of the company is to stick with what is successful at the start, the company will fail with the passing of the founding team.

**Management Consultant**

**Information Technology Services**

Improving culture as it holds us back and prevents new thinking.

**Org design specialist**

**Chemicals**

This company's culture would fit nicely about a decade ago. We cannot continue to ask for improvements in technology and support processes and allow for the rest of the company (HR and Executive teams) to work under an Old Power model.

**Associate Director - Video Operations**

**Information Technology Services**

To have senior management commitment; Many CEOs focus on customer needs and financing and do not see business transformation as necessary.

**President**

**Miscellaneous**

### Execution & Sustaining Operational Excellence Projects

Executing & Sustaining OpEx Projects: there are 5 strategic imperatives that need to be successfully implemented for our business strategy to work, and effective, consistent use of OpEx will be a key part of each one.

**sr Director, Change Leadership**

**Insurance: Property and Casualty (Stock)**

Executing and Sustaining - there are lots of great ideas but executing them, and ultimately sustaining the improvements is very difficult, as most cultures want to move on to the next challenge once they feel they have implemented an improvement, and they also feel that once implemented it will not fail, so won't put any effort into sustaining.

**President**

**Miscellaneous**

Execution & Sustaining Operational Excellence Projects. This is most crucial for our company

at this point because we have made vast improvements in our skilled workforce, company culture, and strategic planning over the last few years. Unfortunately, many of these plans fail to materialize for a lack of skill and methodologies for developing, executing, and sustaining operational excellence change plans - (projects). More strength in this area could be revolutionary for us.

**Director, Organizational Development**

**Computer Software**

There is a strong tendency to start OPEX projects and then in 1-2 months decrease it down to several to-dos, without serious OPEX effect. Managers prefer to show off the activity and then neutralise whatever is external to their function even on cross-functional projects.

**Head of Performance Improvement Back Office**

**Commercial Banks**

Execution and sustaining OPEX - We spent a lot of funds and plenty of effort in the program, but we failed to see bottom line results - things just went back to the way they were.

**CI Manager**

**Food & Beverage Consumer Products**

Operational Excellence as a function has reached its saturation peak and now it is the age of Digital Disruption. Leveraging Ops Excellence would involve doing Design Thinking to understand customer needs and then integrating concepts of variance reduction leveraging Lean Six Sigma to design the "Ideal Process" - this should then go through the digital transformation.

**Assistant Vice President - Operational Excellence**

**Diversified Outsourcing Services**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► Which of these do you believe is the most crucial, critical challenge?

Sustaining OpEx programs. How to live a culture of consequence management with clear KPIs and empowerment.

**Wepa**  
Financial Data Services

Sustaining OpEx projects. Changing the

behaviors of Managers and Leaders to support the change in the systems they sit over.

**Principal Consultant**  
Miscellaneous

Ever-changing headcount and personnel continuously changes the dynamics of how our

OpEx works effectively. Continuous retraining, and refreshers are necessary to bring new personnel up to pace, and encourage senior personnel to maintain.

**Sr. Technical Specialist, Municipal Market Development**  
Industrial Machinery

## Need for end-to-end Business Transformation

Business transformation in order to keep up with changing customer (internal and external) demands.

**Continuous Improvement Program Manager**  
Insurance: Property and Casualty (Mutual)

End-to-End Business Implementation  
Operational Excellence can't be grown to full potential and sustained if it is not part of the normal business.

**Innovation Director**  
Electronics, Electrical Equipment

End-to-End Business Transformation is the biggest challenge. Managers have to come out of the short term "Cost Saving" mindset doing silo projects, rather should drive Value Stream Transformation to improve flow.

**Director Lean Six Sigma**  
Electronics, Electrical Equipment

End-to-End business transformation requires thoroughly understanding of both the value chain impacts, critical paths and value streams to influence.

**Owner and Co-Founder**  
Hotels, Casinos, Resorts

End-to-End Business Transformation, serving our customers is a team sport; Everyone in the value chain needs to understand their impact

our ability to win.

**VP - Ops/Supply Chain**  
Household and Personal Products

End-to-End business transformation. We've locked value into how we do business via inefficiencies in our systems. Extracting that value is critical, and Operational Excellence is an element in the strategy to do this.

**TES Director USGC and Maintenance Expertise Center**  
Chemicals

End-to-End transformation. Having our commercial team not on the same journey creates challenges on the ways of working and the priorities.

**VP Opex**  
Food & Beverage Consumer Products

Need for End to End Transformation. We are on the way to doing this but it is painfully slow. We are integrating Agile and Data Science where needed to help accelerate.

**Six Sigma Master Black Belt**  
Computer Software

Implementation is critical in a company of our size (450,000 people). We need to look for sustainable ways to implement and gain buy in from operations people.

**SVP BIGS**  
Food Services

Good outcomes happen when business units are merged together. Some challenges do occur relating to the integration of cultures and expectation of business transformation. Business transformation, the recipe to continued success, is in my opinion most crucial.

**VP of Operations/Site Lead, Analytical Instruments BU**  
Electronics, Electrical Equipment

Small to medium businesses need end to end Business Transformation for massive net benefits but sadly less than 1 percent are doing it.

**Founder**  
Computer Software

We have people in our organization leading out Transformation without real knowledge of Lean...they can't do it. And our senior leaders are very hesitant to incorporate a Lean expert into senior ranks.

**Senior Lean Consultant**  
Financial Data Services

## 'Keeping up' with New Technologies

At this point keeping up with new technologies and implementing them quickly has been a problem that prevented us from capturing the benefits of external innovation.

**Business Integration - Associate Services**  
Food & Beverage Consumer Products

Keeping up with new technologies. New technologies are constantly being released into the corporate world without enough maturity, testing and validation. What used to be trustworthy standards are no longer being "favored" by the new culture of young "technology oriented" leadership found at all

levels of customer companies. Just the fact that it is the "newest" or the "latest" makes these immature, incompetent managers think they have the solution to everything. However, results show the contrary.

**President**  
Health Care: Medical Facilities

Keeping up' with New Technologies - some key basic infrastructure shared globally is severely outdated, disrupts workflow and limits building bridges to new system/technologies.

**Director, Operations Emerging Business Models**

**Publishing, Printing**

Keeping up with New Technologies - The processes are more digitized and need to be available on demand to the right stakeholder with the right info for effective decision making.

**Global P2P Manager**  
Household and Personal Products

New technologies are being introduced so rapidly that we must have a methodology for integrating them.

**Managing Partner**  
Diversified Financials

## The Global State of Operational Excellence Critical Challenges & Future Trends



### ► Which of these do you believe is the most crucial, critical challenge?

## Lack of/Need for Leadership Understanding & Buy-In

Buy in from Management. No Operational Excellence journey can happen without Management leading it.

**Quality Analyst**

**Forest and Paper Products**

C-level Leadership buy-in. Only their priorities can get done in busy healthcare.

**SVP**

**Health Care: Medical Facilities**

Lack of leadership understanding because the leadership team are role models for the rest of the business.

**Director**

**Miscellaneous**

Lack of Leadership: Leaders are overloaded, it's necessary to have a dedicated leader who can control the overall Excellence program.

**Director**

**Miscellaneous**

Lack of/Need for Leadership Understanding & Buy-In - The CEO should initiate implementing operational excellence programs. At the same time, he should be a role model in operational excellence.

**Senior Content Marketing Specialist**

**Information Technology Services**

Leadership buy-in the and the agreement flowing down to people on the floor is the most crucial aspect. If this doesn't happen OPEX cannot build a foundation!

**Sr Project Manager**

**Electronics, Electrical Equipment**

Lack of Understanding and/or buy in. Leaders know we need it but don't understand what "it" is and how to execute "it".

**Director Business Process: Marketing**

**Internet Services and Retailing**

Leadership understanding & buy-in; must recognize the value of OpEx as a long term

investment with substantial reward, need commitment to maintain the conversion effort, and must "walk the talk" as leaders.

**Founder & Lead Consultant**

**Education**

Leadership understanding and buy-in. Sustaining and Integrating the operational excellence methodology into the fiber of the organization would be smoother if and when there existed continuous & regular follow-up. Understanding and accountability on the leadership.

**Business Improvement Manager**

**Airlines**

Leadership, without an understanding of and ability to drive Operational Excellence and the Culture to support and sustain, it will not happen.

**Owner**

**Education**

## Maintaining Key Priorities Consistently

Maintain priority - client support is 1, prospects are 2, improvement and systems are down the list.

**CEO/President**

**Information Technology Services**

Maintaining key priorities and deliver what has been planned. Change the management way of doing things by adapting the lean Agile.

**Principal**

**Information Technology Services**

Maintaining key priorities and monitoring the progress on those priorities is the most crucial for us at the moment. We have problems with focusing on what's crucial and also giving up on things that distract us.

**Group Business Transformation Director**

**Publishing, Printing**

Reconciling competing priorities and agendas remains a top priority. Trying to execute OpEx initiatives without explicitly aligning well intentioned stakeholders with competing agendas makes things difficult.

**Client Partner**

**Pharmaceuticals**

## Adapting to Business Trends

Adapting to business trends: The Software team is very slow to respond to innovation which has a ripple effect on the operations at all levels.

**Chief Operating Officer**

**Information Technology Services**

Adapting to Business Trends- Continuous improvement and OpEx will usually optimize the present, but disruptive trends will put the initiatives quickly into reverse gear.

**EGM- Operational Excellence**

**Automotive Retailing, Services**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► Which of these do you believe is the most crucial?

## Demands of the customer changing

The changing demand of customers dictates the way we deliver our services, everything else follows.

**Partner**

**Information Technology Services**

Demands of customer - if they go away or we

don't reach them, we lose them.

**Director**

**Education**

Demands of Customer Changing: Customers demanding more customisation & faster

delivery.

**Business Mentor**

**Industrial Machinery**

## Integrating CI Methodologies

Integrating CI methodologies. Because of bias for black belt status resistance to integrated approach of various better methodologies.

**President**

**Education**

Integrating CI Methodologies. Many have had training in the tools, but choose to stop doing them after some time has passed. Difficulties in tying it to day-to-day priorities and work. Often still firefighting.

**Continuous Improvement Manager**

**Forest and Paper Products**

## Lack of/Need for Resources

It is getting more and more difficult to find available resources with the skills required to work on initiatives which are out of the scope of the daily business.

**CEO**

**Computer Software**

situation in Venezuela, talent drain is a challenge and is impacting the capacity to undertake OpEx work coupled with business priorities. Nonetheless, it is a priority and we are attacking head on the work ahead of us.

**Supply Operations Head**

**Food & Beverage Consumer Products**

Lack of/Need resources: Looking at the specific

## Lack of/Need for Skilled Workers

Lack of skilled workers - takes time to train and educate them.

**Regional Operations Director**

**Financial Data Services**

to time taken to train.

**Head of R&D**

**Medical Devices**

**CEO**

**Chemicals**

Lack of skilled workers- sapping capacity due

Skilled workers: particularly around machine learning.

## Lack of/Need to Improve Relationships Between Departments

Department relationships. We keep reorganizing and the resulting fallout is a tendency to protect your own turf and not work as closely with others as you could.

**Process Line Manager - Mineral Processing**

**Mining, Crude-Oil Production**

Lack of/need to improve relationships between departments. Hospitals are very complex enterprises. The care of patients is nonlinear and should flow throughout several departments. Each department needs to understand their role in this flow and their interactions.

**MD MBA**

**Hospitals**

Ability to bring together disparate functions across the organization.

**VP Procurement / Real Estate**

**Electronics, Electrical Equipment**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► Which of these do you believe is the most crucial?

## Failure to Innovate

Failure to Innovate - Innovation breeds sustainability, there is a need to ensure growth is steady and continuous.

**Head of Operations**

**Information Technology Services**

Failure to Innovate - still looking at incremental improvements vs transformational ones.

**Executive Director**

**Telecommunications**

Failure to innovate: This lead to a lack of ability to develop new solutions for our changing customer needs, and inability to sustain our competitive advantage.

**Risk Management Officer**

**Securities**

Innovation is the profitable exploitation of ideas. Whilst, innovation might be common currency in products, we see little innovation in Operations.

**Director**

**Education**

## Lack of/Need for support from Employees

Lack of support from employees, because everyone is heads-down to support their client engagements to absorb the philosophy of process-based organizational excellence.

**Manager, Performance Improvement**

**Advisory Practice**

**Pharmaceuticals**

Lack of support from Employees. Employee engagement is very important for implementing and sustaining the change. We want to do better in this area.

**Lead Management Engineer**

**Health Care: Medical Facilities**

Support of employees as they think new programs won't improve performance.

**Quality Manager**

**Industrial Machinery**



# The Critical Challenges Analysed

Vijay Bajaj, CEO, BTOES Insights

Change management and cultural transformation is critical to increase the pace of teams and organizations to make deep-rooted changes required to align with the impact of digitalization and embrace it, including bringing on board more digital enablers.

The right decisions can create extraordinary opportunity, but inaction can put companies in desperate straits.

In essence, culture is every day core values and behaviors of each member of the team in pursuit of the company mission and strategy. It is a shared way of doing things.

A quote from Gandhi, “your beliefs become your thoughts, your thoughts become your words, your words become your actions, your actions become your habits, and your habits become your values, and your values become your destiny”. In short, if you don't have a good culture in your company, your company won't have a good destiny.

It matters because it becomes the first principals you go back to when your employees conduct their daily responsibilities, focus on projects and make decisions, including hiring decisions. If you have a good strong culture and core values, you will know who you want to retain, and who you do not want to retain. Culture has to be a daily habit.

The results speak for themselves, the companies in the “Fortune 100 Best Companies To Work For” happen to **achieve a return in market annualised growth of 11.08%, twice the return of the average return of companies** in the S&P 500 and the Russell 3000 indices.

Good high trust company cultures are evident, particularly in meetings, team members do not focus on who's right, they riff of each other, and generate solutions that are better for the company. They trust they can have a debate and disagree, and get to the right answer, hold people accountable to things they committed to, to achieve results.

They focus on company first, then department, then team and then themselves. **Results is the major output of a company, and culture is the major input.**

Creating a culture aligned to the pursuit of the company mission generates a passionate team environment, you can see it and feel it when you visit companies that have done this well. As the old story goes, two people are laying bricks, and they were asked “what are you doing”, and the first replies “I am building a wall”, the second replies “I am building a cathedral”. The more people we have that believe in the mission, and not just a job, will strengthen the company culture.

Currently, the average lifespan of a company in the S&P 500 is only 14 years. To stay relevant companies more than ever need to adapt to rapidly changing business environments, continuously improve and innovate. If the mindset of the company is to stick with what is does, it will not flourish for long. Change is a necessity, and the right leadership buy-in and cultural transformation is at the heart of that.

## Cultural Transformation is Hard

Cultural transformation is the hardest to do, and it is the greatest progress limiter.

To highlight the difficulty of cultural transformation, most change initiatives don't achieve their objectives or are deemed unsuccessful, resulting in wasted resources and diminished moral. Research shows that amongst the many factors that contribute to poor results are change fatigue, too many priorities to focus on, top down dictating with no true employee engagement, this in turn leads to passive aggressive behaviors down the lower levels.

Culture is critical to the success of a change management program. Most companies do the formal change management items well, such as training, changing the reward structure, decision managements systems, process flows, performance management systems, but are poor at culture change. Culture is “how things get done around here” it is how your people think, believe, act, feel. Companies need to get good at these cultural aspects, or they won't impact the change process in the way they want to.

Some simple first steps would be to focus on the cultural strengths the company already has, and to unleash the power of the informal leaders who are trusted, motivated and believe in the mission. Another key is create an environment where all communication from all leaders and all channels is coherent, so each person in your organization knows what they need to do to make it happen.

As two respondents put it:

“The messaging on continuous improvement needs to be consistent, so everyone is rowing in the same direction”.

“It is critical to having the entire team on the same journey to avoid challenges on the ways of working and the priorities”

**Leaders also need to walk the talk and act the change in a visible way**, from the CEO and their executive leadership team, to the middle managers, so the entire organization can see we are going to do things different. Role modelling is critical. It is also important that the front line staff are engaged and they are part of the change team, and their culture and change counsellors are at hand to give expert advice. This will lead the organization closer to the all important culture of sustainability where employees are continuously practicing the right way of solving problems.

It is important that people fully understand the company mission, strategy and targets, and it resonates with them and means something to them. This is the all important why, and **Operational Excellence will help put the right systems and processes in place to reinforce the new set of behaviors.**

However, the transformation journey is long and hard, and you are bound to get a dip in energy, but things that will create energy will be the story, the why that resonates with each individual and the quick wins. It is also important to make tough decisions on people if they don't have the right capabilities or fail to change their mindset and behaviors.

The organization should focus on bringing in the right new

skills, this report shows they need to rebalance their team with digital enablers who are ready, happy and know how to embrace new advanced digital technologies. They need to develop leaders and getting the best talent to rise to the top, so they can focus on what is critical to the business.

### **Lack of/Need for Leadership Understanding & Buy-In.**

Leadership understanding and buy-in is a constant challenge, and continues to be the number one cause for failure in operational excellence projects and programs. Presenting strong ROI from Operational Excellence and process re-engineer programs aligned with key strategic objectives, will go a long way, as well as a strong Global Leader at corporate-level who is banging the drum for the business units.

Leadership buy-in is a must to shift the culture significantly, which then drives engagement. Leadership buy-in is critical to ensure Operational Excellence programs have the budget, resourcing and dedicated people available to work on the initiatives.

Importantly, the executive leader must be a dedicated Operational Excellence professional, but surprisingly many organization struggle with this, as one respondent mentioned “We have people in our organization leading out transformation without real knowledge of Lean...they can't do it. And our senior leaders are very hesitant to incorporate a Lean expert into senior ranks”.

If dedicated operational excellence professional are struggling with leadership buy-in, they need to be clear about which leader to approach, why it would be worth their time, what actions they want them to take, and how they are going to put forward a strong business case to sell this to them.

No Operational Excellence journey can happen without leadership understanding or buy-in. The leaders must be the role models for the rest of the business.

The problem is that leaders are overloaded and time-poor, so hence it is absolutely vital to have a full-time dedicated leader at executive corporate level who can control and direct the overall Operational Excellence program. They will ensure the board sees the value, the results, and ensure the right resources and budgets are put in place.

It is not just leadership at the corporate level, Operational Excellence personnel at the business unit level needs buy-in from the business unit GM's before there is any sense in trying to implement any improvements or cultural changes.

A key problem is a number of non-dedicated Operational Excellence leaders have little awareness and understanding of OE methodologies and where / how to deploy them. As a respondent pointed out "Leaders know they need it, but don't understand what "it" is and how to execute "it". They need to be educated to a basic standard, a beginners Lean workshop or Green Belt training will shed a lot of light on the value of these methodologies". The key is they must recognize the value of OpEx as a long term investment with substantial reward, otherwise they will not maintain the commitment. They must "walk the talk" as leaders, otherwise cultural buy-in will not occur.

Leaders need to make a committed investment in Operational Excellence with a consistent strategy. Without this they are likely to change course, which would prove very disruptive to any OpEx programs and efforts.

As a respondent put it "Without the pull from the senior leadership, the rest of management will say they're too busy to support and will not allocate the resources or budget to work on OpEx.

## Execution & Sustaining Operational Excellence Projects

The key issue why sustaining continuous improvements is difficult is that most people and cultural environments have a tendency to move on to the next challenge once they feel they have implemented an improvement and shown it off to the team. There is a thought process that once implemented it will not fail, and so why put in any effort into sustaining it. Also, there is a tendency for operational excellence projects down the line to be watered down and decreased to just a to do list, losing the major impacts of the original project.

Hence, it is crucial for the improvement implemented, and the serious investment that has been made in the skilled workforce, company culture, and strategic planning that they do not fail to stick because of the lack of focus and methodologies for developing, executing, and sustaining operational excellence programs and projects. **A focus on sustaining could be revolutionary for many businesses.** Importantly, improvements need to embrace new advanced technologies, otherwise they will be redundant very quickly, and hence fail to sustain.

Leaders also need to support the change in the systems they sit over, if they are not providing the resources or holding their departments accountable on the new process designs, that will never sustain.

## Need for end-to-end Business Transformation

Business Transformation is a "game changing" action by rethinking one or more business processes to redefine the businesses for survival and success. Business transformation at its core is business process re-engineering, and it is in response to significant industry changes resulting from, for example digital transformation, new advanced technologies, regulatory changes and the global economic environment, as just a few drivers.

End to End Business Transformation is the biggest challenge. **If process re-engineering is not end-to-end it will always be sub-optimal** and it cannot be grown to its full possibility and sustained if the new process are not part of normal business. The reason end to end business transformation is important is because disparate continuous improvement efforts do not provide meaningful impact, but if achieved it will maximize performance across all business units and regions.

An important factor is having a global leader of operational excellence creating standardization in areas such as hiring standards across all business units, and across all aspects of the program, ensuring all business units are focusing on the significant areas aligned with overall strategy; ensuring that managers are not just focussed on short term "cost saving" silo projects, but instead focussing on driving value stream transformation to improve flow end-to-end. This requires a thorough enterprise-wide understanding of the value chain impacts, critical paths and value streams.

## Age of Digital Disruption and 'Keeping up' with New Technologies

Operational Excellence as a function has reached its saturation peak and it is now the age of Design Thinking & Digital Disruption. Operational Excellence needs to involve Design Thinking to understand customer needs and then design the "idea process" embracing new advanced technologies.

Organizations need to evaluate current employees for digital knowledge that could be deployed in operational excellence projects. However, companies will need to face the new reality that they need to source the lion's share of new capabilities externally. Company must build a new inflow of digital talent in the organization, that also has a flexible, rapid decision making, agile mind-set.

World-class digital talent is scarce, which is a major obstacle to implementing their digital transformation.



Digital talent must be obtained to fill the roles of quality professionals, operators, and process engineers, whose skill set is being changed by disruptive technologies. The type of talent now required in operational excellence is software designers, agile scrum masters and agility coaches, full-stack architects, and machine-learning engineers.

So why is digitalization so important? Well in short digitized process shortens the time it takes from contextual insight to action. It speeds the delivery of a unique customer experience or response to inputs from the IoT, for example. In essence it involves using a highly intelligent process to respond in an optimal way to the unique context presented by business moments.

As respondents to this survey cited

“The landscape is changing very fast, and keeping up with new technologies and implementing them effectively and efficiently is key to capturing the benefits of external process innovation”

“The demands of operations changing are fast and Operational Excellence professionals must understand how their organization can gain a benefit from AI/machine learning/automation/ Big Data, and IoT which evolves daily, and learn how to integrate new technologies to meet these demands.”

But a word of caution from another respondent “However, new technologies should be carefully selected for the right maturity with detailed testing and validation. The new millennial culture of young “technology oriented” leadership found at all levels with a tendency to bring the “newest” or the “latest” technology without careful selection or validation can be contrary and cause time consuming corrections. The operational excellence dedicated professionals need to be involved in new tech implementation as new technologies are being introduced so rapidly that we must have a methodology for integrating them correctly”

### Maintaining Key Priorities Consistently

Competing priorities is a constant challenge for busy executives. Organizations need a organization wide structure of dedicated Operational Excellence professionals and coaches to ensure improvements and process reengineering remain a constant focus.

The below respondent responses highlights this issue.

“Many have had training in the tools, but choose to stop doing them after some time has passed. Difficulties in tying it to day to day priorities and work. Often still firefighting. Need to have dedicated Lean Coaches etc in each department.”

“Reconciling competing priorities and agendas remains a top priority. Trying to execute OpEx initiatives without explicitly aligning well intentioned stakeholders with competing agendas makes things difficult”.

“Key priorities in a world of constant change and moving focus, keeping focused on basic operational needs needs extra work”.

“Client support is 1, prospects are 2, improvement and systems are down the list”.

“We constantly shift our focus from one “flavour of the month” to the next!”.

### Adapting to Business Trends

There is no point in having the best end to end operational excellence processes if they are the wrong processes and systems for the new business landscape. Continuous improvement programs and project portfolios must align to the changing strategic direction of the business.

Below are some great insights from respondents.

“Continuous improvement and OpEx will usually optimize the present, but disruptive trends will put the initiatives quickly into reverse gear”.

“Adapting to business trends: The Software team is very slow to respond to innovation which has a ripple effect on the operations at all levels”.

“Adapting to Business Trends is the most crucial, as it’s the key driver for getting the Operational Excellence well-done”.

## What is your primary measure of success for your Operational Excellence program?

### Featured Responses

Delivering a complex portfolio of specific in-function and enterprise wide improvement programs on time and under budget.

**Chief Transformation Officer**

Miscellaneous

A combination of quantitative and qualitative measures, providing mgt information that can be consolidated into a dashboard showing both leading and lagging indicators.

**sr Director, Change Leadership**

Insurance: Property and Casualty (Stock)

Ability to attract and retain the best employees, leaders, and executives.

**CEO & Founder**

Health Care: Medical Facilities

RESULTS. "Better, faster, cheaper". Increased profits. Reduced operating costs. Reduced waste. Increased quality. Increased customer satisfaction.

**President**

Health Care: Medical Facilities

New value to the business - impact on margin, employee experience, employee agility and productivity.

**Director of Operations - Workplace Services**

Food & Beverage Consumer Products

KPIs Operating Margin Results Cycle Processes ROI KPI Score  
 Program Excellence Employee Revenue  
 Improvement Client Customer Performance  
 Cost Profit Business Surveys Measure Sales Projects  
 Effectiveness Efficiency Patient Satisfaction Quality

Success of an Operational Excellence program can be measured in various ways dependent on the industry and the maturity of the program.

For example a measure in Oil & Gas, or the Chemicals industry, cited by one respondent, might mean a "Lack of injuries Operational cost Downtime"

In this survey **customers delight, process improvements, and cost reductions** were the top 3 cited measures of success. Process improvements, can also cover productivity, removal of waste, variance and errors, process simplification, process automation. Cost reductions can also cover a whole series of key financial indicators such as, improved margin, lower cost of quality and operating costs, specific \$ savings, reduction in cost per activity etc.

To achieve the above project selection, and having more successful projects than project failures, with a strong focus on sustainability and embedding CI methodologies in the day to day work are some of the choices that you can make to help.

To support this you want to have the ability to attract and retain the best employees, leaders, and executives, supported by a strong culture and strong leaders as role models. All this should lead to delivering Customer Delight, which in turn will lead to greater ROI.



## What is your primary measure of success for your Operational Excellence program?

Below is a selection of the responses from the above open ended question. Responses have been selected to ensure they each add new impactful context to the question.

Customer satisfaction and a swift response to customer demand with the use of less resources.

**Chief Operating Officer**  
**Information Technology Services**

Customer satisfaction index, customer complaints, employees engagement score, reduction in non-added value activities.

**AVP- Quality, Safety & Performance Excellence**  
**Food & Beverage Consumer Products**

Customer satisfaction and organic growth.

**SVP, Operational Excellence**  
**Information Technology Services**

Meeting / anticipating customer needs and relentlessly delivering customer value.

**Director-Lean Enterprise**  
**Electronics, Electrical Equipment**

Client Experience Feedback, error rates, hit rates, STP rates, inquiry ratios, etc.

**Head of Technical Solutions, Global Payments Services**  
**Commercial Banks**

Increase in customer satisfaction index  
Reduction in cost of quality  
Reduction in operating cost and working capital.

**Senior Vice President - Operations**  
**Food Production**

Improved customer and employee satisfaction through global consistency of services, processes and systems and operational efficiencies.

**Head of Supply Chain Operations**  
**Education**

Increase in net recommendation rate.

**Principal**  
**Information Technology Services**

New value to the business - impact on margin, employee experience, employee agility and productivity.

**Director of Operations - Workplace Services**  
**Food & Beverage Consumer Products**

Retention / rejection rate of implemented improvements / methods.

**Manufacturing engineer**  
**Industrial Machinery**

I think the success in an Operational Excellence Program impacts directly on the incomes, but the primary measure we should be able to see on each KPI defined on a Balanced Scorecard.

**Business Process Consultant**  
**Chemicals**

Return on Investment - Tangible and Intangible; Also measured through 2 yearly employee surveys across a number of dimensions.

**Head of Business Assurance & Improvement**  
**Aerospace and Defense**

Sales and Repeat Sales.

**President/Owner**  
**Hospitals**

No injuries, no defects passed along to customers, no late orders, nothing over budget.

**VP - Ops/Supply Chain**  
**Household and Personal Products**

Degree of eSales and Self Service mid-term.

**Senior Expert Digitalization B2B Europe**  
**Telecommunications**

RESULTS. "Better, faster, cheaper". Increased profits. Reduced operating costs. Reduced waste. Increased quality. Increased customer satisfaction.

**President**  
**Health Care: Medical Facilities**

Self Healing: Full empowerment of the areas in continuous improvement.

**Director of Quality and Organizational Excellence**  
**Financial Data Services**

Achieving Topline and Bottomline Targets.

**Associate Director**  
**Health Care: Pharmacy and Other Services**

Meeting requirements that are aligned to strategy.

**CTO**  
**Energy**

Productivity improvements in my functional area, also experience improvements.

**Business Integration - Associate Services**  
**Food & Beverage Consumer Products**

Lack of injuries Operational cost Downtime.

**Org design specialist**  
**Chemicals**

\$ Cost Reduction (Budget reduction). FY18 showed ~5% - need to continue to DOUBLE this goal every year.

**Six Sigma Master Black Belt**  
**Computer Software**

Cost savings and synergies realized.

**Vice President Business Transformation**  
**Packaging, Containers**

Optimize expenses with customer experience in mind.

**Black Belt**  
**Insurance: Property and Casualty (Mutual)**

Ability to attract and retain the best employees, leaders, and Executives.

**CEO & Founder**  
**Health Care: Medical Facilities**

Workplace culture, demonstrated by employee engagement. 10 employees selected at random should all happily describe the active role they are playing in the operational success of the company.

**Founder & Lead Consultant**  
**Education**

Cultural change and acceptance by the employees. Improved Profit margins.

**Lean Leader**  
**Engineering, Construction**

An employee's desire to come to work each day.

**Associate Director - Video Operations**  
**Information Technology Services**

The start of a learning organisation.

Autonomous in generating new improving ideas and auto-critical on current way of doing things.

**Bpis**  
**Miscellaneous**

A combination of quantitative and qualitative measures, providing mgt information that can be consolidated into a dashboard showing both leading and lagging indicators.

**sr Director, Change Leadership**  
**Insurance: Property and Casualty (Stock)**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► What is your primary measure of success for your Operational Excellence program?

None so far. The CI or Operational Excellence was just established last year and no metrics were set. Still in its experimental phase.

**AVP**

**Financial Data Services**

Harmonized Key Process Indicators (KPIs) metrics analytics shared across the regions - global metrics.

**Regional Q&C - Americas**

**Miscellaneous**

NPS, Retention as business metrics for our focus.

**Director process transformation and optimization**

**Financial Data Services**

Before we introduce the KPIs that we are now working on - reduction of complexity and increase of transparency.

**Group Business Transformation Director**

**Publishing, Printing**

Revenue, Cash Flow, Customer Loyalty, Cost Savings.

**EGM- Operational Excellence**

**Automotive Retailing, Services**

COGS, Turnover, CONQ.

**Head of Quality, Operational Excellence, and HER**

**Industrial Machinery**

Everything is measured by sales results and time to sale.

**Director, Operational Excellence**

**Financial Data Services**

CoPQ and Added Sales.

**Head of Business Transformation**

**Energy**

Customer & employee surveys, then financial impact.

**President**

**Financial Data Services**

Established goals, metrics and continuous improvement efforts.

**President**

**Miscellaneous**

Delivering a complex portfolio of specific in-function and enterprise wide improvement programs on time and under budget.

**Chief Transformation Officer**

**Miscellaneous**

Evidence of process maps and metrics used post-project implementation.

**Advisor**

**Financial Data Services**

Commitment and acceptance of pilot projects in each business and support unit.

**Quality & Operational Excellence Sr. Manager**

**Oil and Gas Equipment, Services**

For the first year (4 months in) it will be having everyone trained in the basics and trying transformation with in their area.

**Continuous Improvement Lead**

**Aerospace and Defense**

In our infancy it is the deployment and sustainment of daily management.

**Supervisor**

**Insurance: Life, Health (Mutual)**

Silo reduction, productive collaboration within and across business unit locations.

**Vice President Operational Excellence**

**Medical Devices**

An effective and streamlined business process across and within departments.

**Senior Content Marketing Specialist**

**Information Technology Services**

Visual aides to ensure every day someone can walk through and see how the flow is doing in each department, and know if we are on track, or behind, and in Plan B.

**Sr. Technical Specialist, Municipal Market Development**

**Industrial Machinery**

Improved efficiencies leading to higher profits all round.

**Managing Director**

**Education**

Efficiency, Effectiveness, External Benchmarking.

**Global P2P Manager**

**Household and Personal Products**

Are we aligned with mid and long terms trends in our sector? Are we fit for competition?

**CEO**

**Computer Software**

A combination of production capability and cost.

**Owner**

**Chemicals**

Increasing efficiency & effectiveness & achieving customer satisfaction.

**CEO**

**Miscellaneous**

Internal environment, low turnover and reaching the goals.

**Managing Director**

**Electronics, Electrical Equipment**

Investors in Excellence Standard, research-informed, Principles-led, evidence-based, outcomes-focused.

**Chief Executive Officer**

**Miscellaneous**

Involve people in training and achieve the finalization of projects.

**Operational Excellence Director**

**Medical Devices**

It will be Customer Satisfaction, and Opex reduction or cost avoidance.

**Dir. of Business Transformation**

**Wholesalers: Electronics and Office Equipment**

Patient throughput metrics and additional revenues to the organization.

**Lead Management Engineer**

**Health Care: Medical Facilities**

Quality of healthcare provided, access to critical services, and patient satisfaction. If we get these three right, the financial benefit will follow.

**Director of Operational Excellence**

**Health Care: Medical Facilities**

Quality, Cost and Delivery...better care of our guests, faster execution of systems & process and doing things cheaper by eliminating redundancies.

**Owner and Co-Founder**

**Hotels, Casinos, Resorts**

Straight Through Processing; reduce manual touch.

**President**

**Financial Data Services**

Sustainable top line growth, while maintaining customer satisfaction, Improving employee engagement and reducing waste.

**CEO**

**Diversified Outsourcing Services**

Sustained Performance + Consistent Maturity Advancement.

**Enterprise Principal Leader - Mfg.**

**Excellence Transformation**

**Industrial Machinery**

This is a greenfield program and hence the short term objective is to build DnA to cater to project executions in the future.

**Sr Project Manager**

**Electronics, Electrical Equipment**

Velocity, Efficiency.

**Director Business Process: Marketing**

**Internet Services and Retailing**

# Roadblocks Highlighted by Respondents

So what are some of the road blocks respondents to this report have cited...

“THE OLDER GENERATION ARE SET IN THEIR WAYS, AND STRUGGLE WITH CHANGE, AND IT IS MUCH HARDER TO TRANSFORM THEIR BELIEFS, THEY PREFER TO STICK TO THE OLD WAYS OF DOING THINGS.”

“PROJECT LEADERS FOCUSING ON TOOLS AND NOT ON BEHAVIOR CHANGE”

“NOT HAVING A CORPORATE-LEVEL ENTERPRISE-WIDE DEDICATED CONTINUOUS IMPROVEMENT LEADER ENSURING THE ENTIRE ORGANIZATION IS FOCUSED ON A COMMON GOAL, AS OPPOSED TO UNHEALTHY INTERNAL COMPETITION.”

“THE WHOLE ORGANIZATION / BUSINESS UNIT NEEDS TO BE INVOLVED, IF ALL ARE NOT INVOLVED IT WILL NOT PROGRESS.”

“LEADERSHIP BUYING-IN AND SUPPORT FOR TRANSFORMATION ACTIVITIES IS CRITICAL. CHANGING THE THINKING AND CULTURE TRANSFORMATION FROM THE TOP FIRST, TO MAKE THEM REALISE THE NEED FOR CHANGE SO THEN THEY CAN DRIVE IT, AND PROVIDE RESOURCES, AND BUDGET.”

“IF OUR CULTURE IS NOT ONE OF CONTINUOUS IMPROVEMENT AND RESPECT FOR INDIVIDUAL, ANY TOOLS OR PROJECT WE PUT IN PLACE WILL NOT SUSTAIN.”

“IF YOU CAN'T GET THE PEOPLE BEHIND YOU, IT'LL BE VERY DIFFICULT TO DO ANY PROCESS RE-ENGINEERING.”

“NO MATTER HOW GOOD YOUR CI PROGRAM IS, IF THE COMPANY IS NOT READY TO ADOPT AND TRANSFORM, IT WILL NOT FLY.”

## What will be your Operational Excellence focus over the next 12-18 months?

### Featured Responses

Roll-out to cross-functional processes, internationally and company-wide.  
**Wepa**

**Financial Data Services**

Improving customer experience, creating consistent and measurable benchmarks and replicating results.

**Head of Technical Solutions, Global Payments Services**

**Commercial Banks**

Establishing cost curves of major assets, identifying root causes of limitations and countermeasures, optimizing assets and reducing variation.

**Continuous Improvement Manager**

**Forest and Paper Products**

Establishing new OPEX department, Ramping up RPA program, Driving Cultural change, Setting up reporting and data analytics.

**Senior Development Manager**

**Securities**

Driving Innovating thinking, ideation methodologies, IDEO.

**Head of Business Assurance & Improvement**

**Aerospace and Defense**

Cost Execution Transformation Client Developing Reduction Focus  
Integration Culture Reducing Operational Innovation  
Processes Implementation Improvement  
Engagement Customer Increase Management Automation  
Projects Market Program Services Quality Not Clear Technology

Progressive organizations are focused on high impact improvements and innovation aligned to strategic goals, as opposed to numerous individual silo improvement projects, sometimes just done for certification reasons, with little or no strategic value.

Projects that are lead by the leadership team's priorities and vetted for value by the business unit and project leaders (e.g. Lean Masters, MBBs and BBs) and then ultimately the corporate leadership team, ensure that all projects have strong strategic value across the entire value stream of that functional area and the overall enterprise.

The focus now is on improvements to deliver Customer Delight, and a friction free self service buying experience. As stated earlier, before your product had to be 10 times better than the competition, now it is your customer experience that has to be 10 times lighter than the competition. Before, it was usually the the best product that won, now the best customer experience wins. Before it used to be what you sold and now it is how well you sell.

## What will be your Operational Excellence focus over the next 12-18 months?

Below is a selection of the responses from the above open ended question. Responses have been selected to ensure they each add new impactful context to the question.

A focus on self-service will drive improvements in critical business processes.

**Associate Director - Video Operations**  
**Information Technology Services**

Training, Systems, Process improvements, Understanding Customer needs.

**Director and Chief Strategy Officer**  
**Miscellaneous**

Roll-out to cross-functional processes, internationally and company-wide.

**Wepa**  
**Financial Data Services**

Creating standard processes and systems that everyone follows.

**President**  
**Miscellaneous**

Establishing and consolidating critical operational systems.

**Supply Operations Head**  
**Food & Beverage Consumer Products**

Establish an effective management system based on work by process and not by tasks.

**Quality & Operational Excellence Sr. Manager**  
**Oil and Gas Equipment, Services**

Improve the utilization/throughput of the existing capacity in our hospitals.

**Lead Management Engineer**  
**Health Care: Medical Facilities**

Improving culture and leveraging technology.

**Group Manufacturing Excellence Director**  
**Chemicals**

Improving customer experience, creating consistent and measurable benchmarks and replicating results.

**Head of Technical Solutions, Global Payments Services**  
**Commercial Banks**

\* Speed / Cycle time reduction \* S&OP process enhancements \* Materials Management Capability Improvement \* Continuous Improvement Framework / Culture.

**VP - Ops/Supply Chain**  
**Household and Personal Products**

Client journey excellence - focus on client ease

of use.

**Director Process reengineering and optimization**  
**Financial Data Services**

Elevate the Client Experience.

**President**  
**Financial Data Services**

BPM, RPA all focused on improving customer experience.

**Director process transformation and optimization**  
**Financial Data Services**

Operational Excellence strategic planning and Value Stream analysis.

**Director, Operational Excellence**  
**Transportation Equipment**

Standardize Front Line Operations to deliver consistent high quality care across every clinic and department with decreased variability.

**Medical Office Chief**  
**Health Care: Pharmacy and Other Services**

Creating awareness and Bringing the management to embrace the operational excellence methodology.

**business improvement manager**  
**Airlines**

Establishing 5S and visual management. Training and manufacturing velocity are the current focus as there is no understanding of orders once they are in the system.

**Continuous Improvement Lead**  
**Aerospace and Defense**

Establishing cost curves of major assets, identifying root causes of limitations and countermeasures, optimizing assets and reducing variation.

**Continuous Improvement Manager**  
**Forest and Paper Products**

Focus on 500 million dollars of revenue enhancements and cost reductions.

**VP of Operational Effectiveness**  
**Health Care: Medical Facilities**

Reduction of cycle time.

**Deputy Capability Leader**  
**Aerospace and Defense**

Coordinating across teams and geographies.  
**chief evangelist**

### Computer Software

Changing the culture and total involvement of employees in the journey.

**Director Production and Improvement**  
**Forest and Paper Products**

Awareness campaign, changing cultural barrier and start implementation at senior management.

**Head OpEx**  
**Publishing, Printing**

Conducting detailed operational reviews that will generate accurate and consistent workflows and procedures for key risk mgt, sales and account management workflows.

**sr Director, Change Leadership**  
**Insurance: Property and Casualty (Stock)**

Leadership development; Restructuring into a new governance structure for the province of British Columbia in fall 2018.

**CEO & Founder**  
**Health Care: Medical Facilities**

Improving the plant throughput. Improving the first time right quality production and reducing the working capital.

**Senior Vice President - Operations**  
**Food Production**

Fully integrating the CI methodology into quality.

**CI & Quality Director AWS EMEA - SFC**  
**Electronics, Electrical Equipment**

End to end business transformation.

**Director, Global Strategic Pricing**  
**Metals**

Integrate transformation technology into resource behavior.

**Principal**  
**Information Technology Services**

Value Stream Transformation and measuring the right KPIs for operational excellence.

**Director Lean Six Sigma**  
**Electronics, Electrical Equipment**

Alignment and Standardization.

**Head of Business Transformation**  
**Energy**

Dramatically reducing costs.  
**Chief Transformation Officer**  
**Miscellaneous**



## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► What will be your Operational Excellence focus over the next 12-18 months?

Launch a gamification approach to accelerate the implementation.

#### **SVP BIGS**

**Food Services**

Re-Implementing the basic systems again, and develop the people to engage them.

#### **Managing Director**

**Electronics, Electrical Equipment**

Lean/cost management supplier innovation smart buildings collaboration tools.

#### **Director of Operations - Workplace Services**

**Food & Beverage Consumer Products**

Driving Innovating thinking, ideation methodologies, IDEO.

#### **Head of Business Assurance & Improvement**

**Aerospace and Defense**

Automation and Digitization, Associate Experience Improvements and operations productivity improvements.

#### **Business Integration - Associate Services**

**Food & Beverage Consumer Products**

Robotics process automation and improvement in customer experience and big data.

#### **Opex consultant**

**Financial Data Services**

Establishing new OPEX department, Ramping up RPA program, Driving Cultural change, Setting up reporting and data analytics.

#### **Senior Development Manager**

**Securities**

Integration into a new merger company and aligning standards.

#### **OpEx Regional Director**

**Aerospace and Defense**

Introduction of new globally aligned processes and single suite of integrated systems.

#### **Head of Supply Chain Operations**

#### **Education**

R&D, implementing OPEX in all Group facilities.

#### **Global Industrial and Operations Director COO**

**Apparel**

Right first time, inventory accuracy, equipment reliability, cycle time accuracy and talent management.

#### **Associate Director of Business Process Excellence**

**Pharmaceuticals**

## What do you believe to be the greatest development for Operational Excellence in the past 5 years?

### Featured Responses

Becoming a mandatory way to look at business if you want to improve your results.

**SVP BIGS**

Food Services

Enterprise wide recognition that in a currently unpredictable healthcare environment, OpEx is the way to survive future market fluctuations.

**Medical Office Chief**

Health Care: Pharmacy and Other Services

The realisation that leveraging employee skills and talent is at the heart of any OpEx effort.

**Group Manufacturing Excellence Director**

Chemicals

The integration of digitalized and realtime information for speed of decision making and changes.

**Owner and Co-Founder**

Hotels, Casinos, Resorts

Increasing demand from customers has encouraged organizations to adopt operational excellence methodology.

**business improvement manager**

Airlines

Companies Digital Transformation Development Strategy Automation  
 Growing Business Drive Focus OpEx Improvement  
 Software Process Agile Lean Value Operational  
 Understanding Technology Awareness Integration  
 Artificial Intelligence Customer Data Analytics Tools Change Management  
 Leadership

Operational Excellence has come a long way in the last 5 years, with some of the greatest developments being using Lean & Six Sigma to focus on fewer more impactful projects with strong strategic alignment and top-line growth impact. The drive towards Robotic Process Automation (RPA), with digital enablers integrating new advanced technologies has been the biggest change. There has also been a stronger focus on culture, change management and leadership buy-in to achieve. End-to-end operational excellence, end-to-end business transformation, innovation execution and ultimately customer delight.

It has also been embraced and adopted by more and more non-manufacturing industries such as insurance, healthcare, legal and office environments.

## What do you believe to be the greatest development for Operational Excellence in the past 5 years?

Below is a selection of the responses from the above open ended question. Responses have been selected to ensure they each add new impactful context to the question.

A focus on Lean methodologies and a drive towards RPA.

**LCI Director**  
Toys, Sporting Goods

A shift to recognise the importance of leadership in making things happen - rather than simply tools and techniques.

**Managing Director**  
Education

Acceptance of the philosophy and the fact that change management is required at very short intervals of time.

**Sr Project Manager**  
Electronics, Electrical Equipment

Actually, none. the operational excellence field has been quite boring and stale these past years. Everybody is making money, so when the economy and profits are good, nobody pays attention to improving. Takes a crisis to motivate.

**President**  
Health Care: Medical Facilities

Adoption outside of manufacturing - investment in OpEx by insurance and health care industries.

**Founder & Lead Consultant**  
Education

AI driven responses and iteration for improvement.

**Founder/CEO**  
Advertising, Marketing

Alignment of lean thinking and focus on business deliverables augmented by software.

**Director process transformation and optimization**  
Financial Data Services

Automation and adoption to Agile.

**Associate Director**  
Information Technology Services

Becoming a mandatory way to look at business if you want to improve your results.

**SVP BIGS**  
Food Services

Broader business adoption / awareness.

**Senior Director, Corporate Communications**  
Information Technology Services  
Broader understanding of the need, versus

global competitors.

**Director**  
Chemicals

Change of company culture from hierarchical to network organisation.

**Regional Operations Director**  
Financial Data Services

Cloud collaboration and innovation tools improving feedback cycles, everything is more agile and more immediate now.

**CEO**  
Diversified Outsourcing Services

Collaboration systems that allow for access and transparency to all stakeholders.

**Advisor**  
Financial Data Services

Company wide standards and ways of working that are enforced and followed.

**Process Line Manager - Mineral Processing**  
Mining, Crude-Oil Production

Consciousness by most of the employees in all sectors that operational excellence is not just for fun.

**CEO**  
Computer Software

Create the right environment to engage front line staff in identifying solutions to operational challenges and deploying consistently through a commitment to continuous improvement.

**Head of Supply Chain Operations**  
Education

Creating value with minimal resources.

**Chief Operating Officer**  
Information Technology Services

Customer Experience focused on Productivity.

**Director Business Process: Marketing**  
Internet Services and Retailing

Daily idea huddles for all Ops staff.

**SVP**  
Health Care: Medical Facilities

Data analytics combined with the lean methodology.

**Quality Manager**  
Aerospace and Defense

Data analytics, Process Improvements and Simplification.

**Regional Q&C - Americas**  
Miscellaneous

Deployment of AI into operational units.

**Planning Manager**  
Metals

Development of change management and sustainability practices.

**Director of Operational Excellence**  
Health Care: Medical Facilities

Difficult to say.

**Deputy Capability Leader**  
Aerospace and Defense

Digital transformation (control, data analysis, communication and automation).

**Operations Excellence Manager**  
Miscellaneous

Digitalisation of operation processes.

**Risk Management Officer**  
Securities

Digitalization opportunities; e.g. Big data.

**Vynova Excellence Deployment Leader**  
Chemicals

Enterprise IS solution to support the improvement efforts. It will reduce the effort spent on tracking KPI's and reporting data and allow to focus more on utilizing the tools and driving performance.

**VP OpEx**  
Food & Beverage Consumer Products

Enterprise wide recognition that in a currently unpredictable healthcare environment, OpEx is the way to survive future market fluctuations.

**Medical Office Chief**  
Health Care: Pharmacy and Other Services

Flexibility in the methodology to meet new/emerging needs.

**Black Belt**  
Insurance: Property and Casualty (Mutual)

Focus on behaviours and embedding change; RPA.

**Head of Business Assurance & Improvement**  
Aerospace and Defense

Focus on people development and engagement.

**Managing Director**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► What do you believe to be the greatest development for Operational Excellence in the past 5 years?

#### Electronics, Electrical Equipment

Focusing on delivering business results vs LSS tools.

**Director Process reengineering and optimization**  
**Financial Data Services**

Getting organizations to think more holistically...beyond "Lean Six Sigma".

**Vice President Operational Excellence**  
**Medical Devices**

Hands on training classes direct to individuals for continuous refresher on steps, process, and methods.

**Sr. Technical Specialist, Municipal Market Development**  
**Industrial Machinery**

How it encompasses all aspects of operations - people, processes and tool.

**AVP**  
**Financial Data Services**

Have not been paying that much attention to OE development.

**VP/Gen.Mgr.**  
**Aerospace and Defense**

I really do not know.

**QI Manager**  
**Health Care: Insurance and Managed Care**

If all employees from bottom to top will understand 100% the target and reason of Excellence, and will support it 100%.

**APU manager**  
**Automotive Retailing, Services**

Improved processes and cut cost in the Back office by 30%.

**Head of Performance Improvement Back Office**  
**Commercial Banks**

Incorporating the internal customer into the picture and not just the external customer. There has been more realization that Operational Excellence deals with both.

**Continuous Improvement Lead**  
**Aerospace and Defense**

Increased understanding of leadership at most companies that investing in a coherent OpEx program will provide a solid ROI.

**sr Director, Change Leadership**  
**Insurance: Property and Casualty (Stock)**

Increasing demand from customers has encouraged organizations to adopt operational excellence methodology.

#### business improvement manager Airlines

Integration of AI/ Continued Predictive Analytics/Data Science.

**Director, Performance Improvement**  
**Health Care: Medical Facilities**

Integration with Design Thinking/ Human Centred design and automation.

**OE lead**  
**Diversified Financials**

It has become more about leadership driven processes rather than CI/Quality specialist.

**CI Manager**  
**Food & Beverage Consumer Products**

It will create a seamless flow of activities in the shop floor. Lot of bottle necks /obstacles will reduce Employees can take ownership and stop blame games Improve quality, no rejects Customer satisfaction More revenue will come in.

**Head OpEx**  
**Publishing, Printing**

Leadership support for OPEX programs.  
**Director, Operational Excellence**  
**Metals**

LEAN and AGILE more than Six Sigma.  
**Associate**  
**Insurance: Life, Health (Mutual)**

Machine learning and automation.  
**Sr Manager, Strategic Programs Office**  
**Pharmaceuticals**

Machine learning, advanced controls, tactical planning.  
**CEO**  
**Chemicals**

Maturity model based improvements / one operating system.

**Enterprise Principal Leader - Mgf.**  
**Excellence Transformation**  
**Industrial Machinery**

More Agile techniques for improving outcomes and less structured than Six Sigma or TWM.  
**Lean Innovation Champion**  
**Construction and Farm Machinery**

More focus on customer.  
**Sr Quality/M&P/Process Manager**  
**Telecommunications**

More organization trying to implement Operational Excellence in their organization to improve their revenues.

#### Lead Management Engineer Health Care: Medical Facilities

Move away from tool specific approaches like Lean, six sigma.

**SVP, Operational Excellence**  
**Information Technology Services**

OPEX in people, not that much on process.

**Strategic Management Director**

**Education**

Personal responsibility Drama reduction Collaborative listening.

**Business Recycling Coordinator**  
**Waste Management**

Process performance, process outcomes and value generated through company knowledge, organizational structure, technologies, process execution and people in the organization.

**Chief Engineer**  
**Engineering, Construction**

Publicity without the hype that accompanied Reengineering.

**CEO/President**  
**Information Technology Services**

Reducing New Product Launches from 80 days down to 27 hrs.

**Site Director Operational Excellence**  
**Pharmaceuticals**

Shift from focus on tools to focus on culture.

**Senior Lean Operations Manager**  
**Medical Devices**

Spread across business sectors to a tipping point along the diffusion curve of innovation.

**CEO**  
**Health Care: Medical Facilities**

Standardization at the Enterprise level.

**OpEx Regional Director**  
**Aerospace and Defense**

Strategy execution over strategy planning.  
**Manufacturing engineer**  
**Industrial Machinery**

Structured Process Design and Reengineering, leveraging concepts of Lean and Six Sigma.

**Assistant Vice President - Operational Excellence**  
**Diversified Outsourcing Services**

Structured, very solid and proven tools that provide a systematic framework for business process improvements leveraging knowledge

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► What do you believe to be the greatest development for Operational Excellence in the past 5 years?

acquired in manufacturing.

**Business Integration - Associate Services**  
**Food & Beverage Consumer Products**

Taking a holistic business approach that focuses on all the different business unit interactions, and not just focusing on one area of the business.

**President**  
**Miscellaneous**

That at least some people are starting to recognize it's all about people.

**Director of Continuous Improvement**  
**Financial Data Services**

The Cloud has forced an "On Demand" mentality and I believe that is driving a lot of this.

**Dir. of Business Transformation**  
**Wholesalers: Electronics and Office Equipment**

The demonstration that agile based simultaneous process and technology changeout accelerates the delivery of both by up to 45%.

**Chief Transformation Officer**  
**Miscellaneous**

The development of robotic process automation (RPA) which frees business operations from IT timeframes and limitations.

**chief evangelist**

**Computer Software**

The fact that it is essential to "be in business" and to "work continuously on improving the business".

**CEO & Founder**  
**Health Care: Medical Facilities**

The integration of digitalized and real time information for speed of decision making and changes.

**Owner and Co-Founder**  
**Hotels, Casinos, Resorts**

The realisation that leveraging employee skills and talent is at the heart of any OpEx effort.

**Group Manufacturing Excellence Director**  
**Chemicals**

The recognition that successful transformation requires successful leadership behavior change.

**Owner/Senior Transformation Expert**  
**Miscellaneous**

The slow recognition of the value of strong PMO.

**PgM**  
**Pharmaceuticals**

The way KPIs are identified and discussed with senior leadership.

**Senior Director, Strategy & Innovation**

**Financial Data Services**

The wider focus of deployment. Moving past purely operational processes to view the whole organisation.

**Principal Consultant**  
**Miscellaneous**

Two items are driving the interest in OE. The first is the company's understanding they must have a framework for transforming their business, not just make one-off patches. The second is off the shelf software such as RPA that enables rapid implementation.

**Managing Partner**  
**Diversified Financials**

Understanding of the end-to-end NEED.

**Head of Business Transformation**  
**Energy**

Understanding the business operations better. Doing more and better with less.

**VP of Operations/Site Lead, Analytical Instruments BU**  
**Electronics, Electrical Equipment**



## What are the key drivers pushing change in the Operational Excellence ecosystem?

### Featured Responses

Customers are demanding it. We have partners that will fine us if we don't meet certain metrics.

**Dir. of Business Transformation**

**Wholesalers: Electronics and Office Equipment**

Global growth of organizations. Increase in competition globally forcing a need for cost reductions or containment Employees gaining more voice in workplace.

**Senior Lean Operations Manager**

**Medical Devices**

Need to reduce cost as organisations are facing corporate-driven targets in cost and working capital reduction in an attempt to offset declining revenues. New technologies companies are scrambling to keep up with the latest technology, but these solutions are worthless without the right organisational culture to make the most of them. Cross-industry

disruption as start-ups and technological innovation are making the market more competitive every day, across all industries.

**Chief Engineer**

**Engineering, Construction**

Customer demands are more sophisticated. Competitors are adopting and using Op EX to meet customer demands. It's not efficient to conduct Op Ex activities in a disjointed, inconsistent manner.

**sr Director, Change Leadership**

**Insurance: Property and Casualty (Stock)**

Leadership buy in and focus on long term gains through a change in the organization culture rather and strategic tie up with IT for innovative solutions.

**Sr Project Manager**

**Electronics, Electrical Equipment**

Margin Skills Culture Operational Excellence Management Stakeholders  
 Leadership Waste Business Staff Cost Faster  
 Competition Support Customer Success  
 Technology Speed Market Talent Efficiency External  
 Quality Digital Transformation Employees Higher Expectations Process  
 Results

#### Summed-up in 3 words it is the customer, competition and technology.

The traditional business pressures are just getting more intense, maintaining competitive advantage, keeping up with technology shifts, and a war on talent, particularly digital talent. This changing environment requires business to be agile and flexible.

On top of this, higher expectations for increased business performance from Operational Excellence teams is being demanded. Methodologies are expected to evolve and improve to deliver even more, to deliver greater results and have a greater impact, in a shorter period of time.

The traditional drivers remain the same such as reducing cost, reducing cycle times, eliminating waste, reducing errors and variances in processes, and increasing the customer experience; and leadership buy-in will always be the major factor.

As a respondent cited "Leadership must transform from owning the process to allowing operators to own the process with their support and coaching. They cannot operate with the philosophy "Do what I say." Instead, they must have the philosophy of "How can I help you do a better job?"

## The Global State of Operational Excellence Critical Challenges & Future Trends



# What are the key drivers pushing change in the Operational Excellence ecosystem?

Below is a selection of the responses from the above open ended question. Responses have been selected to ensure they each add new impactful context to the question.

Digital expectations of customers, new competition in the market.

**Black Belt**

**Insurance: Property and Casualty (Mutual)**

Demand from customers for Quality and cost competitiveness.

**business improvement manager**

**Airlines**

Customers are demanding it. We have partners that will fine us if we don't meet certain metrics.

**Dir. of Business Transformation**

**Wholesalers: Electronics and Office Equipment**

The next generation, larger than baby boomers. They desire open spaces, flexibility, a social business conscience, no borders...

**Owner**

**Education**

New banking regulations. Growing competition from non-financial companies like Apple, Amazon and Google.

**Advisor**

**Financial Data Services**

Global growth of organizations Increase in competition globally forcing a need for cost reductions or containment Employees gaining more voice in workplace.

**Senior Lean Operations Manager**

**Medical Devices**

Pace of change and trends, talent, data.

**VP Procurement / Real Estate**

**Electronics, Electrical Equipment**

Further competitive pressures, disruptions, new product/service development... increased focus on innovation and agile development - e.g. Lean Startup.

**Director, Sales Transformation & Operations**

**Telecommunications**

Pace of change; war for talent, employees desire to do something meaningful.

**Group Business Transformation Director**

**Publishing, Printing**

Changing environment that require our business to stay competitive, agile and flexible.

**VP Opex**

**Food & Beverage Consumer Products**

Company's understanding that they must look

at processes from end to end.

**Managing Partner**

**Diversified Financials**

Creating meaningful connection between processes and technology.

**Founder & CEO**

**Miscellaneous**

IOT, AI.

**CEO**

**Chemicals**

DevOps, digital transformation.

**Senior Director, Corporate Communications**

**Information Technology Services**

Industry 4.0.

**Senior Manager, Operational Excellence**

**Miscellaneous**

Advances in technology IoT.

**Vynova Excellence Deployment Leader**

**Chemicals**

Digitisation and the need for robotics.

**Head of Process & Change Management**

**Financial Data Services**

The leadership must transform from owning the process to allowing operators to own the process with their support and coaching. They cannot operate with the philosophy "Do what I say." Instead, they must have the philosophy of "How can I help you do a better job."

**Owner/Senior Transformation Expert**

**Miscellaneous**

The more processes become automated, the more there is a need for OE! if not, organisations will be automating waste and wrong processes. Still need to get that message across to SMEs.

**Founder/Consultant**

**Transportation and Logistics**

Constant cost-downs and quality Improvement initiatives.

**Quality Manager**

**Motor Vehicles and Parts**

It should be the recognition of the proliferation of ever-increasing complexity across all dimensions of business.

**Senior Manager, Professional Services**

**Enablement**

**Computer Software**

Higher expectations of business performance. Moving past 2-3% business improvements to the expectation 20-30% improvement in results.

**Principal Consultant**

**Miscellaneous**

Business pressures - cost, competitive advantage, war on talent.

**Director of Operations - Workplace Services**

**Food & Beverage Consumer Products**

Developing executable strategies that show measurable transformation.

**Director Quality & Compliance**

**Education**

Data analytics evaluation and deployment every month across the globe with key top mgt. for status and actions. Support comes from the top.

**Regional Q&C - Americas**

**Miscellaneous**

Today's "short-term engagement" employees who prefer to change companies rather than climbing the corporate ladder, causing companies to need to invest more time & effort in ensuring their clients/customers are happy interacting with them in their purchasing decisions.

**Founder/Owner-Operator**

**Education**

Convincing employees to support it (communication, education). Encouraging them to understand and own the importance of their Ecosystem.

**APU manager**

**Automotive Retailing, Services**

Agility and flexibility; diversity and inclusion.

**Head of Business Assurance & Improvement**

**Aerospace and Defense**

Understanding and use throughout the organization as part of the culture and not just being pushed as a project du jour by a centralized department.

**CEO**

**Real Estate**

Leadership buy in and focus on long term gains through a change in the organization culture rather and strategic tie up with IT for innovative

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### ► What are the key drivers pushing change in the Operational Excellence ecosystem?

solutions.

**Sr Project Manager**

**Electronics, Electrical Equipment**

Need for faster results & more sustainably.

**Director, Global Strategic Pricing**

**Metals**

Need for value, increasing market pressures.

**VP, Enterprise Transformation, Strategy Implementation**

**Health Care: Medical Facilities**

Challenging healthcare market requiring different leadership mindset and adaptable and efficient management systems.

**Medical Office Chief**

**Health Care: Pharmacy and Other Services**

Change in cultural barrier Leadership support and full implementation of the program Enabling tools to operate Introducing new technology.

**Head OpEx**

**Publishing, Printing**

Competition, Revenue and margin pressures.

**Business Transformation Head**

**Health Care: Insurance and Managed Care**

Competitive landscape; Customer relationship; Value chain integration; Focus on margins over revenue.

**VP of Operations/Site Lead, Analytical Instruments BU**

**Electronics, Electrical Equipment**

Customer demands are more sophisticated.

Competitors are adopting and using OpEX to meet customer demands. It's not efficient to conduct OpEx activities in a disjointed,

inconsistent manner.

**sr Director, Change Leadership**

**Insurance: Property and Casualty (Stock)**

Customer retention, employee retention and margins.

**CEO**

**Diversified Outsourcing Services**

Faster delivery of returns. The drive for robotics.

**LCI Director**

**Toys, Sporting Goods**

In Healthcare - Innovation, Cost Out, Population Health (keep people well).

**Director, Performance Improvement**

**Health Care: Medical Facilities**

More awareness. The success stories sell themselves.

**Director of Operational Excellence**

**Health Care: Medical Facilities**

Need more agility, need more data intelligence, customer focus, pressure on results.

**SVP BIGS**

**Food Services**

Need to reduce cost as organisations are facing corporate-driven targets in cost and working capital reduction in an attempt to offset declining revenues. New technologies companies are scrambling to keep up with the latest technology, but these solutions are worthless without the right organisational culture to make the most of them. Cross-industry disruption as start-ups and technological innovation are making the market more competitive every day, across all

industries.

**Chief Engineer**

**Engineering, Construction**

Rapid improvements that sometimes basic tools like Six Sigma may be too slow to capture.

**Business Integration - Associate Services**

**Food & Beverage Consumer Products**

Recognition by CEOs of the tremendous net benefits of full implementation.

**Founder**

**Computer Software**

RPA, BPM, real focus on the business drivers for success, client journey as primary focus.

**Director Process reengineering and optimization**

**Financial Data Services**

For healthcare services, the drivers are quality, safety, accommodating an "older" population profile, the opioid, mental health & addiction crisis, & dealing with keeping cost increases to within 3% year over year.

**CEO & Founder**

**Health Care: Medical Facilities**

## Who are your top 3 industry thought leaders that you would want to hear from?

### INDIVIDUALS

vs

### COMPANIES



People are more interested in hearing from practitioners from progressive companies or have peer to peer interactions, than hear from inspirational keynotes. Though Jeff Bezos scored the highest, only **4.7%** of the respondents listed him, compared to **9%** for Amazon. Notably 10 years ago over 30% of

respondents mentioned Jim Collins, and 15 years ago over 40% of respondents mentioned Jack Welch. People are now looking for practical tactics, how to, what to, from practitioners who have done, in companies they admire.

## If you could do a site visit to see Operational Excellence in action, which organisation would it be and why?

### 1. Amazon 11.6%

Amazon, because their dynamic business model should be a reference for many other industries.

Amazon, to see how they have nailed customer service.

Amazon, to see how they manage sourcing and distribution so well on such a wide scale.

Amazon. They deal with millions of customers and most people have a very positive opinion of them. They must be doing something right.

Amazon. They tap into every industry and are able to capitalize and strive with it.

### 2. Toyota 10.6%

Toyota - due to their history and continued use of OPEX.

Any Toyota plant, because Toyota is the benchmark in terms of an effective Production System.

Toyota to see their Lean Manufacturing in action.

Toyota, because still is the leader on the implementation and sustainability of CI.

### 3. Google 3.31%

Google - I believe they have a non-standard way of operating their business and yet so successful.

### 4. Apple 3.31%

Apple - Because of the passion around the brand, which must be a reflection of the internal culture.

### 5. Tesla 2.98%

Tesla - Massive innovation in everything they do. They are not just applying OPEX, they are blowing up all of what we know and expect from it and starting in a completely different way.

Tesla, for its diverse use of technology and processes.

### 6. Disney 2.6%

Disney. Building the right working environment, integrating fun within operations to achieve excellence.

### 7. GE 2.5%

General Electric. Because they, along with Motorola, were the original developers of Six Sigma principles and methodologies.

### 8. Fastcap 2%

Fastcap - Because, not only the way OPEX activities are being implemented but the FASTCAP people are so highly motivated which is must for LEAN projects.



## Industry Perspectives

Below is a selection of the responses that were derived from all the open ended questions sorted by industry sector. A small number of responses have been selected from various industry sectors to ensure they add new impactful context to the question, which in this section has been included as part of the response to give it context. Responses have also been selected to give the unique perspectives each industry is facing.

### Advertising and Marketing

I believe the greatest development in Operational Excellence in the past 5 years is AI driven responses and iteration for improvement.

**Founder/CEO**

Advertising, Marketing

### Aerospace and Defense

Our primary measure of success for the Operational Excellence program will be Return on Investment - tangible and Intangible; also measured through a 2 yearly employee survey across a number of dimensions.

**Head of Business Assurance & Improvement**

Aerospace and Defense

Our focus for the next 12-18 months in Operational Excellence will be establishing 5S and visual management. Training and manufacturing velocity are current focus as there is no understanding of orders once they are in the system.

**Continuous Improvement Lead**

Head of Business Assurance & Improvement

### Airlines

Our primary measure of success for the Operational Excellence program will be Embedding CI methodologies in the day to day work and ensuring continual improvement across the organisation.

**Consultant Business Excellence**

Airlines

I see the key drivers pushing change in the Operational Excellence Ecosystem as demand from customers for quality and cost competitiveness.

**Business Improvement Manager**

Airlines

The most critical Operational Excellence focused challenges affecting my job role right now are Leadership understanding and buy-in. Sustaining and Integrating the operational excellence methodology into the fiber of the organization would be smoother if and when there existed continuous & regular follow-up. Understanding and accountability on the leadership.

**Business Improvement Manager**

Airlines

### Apparel

I see the key drivers pushing change in the Operational Excellence Ecosystem as Top management decision making over the changes to be made and middle staff acknowledgement of the needs.

**Director**

Apparel

### Automotive Retailing, Services

We would most like to hear from an expert about Advanced tools for OpEx, incorporation of Design thinking approach in OpEx.

**EGM- Operational Excellence**

Automotive Retailing, Services

### Building Materials, Glass

Our focus for the next 12-18 months in Operational Excellence will be to improve our Production Capacity and reliability in terms of quality and delivery.

**Production Manager**

Building Materials, Glass

### Chemicals

Our focus for the next 12-18 months in Operational Excellence will be Improving culture and leveraging technology.

**Group Manufacturing Excellence Director**

Chemicals

I see the key drivers pushing change in the Operational Excellence Ecosystem as Global competition and need for more efficient operations and more agile teams.

**Owner**

Chemicals

The most critical Operational Excellence focused challenges affecting my job role right now are End to End business transformation. We've locked value into how we do business via inefficiencies in our systems. Extracting that value is critical and Operational Excellence is an element in the strategy to do this.

**TES Director USGC and Maintenance**

Expertise Center

Chemicals

### Commercial Banks

Our focus for the next 12-18 months in

Operational Excellence will be Improving customer experiences, creating consistent and measurable benchmarks and replicating results.

**Head of Technical Solutions, Global**

Payments Services

Commercial Banks

The most critical Operational Excellence focused challenges affecting my job role right now are Failure to innovate - the ability to adapt and use new tools and new technologies to improve operational excellence and efficiency.

**Head of Technical Solutions, Global**

Payments Services

Commercial Banks

Executing and sustaining OPEX projects. There is a strong tendency to start an OPEX project and then in 1-2 months decrease it down to several to-dos without serious OPEX effect. Managers prefer to show off the activity and then neutralise whatever is external to their function even on a cross-functional project

**Head of Performance Improvement Back Office**

Commercial Banks

### Computer Software

Our focus for the next 12-18 months in Operational Excellence will be Integrating Agile and Data Science with a highly successful Six Sigma Program.

**Six Sigma Master Black Belt**

Computer Software

The most critical Operational Excellence focused challenges affecting my job role right now are the need for Leadership Understanding & Buy-In. This is really about making an investment in operational excellence with a consistent vision. We are constantly changing plans.

**Program Manager**

Computer Software

The most critical Operational Excellence focused challenges affecting my job role right now are Need for End to End Transformation. We are on the way to doing this but it is painfully slow. We are integrating Agile and Data Science where needed to help accelerate.

**Six Sigma Master Black Belt**

Computer Software

### Construction and Farm

## The Global State of Operational Excellence

### Critical Challenges & Future Trends



### Machinery

I see the key drivers pushing change in the Operational Excellence Ecosystem as Top down & bottom up approach in implementing the change.

**Sr. Operational Excellence Consultant**  
Construction and Farm Machinery

### Diversified Financials

The most critical Operational Excellence focused challenges affecting my job role right now are failure to innovate. Employees are afraid of change, and any new idea reflects change.

**Managing Principal**  
Diversified Financials

The most critical Operational Excellence focused challenges affecting my job role right now is the need for end to end transformation. disparate OpEx efforts do not provide meaningful impact.

**Senior Consultant**  
Diversified Financials

### Diversified Outsourcing Services

I see the key drivers pushing change in the Operational Excellence Ecosystem as Customer retention, employee retention and margins.

**CEO**  
Diversified Outsourcing Services

The most critical Operational Excellence focused challenges affecting my job role right now are customer centric employee engagement, global alignment to value.

**CEO**  
Diversified Outsourcing Services

### Education

Our focus for the next 12-18 months in Operational Excellence will be the introduction of new globally aligned processes and single suite of integrated systems.

**Head of Supply Chain Operations**  
Education

I see the key drivers pushing change in the Operational Excellence Ecosystem as today's "short-term engagement" employees who prefer to change companies rather than climbing the corporate ladder, causing companies to need to invest more time & effort in ensuring their clients/customers are happy interacting with them in their purchasing decisions.

**Founder/Owner-Operator**  
Education

I see the key drivers pushing change in the Operational Excellence Ecosystem as Developing executable strategies that show measurable transformation.

**Director Quality & Compliance**  
Education

### Electronics, Electrical

### Equipment

Our primary measure of success for the Operational Excellence program will be meeting / anticipating customer needs and relentlessly delivering customer value.

**Director-Lean Enterprise**  
Electronics, Electrical Equipment

Our focus for the next 12-18 months in Operational Excellence will be Value Stream Transformation and measuring the right KPIs for operational excellence.

**Director Lean Six Sigma**  
Electronics, Electrical Equipment

Our focus for the next 12-18 months in Operational Excellence will be fully integrating CI methodology into quality.

**CI & Quality Director AWS EMEA - SFC**  
Electronics, Electrical Equipment

Our focus for the next 12-18 months in Operational Excellence will be Enterprise wide agile and change management.

**Director-Lean Enterprise**  
Electronics, Electrical Equipment

I see the key drivers pushing change in the Operational Excellence Ecosystem as Competitive landscape; Customer relationship; Value chain integration; Focus on margins over revenue.

**VP of Operations/Site Lead, Analytical Instruments BU**  
Electronics, Electrical Equipment

The most critical Operational Excellence focused challenges affecting my job role right now are End to End Business Transformation. Managers have to come out of the short term "Cost Saving" mindset doing silo projects, rather should drive Value Stream Transformation to improve flow.

**Director Lean Six Sigma**  
Electronics, Electrical Equipment

### Energy

Our focus for the next 12-18 months in Operational Excellence will be Alignment and Standardization.

**Head of Business Transformation**  
Energy

The most critical Operational Excellence focused challenges affecting my job role right now are need for end-to-end Business Transformation (otherwise is sub-optimization).

**Head of Business Transformation**  
Energy

### Engineering, Construction

I see the key drivers pushing change in the Operational Excellence Ecosystem as the need to reduce cost as organisations are facing corporate-driven targets in cost and working capital reduction in an attempt to offset declining revenues. New technologies companies are

scrambling to keep up with the latest technology, but these solutions are worthless without the right organisational culture to make the most of them. Cross-industry disruption as start-ups and technological innovation are making the market more competitive every day, across all industries.

**Chief Engineer**  
Engineering, Construction

### Financial Data Services

Our focus for the next 12-18 months in Operational Excellence will be to Elevate the Client Experience.

**President**  
Financial Data Services

I see the key drivers pushing change in the Operational Excellence Ecosystem as RPA, BPM, real focus on the business drivers for success, client journey as primary focus.

**Director Process Reengineering and Optimization**  
Financial Data Services

The most critical Operational Excellence focused challenge affecting my job role right now is the legacy core system. It's very difficult to transform 20th century database design & architecture to perform with 21st century efficiencies.

**President**  
Financial Data Services

The most critical Operational Excellence focused challenge affecting my job role right now is Culture. No matter how good your CI program is, if the company is not ready to adopt and transform, it will not fly.

**AVP**  
Financial Data Services

### Food & Beverage Consumer Products

Our primary measure of success for the Operational Excellence program will be New value to the business - impact on margin, employee experience, employee agility and productivity.

**Director of Operations - Workplace Services**  
Food & Beverage Consumer Products

Our primary measure of success for the Operational Excellence program will be customer satisfaction index, customer complaints, employees engagement score, reduction in non-added value activities.

**AVP- Quality, Safety & Performance Excellence**  
Food & Beverage Consumer Products

Our focus for the next 12-18 months in Operational Excellence will be Automation and Digitization, Associate Experience Improvements and operations productivity improvements.

**Business Integration - Associate Services**  
Food & Beverage Consumer Products

The most critical Operational Excellence focused challenge affecting my job role right now is End-

## The Global State of Operational Excellence

### Critical Challenges & Future Trends



to-end transformation. Having our commercial team not on the same journey creates challenges on the ways of working and the priorities.

**VP Opex**

**Food & Beverage Consumer Products**

The most critical Operational Excellence focused challenge affecting my job role right now is Execution and sustaining OE - We spent so much funds and effort in the program, but we failed to see bottom line results - things are just going back to the way they were.

**CI Manager**

**Food & Beverage Consumer Products**

### Food Production

Our primary measure of success for the Operational Excellence program will be increase in customer satisfaction index. Reduction in cost of quality. Reduction in operating cost and working capital.

**Senior Vice President - Operations**

**Food Production**

### Food Services

Our focus for the next 12-18 months in Operational Excellence will be to launch a gamification approach to accelerate the implementation.

**SVP BIGS**

**Food Services**

The most critical Operational Excellence focused challenges affecting my job role right now are need more agility, need more data intelligence, customer focus, pressure on results.

**Senior Vice President - Operations**

**Food Services**

### Forest and Paper Products

Our focus for the next 12-18 months in Operational Excellence will be establishing cost curves of major assets, identifying root causes of limitations and countermeasures, optimizing assets and reducing variation.

**Continuous Improvement Manager**

**Forest and Paper Products**

### Health Care: Medical Facilities

Our primary measure of success for the Operational Excellence program will be the ability to attract and retain the best employees, leaders, and Executives.

**CEO & Founder**

**Health Care: Medical Facilities**

Our focus for the next 12-18 months in Operational Excellence will be to focus on \$500 million dollars of revenue enhancements and cost reductions.

**VP of Operational Effectiveness**

### Health Care: Medical Facilities

I see the key drivers pushing change in the Operational Excellence Ecosystem In Healthcare - as Innovation, Cost Out, Population Health (keep people well).

**Director, Performance Improvement**

**Health Care: Medical Facilities**

The most critical Operational Excellence focused challenges affecting my job role right now are lack of support from Employees. Employee engagement is very important for implementing and sustaining the change. We want to do better in this area.

**Lead Management Engineer**

**Health Care: Medical Facilities**

### Health Care: Pharmacy and Other Services

I see the key drivers pushing change in the Operational Excellence Ecosystem as a challenging healthcare market requiring different leadership mindset and adaptable and efficient management systems.

**Medical Office Chief**

**Health Care: Pharmacy and Other Services**

### Hospitals

The most critical Operational Excellence focused challenge affecting my job role right now is the need to improve relationships between departments. Hospitals are very complex enterprises. The care of the patients is nonlinear and should flow throughout several departments. Each department needs to understand their role in this flow and their interactions.

**MD MBA**

**Hospitals**

### Hotels, Casinos, Resorts

I see the key drivers pushing change in the Operational Excellence Ecosystem as Market challenges, competitiveness and adaptability.

**Owner and Co-Founder**

**Hotels, Casinos, Resorts**

### Household and Personal Products

The most critical Operational Excellence focused challenge affecting my job role right now is keeping up with New Technologies. - As the processes are more digitized and needs to be available on demand to the right stakeholder with the right info. for effective decision making.

**Global P2P Manager**

**Household and Personal Products**

The most critical Operational Excellence focused challenge affecting my job role right now is End to End Business Transformation. Serving our

customers is a team sport. Everyone in the value chain needs to understand their impact our ability to win.

**VP - Ops/Supply Chain**

**Household and Personal Products**

### Industrial Machinery

The most critical Operational Excellence focused challenges affecting my job role right now are ever-changing headcount and personnel continuously changes the dynamics of how our OpEx works effectively. Continuous retraining, and refreshers are necessary to bring new personnel up to pace, and encourage senior personnel to maintain.

**Sr. Technical Specialist, Municipal Market Development**

**Industrial Machinery**

The most critical Operational Excellence focused challenge affecting my job role right now is the support of employees as they think new program won't improve performance.

**Quality Manager**

**Industrial Machinery**

### Information Technology Services

Our primary measure of success for the Operational Excellence program will be Customer satisfaction and swift response to customer demand with the use of less resources.

**Chief Operating Officer**

**Information Technology Services**

The most critical Operational Excellence focused challenge affecting my job role right now is this company's culture would fit nicely about a decade ago. We cannot continue to ask for improvements in technology and support processes and allow for the rest of the company (HR and Executive teams) to work under an Old Power model.

**Associate Director - Video Operations**

**Information Technology Services**

### Insurance: Life, Health (Mutual)

I believe the greatest development in Operational Excellence in the past 5 years is executing and sustaining is most crucial. The struggle of constantly seeking perfection has not yet been embedded into our everyday thinking.

**Supervisor**

**Insurance: Life, Health (Mutual)**

### Insurance: Property and Casualty (Stock)

## The Global State of Operational Excellence

### Critical Challenges & Future Trends



I see the key drivers pushing change in the Operational Excellence Ecosystem as customer demands are more sophisticated. Competitors are adopting and using OpEx to meet customer demands. It's not efficient to conduct OpEx activities in a disjointed, inconsistent manner.

**Snr Director, Change Leadership**

**Insurance: Property and Casualty (Stock)**

### Internet Services and Retailing

The most critical Operational Excellence focused challenges affecting my job role right now are Lack of Understanding and/or buy in. Leaders know we need it but don't understand what "it" is and how to execute "it".

**Director Business Process: Marketing**

**Internet Services and Retailing**

### Medical Devices

Our focus for the next 12-18 months in Operational Excellence will be organizing and developing the engineering function and processes to be more integrated with the rest of the business.

**Vice President Operational Excellence**

**Medical Devices**

I see the key drivers pushing change in the Operational Excellence Ecosystem as the Global growth of organizations. Increase in competition globally forcing a need for cost reductions or containment. Employees gaining more voice in workplace.

**Senior Lean Operations Manager**

**Medical Devices**

The most critical Operational Excellence focused challenge affecting my job role right now is Lack of skilled workers - sapping capacity due to time taken to train.

**Head of R&D**

**Medical Devices**

### Mining, Crude-Oil Production

Our focus for the next 12-18 months in Operational Excellence will be much higher expectations of business performance. Moving past 2-3% business improvements to the expectation of a 20-30% improvement in results.

**Principal Consultant**

**Mining, Crude-Oil Production**

### Miscellaneous

The most critical Operational Excellence focused challenge affecting my job role right now is Department relationships. We keep reorganizing and the resulting fallout is a tendency to protect your own turf and not work as closely with others as you could.

**Process Line Manager - Mineral Processing**

**Miscellaneous**

### Oil and Gas Equipment, Services

Our focus for the next 12-18 months in Operational Excellence will be to establish an effective management system based on work by process and not by tasks.

**Quality & Operational Excellence Sr. Manager**

**Oil and Gas Equipment, Services**

I see the key drivers pushing change in the Operational Excellence Ecosystem as the need for rapid and sustainable results.

**Executive Vice President**

**Oil and Gas Equipment, Services**

### Pharmaceuticals

The most critical Operational Excellence focused challenge affecting my job role right now is lack of support from employees, because everyone is heads-down to support their client engagements to absorb the philosophy of process-based organizational excellence.

**Manager, Performance Improvement**

**Advisory Practice**

**Pharmaceuticals**

The most critical Operational Excellence focused challenge affecting my job role right now is reconciling competing priorities and agendas remains a top priority. Trying to execute Opex initiatives without explicitly aligning well intentioned stakeholders with competing agendas makes things difficult.

**Client Partner**

**Pharmaceuticals**

### Publishing, Printing

The most critical Operational Excellence focused challenges affecting my job role right now are maintaining key priorities and monitoring the progress on those priorities is the most crucial for us at the moment. We have problems with focusing on what's crucial and also giving up on things that distract us.

**Group Business Transformation Director**

**Publishing, Printing**

The most critical Operational Excellence focused challenges affecting my job role right now are keeping up' with New Technologies - some key basic infrastructure shared globally is severely outdated, disrupts workflow and limits building bridges to new system/technologies.

**Director, Operations Emerging Business**

**Models**

**Publishing, Printing**

### Real Estate

I see the key drivers pushing change in the Operational Excellence Ecosystem as understanding and use throughout the

organization as part of the culture and not just being pushed as a 'project du jour' by a centralized department.

**CEO**

**Real Estate**

### Securities

Our focus for the next 12-18 months in Operational Excellence will be establishing a new OPEX department, Ramping up RPA program, Driving Cultural change, Setting up reporting and data analytics.

**Senior Development Manager**

**Securities**

The most critical Operational Excellence focused challenges affecting my job role right now is a failure to innovate: This led to lack of the ability to develop new solutions for our changing customer needs, and inability to sustain our competitive advantage.

**Risk Management Officer**

**Securities**

### Telecommunications

I see the key drivers pushing change in the Operational Excellence Ecosystem as further competitive pressures, disruptions, new product/service development... increased focus on innovation and agile development - e.g. Lean Startup.

**Director, Sales Transformation & Operations**

**Telecommunications**

The most critical Operational Excellence focused challenge affecting my job role right now is a Failure to Innovate - still looking at incremental improvements vs transformational ones.

**Executive Director**

**Telecommunications**

### Toys, Sporting Goods

I see the key drivers pushing change in the Operational Excellence Ecosystem as faster delivery of returns. The drive for robotics.

**LCI Director**

**Toys, Sporting Goods**

### Wholesalers: Electronics and Office Equipment

I see the key drivers pushing change in the Operational Excellence Ecosystem as Customers are demanding it. We have partners that will fine us if we don't meet certain metrics.

**Dir. of Business Transformation**

**Wholesalers: Electronics and Office Equipment**



## The Global State of Operational Excellence Critical Challenges & Future Trends



### Perspectives from Large Organizations

Below is a selection of the responses that were derived from all the open ended questions sorted by industry sector. A small number of responses have been selected from each industry sector to ensure they add new impactful context to the question, which in this section has been included as part of the response to give it context. Responses have also been selected to give the unique perspectives each industry is facing.

#### Most Critical Challenges

Lack of support from employees, because everyone is heads-down to support their client engagements to absorb the philosophy of process-based organizational excellence.

**Manager, Performance Improvement Advisory Practice**  
**Pharmaceuticals**

Failure to innovate: This leads to lack of ability to develop new solutions for our changing customer needs, and inability to sustain our competitive advantage.

**Risk Management Officer**  
**Securities**

Department relationships. We keep reorganizing and the resulting fallout is a tendency to protect your own turf and not work as closely with others as you could.

**Process Line Manager - Mineral Processing**  
**Mining, Crude-Oil Production**

Lack of Understanding and/or buy in. Leaders

know we need it but don't understand what "it" is and how to execute "it".

**Director Business Process: Marketing**  
**Internet Services and Retailing**

At this point keeping up with new technologies and implementing them quickly has been a problem that prevented us from capturing the benefits of external innovation.

**Business Integration - Associate Services**  
**Food & Beverage Consumer Products**

Need for End to End Transformation. We are on the way to doing this but it is painfully slow. We are integrating Agile and Data Science where needed to help accelerate.

**Six Sigma Master Black Belt**  
**Computer Software**

End to End Business Transformation. Serving our customers is a team sport. Everyone in the value chain needs to understand their impact our ability to win.

**VP - Ops/Supply Chain**

**Household and Personal Products**

Execution and sustaining OPEX projects. There is a strong tendency to start OPEX project and then in 1-2 months decrease it down to several to-dos without serious OPEX effect. Managers prefer to show off the activity and then neutralise whatever is external to their function even cross-functional projects.

**Head of Performance Improvement Back Office**

**Commercial Banks**

Improving culture as it holds us back and prevents new thinking.

**Org design specialist**  
**Chemicals**

#### Primary measure of success of Operational Excellence programs

This is a greenfield program and hence the short term objective is to build DnA to cater to project executions in the future.

**Sr Project Manager**

**Electronics, Electrical Equipment**

Quality, Cost and Delivery...better care of our guests, faster execution of systems & process and doing things cheaper by eliminating redundancies.

**Owner and Co-Founder**  
**Hotels, Casinos, Resorts**

Quality of healthcare provided, access to critical services, and patient satisfaction. If we get these three right, the financial benefit will follow.

**Director of Operational Excellence**  
**Health Care: Medical Facilities**

Efficiency, Effectiveness, External

Benchmarking.

**Global P2P Manager**

**Household and Personal Products**

Everything is measured by sales results and time to sale.

**Director, Operational Excellence**  
**Financial Data Services**

Revenue, Cash Flow, Customer Loyalty, Cost Savings.

**EGM- Operational Excellence**  
**Automotive Retailing, Services**

Harmonized Key Process Indicators (KPIs) metrics analytics shared across the regions - global metrics.

**Regional Q&C - Americas**  
**Miscellaneous**

Ability to attract and retain the best employees,

leaders, and Executives.

**CEO & Founder**

**Health Care: Medical Facilities**

New value to the business - impact on margin, employee experience, employee agility and productivity.

**Director of Operations - Workplace Services**  
**Food & Beverage Consumer Products**

Meeting / anticipating customer needs and relentlessly delivering customer value.

**Director-Lean Enterprise**  
**Electronics, Electrical Equipment**

Customer satisfaction and organic growth.

**SVP, Operational Excellence**  
**Information Technology Services**



## The Global State of Operational Excellence Critical Challenges & Future Trends



### Information you most want to hear about from an expert

Strategic drivers of a comprehensive operational excellence ecosystem.  
**Manager, Performance Improvement Advisory Practice**  
**Pharmaceuticals**

Enterprise-wide opex transformation Training Within Industry in Healthcare.  
**Medical Office Chief**  
**Health Care: Pharmacy and Other Services**

Pushing Operational Excellence through large, lean organizations.  
**Project Consultant**  
**Financial Data Services**

The path to drive a customer centric organization through the use of technology.  
**Dir. of Business Transformation**  
**Wholesalers: Electronics and Office Equipment**

Best practices, actionable programs, success stories.  
**Senior Director, Corporate Communications**  
**Information Technology Services**

How to apply what they learned in their transformation leadership journey and how it specifically it may be leveraged for my company? How to eliminate the perception of the incrementalism delivered by OPEX?  
**Chief Transformation Officer**  
**Miscellaneous**

How to drive sustainable improvement actions & results as a leader?  
**Regional Enterprise Lean Sigma Lead**  
**Packaging, Containers**

Approaches to innovate quickly, simplify and improve processes and experiences.  
**Business Integration - Associate Services**  
**Food & Beverage Consumer Products**

How to implement the best in class processes without much of impact to end users, but make a significant different in the process?  
**Global P2P Manager**  
**Household and Personal Products**

Measuring goals and addressing accountability.  
**Senior Director, Strategy & Innovation**  
**Financial Data Services**

How do they sustain their program? How do they manage cultural change?  
**SVP BIGS**  
**Food Services**

Sustainability in a changing world of healthcare.  
**Director Business Operations**  
**Health Care: Medical Facilities**

Sustaining transformation and cultural change.  
**Enterprise Principal Leader - Mfg. Excellence Transformation**  
**Industrial Machinery**

Innovation initiatives and how they are keeping those flowing.  
**Regional Q&C - Americas**  
**Miscellaneous**

Driving Innovative thinking, Future of Operational Excellence.  
**Assistant Vice President - Operational Excellence**  
**Diversified Outsourcing Services**

How AI can be leveraged to improve our process?  
**Head of Technical Solutions, Global Payments Services**  
**Commercial Banks**

Applying OpEx concepts to non manufacturing companies?  
**SVP, Operational Excellence**  
**Information Technology Services**

Advanced tools for OpEx, incorporation of Design thinking approach in OpEx.  
**EGM- Operational Excellence**  
**Automotive Retailing, Services**

New tools that support operational excellence, building new skills and capabilities in operational excellence & new innovations.  
**Director of Operations - Workplace Services**  
**Food & Beverage Consumer Products**

How health care operational excellence will position the delivery of NA health care services to dramatically advance health care services quality, safety, effective resource use & manage cost to deliver VALUE?  
**CEO & Founder**  
**Health Care: Medical Facilities**

Making operational excellence relevant & actionable to all teams.  
**Director, Global Strategic Pricing**  
**Metals**

Steps to begin the OpEx journey. NOT THEORY.  
**Director, Operational Excellence**  
**Transportation Equipment**

Launching a corporate wide operational excellence program.  
**VP Procurement / Real Estate**  
**Electronics, Electrical Equipment**

Being world class Being the best globally Excellence in everything we do... Each and every employee can see the flow of value to the customer, and fix that flow before it breaks down.  
**Chief Engineer**  
**Engineering, Construction**

Mindset & Behavioral Change as well as Driving Excellence from the Boardroom (Leadership).  
**Owner and Co-Founder**  
**Hotels, Casinos, Resorts**

How to optimise operational excellence in spite of rapidly changing business environment?  
**Risk Management Officer**  
**Securities**

## The Global State of Operational Excellence Critical Challenges & Future Trends



### The greatest development for Operational Excellence in the past 5 years

Understanding the business operations better. Doing more and better with less.

**VP of Operations/Site Lead, Analytical Instruments BU**  
Electronics, Electrical Equipment

Understanding of the end-to-end NEED.

**Head of Business Transformation**  
Energy

The wider focus of deployment. Moving past purely operational processes to view the whole organisation.

**Principal Consultant**  
Miscellaneous

The integration of digitalized and real time information for speed of decision making and changes.

**Owner and Co-Founder**  
Hotels, Casinos, Resorts

The realisation that leveraging employee skills and talent is at the heart of any OpEx effort.

**Group Manufacturing Excellence Director**  
Chemicals

The Cloud has forced an "On Demand" mentality and I believe that is driving a lot of this.

**Dir. of Business Transformation**  
Wholesalers: Electronics and Office Equipment

Process performance, process outcomes and value generated through company knowledge; organizational structure, technologies, process execution and people in the organization.

**Chief Engineer**  
Engineering, Construction

Integration of AI / Continued Predictive Analytics / Data Science.

**Director, Performance Improvement**  
Health Care: Medical Facilities

Enterprise wide recognition that in a currently unpredictable healthcare environment, OpEx is the way to survive future market fluctuations.

**Medical Office Chief**  
Health Care: Pharmacy and Other Services

Acceptance of the philosophy and the fact that change management is required at very short intervals of time.

**Sr Project Manager**  
Electronics, Electrical Equipment

### Operational Excellence focus over the next 12-18 months

Integration into a new merger company and aligning standards.

**OpEx Regional Director**  
Aerospace and Defense

Automation and Digitization, Associate Experience Improvements and operations productivity improvements.

**Business Integration - Associate Services**  
Food & Beverage Consumer Products

Lean/cost management supplier innovation smart buildings collaboration tools.

**Director of Operations - Workplace Services**  
Food & Beverage Consumer Products

Launch a gamification approach to accelerate the implementation.

**SVP BIGS**  
Food Services

Alignment and Standardization.  
**Head of Business Transformation**  
Energy

End to end business transformation.  
**Director, Global Strategic Pricing**  
Metals

Fully integrate the CI methodology into quality.

**CI & Quality Director AWS EMEA - SFC**  
Electronics, Electrical Equipment

Building culture of change, Lean and six sigma by imparting trainings and promoting ideation

**Sr Project Manager**  
Electronics, Electrical Equipment

Developing a lean culture. We are rolling out a training program for all employees, and will have dedicated lean leaders to facilitate projects.

**Director of Operational Excellence**  
Health Care: Medical Facilities

Culture - building up capability and application of Lean.

**Managing Director of the Lean Management Office**  
Miscellaneous

Enterprise wide agile and change management.

**Director-Lean Enterprise**  
Electronics, Electrical Equipment

Standardize Front Line Operations to deliver consistent high quality care across every clinic and department with decreased variability.

**Medical Office Chief**  
Health Care: Pharmacy and Other Services

Improving customer experience, creating consistent and measurable benchmarks and replicating results.

**Head of Technical Solutions, Global Payments Services**  
Commercial Banks

Improving culture and leveraging technology.  
**Group Manufacturing Excellence Director**  
Chemicals

Consolidation of back office support processes.  
**Manager, Performance Improvement Advisory Practice**  
Pharmaceuticals

## The key drivers pushing change in the Operational Excellence Ecosystem

Rapid improvements that sometimes basic tools like Six Sigma may be too slow to capture.

**Business Integration - Associate Services**  
**Food & Beverage Consumer Products**

Need more agility, need more data intelligence, customer focus, pressure on results.

**SVP BIGS**  
**Food Services**

Faster delivery of returns. The drive for robotics.

**LCI Director**  
**Toys, Sporting Goods**

Customer demands are more sophisticated. Competitors are adopting and using Op EX to meet customer demands. It's not efficient to conduct Op Ex activities in a disjointed, inconsistent manner.

**sr Director, Change Leadership**  
**Insurance: Property and Casualty (Stock)**

Leadership buy in and focus on long term gains

through a change in the organization culture rather and strategic tie up with IT for innovative solutions.

**Sr Project Manager**  
**Electronics, Electrical Equipment**

Business pressures - cost, competitive advantage, war on talent.

**Director of Operations - Workplace Services**  
**Food & Beverage Consumer Products**

Digitisation and the need for robotics.

**Head of Process & Change Management**  
**Financial Data Services**

Further competitive pressures, disruptions, new product/service development... increased focus on innovation and agile development - e.g. Lean Startup.

**Director, Sales Transformation & Operations**  
**Telecommunications**

Global growth of organizations. Increase in competition globally forcing a need for cost

reductions or containment. Employees gaining more voice in workplace.

**Senior Lean Operations Manager**  
**Medical Devices**

Customers are demanding it. We have partners that will fine us if we don't meet certain metrics.

**Dir. of Business Transformation**  
**Wholesalers: Electronics and Office Equipment**

## The Global State of Operational Excellence Critical Challenges & Future Trends



### Perspectives from Medium Sized Organizations

Below is a selection of the responses that were derived from all the open ended questions but for this section, the responses have been filtered to only include responses from medium sized companies, classified as organizations with an employee size less than 5000. Responses have been selected to ensure they add new impactful context to the question and give a unique perspective of medium sized companies. Responses have been grouped into key themes.

#### Most Critical Challenges

Ever-changing headcount and personnel continuously changes the dynamics of how our OpEx works effectively. Continuous retraining, and refreshers are necessary to bring new personnel up to pace, and encourage senior personnel to maintain.

**Sr. Technical Specialist, Municipal Market Development**

**Industrial Machinery**

Changing demand of customers dictates the way we deliver our services, everything else follows.

**Partner**

**Information Technology Services**

Adapting to business trend: The Software team is very slow to respond to innovation which has ripple effect on the operations at all levels.

**Chief Operating Officer**

**Information Technology Services**

Maintaining key priorities - we constantly shift

our focus from one "flavour of the month" to the next!

**Opex Manager**

**Pharmaceuticals**

Need for Leadership Understanding & Buy-In. This is really about making an investment in operational excellence with a consistent vision. We are constantly changing plans.

**Program Manager**

**Computer Software**

End-to-end transformation. Having our commercial team not on the same journey creates challenges on the ways of working and the priorities.

**VP Opex**

**Food & Beverage Consumer Products**

End to End business transformation. We've locked value into how we do business via inefficiencies in our systems. Extracting that value is critical, and Operational Excellence is

an element in the strategy to do this.  
**TES Director USGC and Maintenance Expertise Center**

**Chemicals**

Sustaining OpEx programs. How to live a culture of consequence management with clear KPIs and empowerment?

**Wepa**

**Financial Data Services**

This company's culture would fit nicely about a decade ago. We cannot continue to ask for improvements in technology and support processes and allow for the rest of the company (HR and Executive teams) to work under an Old Power model.

**Associate Director - Video Operations**

**Information Technology Services**

#### Primary measure of success of Operational Excellence programs

Silo reduction, productive collaboration within and across business unit locations.

**Vice President Operational Excellence**

**Medical Devices**

Improved customer and employee satisfaction through global consistency of services, processes and systems and operational efficiencies.

**Head of Supply Chain Operations**

**Education**

Return on Investment - Tangible and Intangible; Also measured through 2 yearly employee survey across a number of dimensions.

**Head of Business Assurance & Improvement**

**Aerospace and Defense**

Self Healing: Full empowerment of the areas in continuous improvement.

**Director of Quality and Organizational Excellence**

**Financial Data Services**

Increase in customer satisfaction index  
Reduction in cost of quality  
Reduction in operating cost and working capital.

**Senior Vice President - Operations**

**Food Production**

#### The greatest development for Operational Excellence in the past 5 years

Incorporating the internal customer into the picture and not just the external customer.

There has been more realization that Operational Excellence deals with both.

**Continuous Improvement Lead**

**Aerospace and Defense**

Focusing on delivering business results vs LSS tools.

**Director Process reengineering and optimization**

**Financial Data Services**

Focus on behaviours and embedding change; RPA.

**Head of Business Assurance & Improvement**

**Aerospace and Defense**

Alignment of lean thinking and focus on business deliverables augmented by software.

**Director process transformation and optimization**

**Financial Data Services**

## The Global State of Operational Excellence Critical Challenges & Future Trends



### Operational Excellence focus over the next 12-18 months

R&D, implementing OPEX in all Group facilities.

**Global Industrial and Operations Director  
COO**

Apparel

Establishing new OPEX department, Ramping up RPA program, Driving Cultural change, Setting up reporting and data analytics.

**Senior Development Manager**

Securities

Robotics process automation and improvement in customer experience and big data.

**Opex consultant**

Financial Data Services

Integrate transformation technology into resource behavior.

**Principal**

Information Technology Services

End to end transformation. Deploy BPM.

**Director business transformation and optimization**

Financial Data Services

Establishing cost curves of major assets, identifying root causes of limitations and countermeasures, optimizing assets and reducing variation.

**Continuous Improvement Manager**

Forest and Paper Products

Client journey excellence - focus on client ease of use.

**Director Process reengineering and optimization**

Financial Data Services

Reorganizing and developing the engineering function and processes to be more integrated with the rest of the business.

**Vice President Operational Excellence**

Medical Devices

### The key drivers pushing change in the Operational Excellence Ecosystem

To meet the changing needs of customers and to stay ahead of increasing competitions.

**Senior Vice President - Operations**

Food Production

RPA, BPM, real focus on the business drivers for success, client journey as primary focus.

**Director Process reengineering and optimization**

Financial Data Services

Changing environment that requires our business to stay competitive, agile and flexible.

**VP Opex**

Food & Beverage Consumer Products

Market (end consumers) behaviour change.

**Global Industrial and Operations Director  
COO**

Apparel

### Information you most want to hear about from an expert

Cultural transformation and Change management Lean and Six Sigma Developing people.

**Senior Vice President - Operations**

Food Production

How OE supports digital transformation?

**Black Belt**

Insurance: Property and Casualty (Mutual)

Integrating operational governance and decision-making at an organizational level - best practices.

**Vice President, Science Operations**

Miscellaneous

How to deploy a sustainable program in a related industry?

**Supervisor**

Insurance: Life, Health (Mutual)

How to demand cultural change from your leaders/executives? How to combat "say one thing do another" culture?

**Associate Director - Video Operations**

Information Technology Services

Aligning strategy and operations through process excellence to drive big change.

**Quality Manager**

Aerospace and Defense

Integration of innovation, VR and IoT in OPEX.

**Global Industrial and Operations Director  
COO**

Apparel

Application of machine learning.

**CEO**

Chemicals

Advanced monitoring tools, setting benchmark for sales/marketing, operational excellence mechanisms.

**Director**

Health Care: Pharmacy and Other Services



## Perspectives from Small Organizations

Below is a selection of the responses that were derived from all the open ended questions but for this section, the responses have been filtered to only include responses from small companies, classified as organizations with an employee size less than 200. Responses have been selected to ensure they add new impactful context to the question and give a unique perspective of small companies. Responses have been grouped into key themes.

### Most Critical Challenges

Sustainable top line growth, while Maintaining customer satisfaction, Improving employee engagement and reducing waste.

**CEO**

**Diversified Outsourcing Services**

Are we aligned with mid and long terms trends in our sector? Are we fit for competition?

**CEO**

**Computer Software**

RESULTS. "Better, faster, cheaper". Increased profits. Reduced operating costs. Reduced waste. Increased quality. Increased customer satisfaction.

**President**

**Health Care: Medical Facilities**

Improved efficiencies leading to higher profits all round.

**Managing Director**

**Education**

Embedding CI methodologies in the day to day work and ensuring continual improvement across the organisation.

**Consultant Business Excellence**

**Airlines**

### Information you most want to hear about from an expert

Re-engineered metrics to avoid disastrous decisions.

**MD**

**Mining, Crude-Oil Production**

1. How to motivate and monitor Leadership Behavior Change? 2. A definition of WHAT is Lean (not HOW TO DO LEAN). 3. Systemic thinking.

**Owner/Senior Transformation Expert**

**Miscellaneous**

How to solve the robotic process automation adoption, avoiding social crisis?

**CEO**

**Education**

Challenges associated with moving from an early state to a highly effective initiative.

**Owner**

**Education**

OpEx Leadership Learning from Failure Reaching for the stars with your feet firmly on the ground.

**Principal**

**Medical Devices**

What made them realize the need for operational excellence and how did they the whole organization to follow them? Successes and mistakes along the way and plans for the future?

**President**

**Miscellaneous**

Operational Excellence across all functions. (how to take it beyond operations?)

**Vice President of Global Operations**

**Medical Devices**

Balancing transition from the "old way" to operational excellence without losing the team.

**VP of Operations**

**Motor Vehicles and Parts**

## The Global State of Operational Excellence

Critical Challenges & Future Trends



### The greatest development for Operational Excellence in the past 5 years

The recognition that successful transformation requires successful leadership behavior change.

**Owner/Senior Transformation Expert**  
Miscellaneous

That companies became aware of its importance of the concept not only for maximizing the value of the asset, but for its own survival.

**Director**  
Computer Software

Internet of Things (IoT) and Artificial Intelligence (AI).

**Quality Analyst**  
Forest and Paper Products

Cloud collaboration and innovation tools improving feedback cycles, everything is more agile and more immediate now.

**CEO**  
Diversified Outsourcing Services

Adoption outside of manufacturing - investment in OpEx by insurance and health care industries.

**Founder & Lead Consultant**  
Education

A shift to recognise the importance of leadership in making things happen - rather than simply tools and techniques.

**Managing Director**  
Education

### Operational Excellence focus over the next 12-18 months

To improve our Production Capacity and reliability in terms of quality and delivery.

**Production manager**  
Building Materials, Glass

Continue to work with financial services companies to optimize operations excellence through the develop of intelligent digitization.

**President**  
Financial Data Services

Training, Systems, Process improvements, Understanding Customer needs.

**Director and Chief Strategy Officer**  
Miscellaneous

Creating standard processes and systems that everyone follows.

**President**  
Miscellaneous

Establishing and consolidating critical operational systems.

**Supply Operations Head**  
Food & Beverage Consumer Products

### The key drivers pushing change in the Operational Excellence Ecosystem

Global competition and need for more efficient operations and more agile teams.

**Owner**  
Chemicals

Digital transformation, accelerating pace and intensity of competition.

**Client Partner**  
Pharmaceuticals

Today's "short-term engagement" employees who prefer to change companies rather than climbing the corporate ladder, causing

companies to need to invest more time & effort in ensuring their clients/customers are happy interacting with them in their purchasing decisions.

**Founder/Owner-Operator**  
Education

Company's understanding that they must look at processes from end to end.

**Managing Partner**  
Diversified Financials  
Primarily, the ecosystem of faster business innovation.

**Founder/CEO**  
Advertising, Marketing

Change of customer behaviour in an ubiquitous world.

**Innovation Director**  
Electronics, Electrical Equipment

## FEATURED

# Four Fail Proof Factors for a Successful Hybrid Work Model

Richard Rabin, *Product Marketing Manager, Process Intelligence, ABBYY*

A hybrid working environment is now on the table for most U.S. companies, with many starting to draw up new strategies for combining remote and office workers. However, this may require more thought than meets the eye and leaders need to develop an approach that includes the critical step of developing a workplace technology roadmap that can handle the various unique needs of employees working in different places.

Some business leaders are still dealing with poor decisions they made last year when the pandemic forced them to quickly introduce new digital processes, which mostly turned out to be inadequate or didn't live up to expectations. In fact, a survey by ABBYY of 4,000 WFH employees showed as many as 74% experienced challenges such as not having the right IT tools. This supports the fact that employees value the option to work away from the office, as long as they're equipped to do so efficiently.

If businesses get it right, the hybrid model has significant benefits, including a decrease in office costs, meeting sustainability goals, improvements in recruitment and retention of talent, increased productivity, and more. IT leaders must show the way forward, given the central role technology will play in creating and sustaining the next workplace environment. Here, we'll discuss some of the factors to consider, and a path forward for creating a model to successfully navigate a hybrid environment.

### Consider the requirements for a successful outcome

When you're initially considering digital changes, think carefully about both your company's and employee's goals and needs and how those changes will impact workloads and workflows. Employees need to stay connected to others, both professionally and socially. Getting this balance right in the hybrid workplace is not always easy, so it's important to understand how your employees work as you begin your search for long-term digital transformation. Consider these questions:

- ◆ Is your staff still relying on manual data entry? Are they having to physically touch papers and how much time is it taking?
- ◆ Are they following current processes, or do they have alternative ways of completing tasks they think is more efficient?

- ◆ Do they wish they could have more say in how processes are executed and have the ability to influence them?

- ◆ Would they want more digital assistance?

After answering these questions, begin evaluating your current operations and business processes to ensure the best way forward for combining remote with office work. Aside from staff feedback, you'll also need a good bird's eye view of your entire operations to gain a true evaluation. Leaders can take a non-bias approach and make better in-the-moment decisions based on facts by using solutions like process mining. Driven by advanced data analytics, process mining uses event data to discover and map process operations and their possible variations. It can also check existing processes for conformity with pre-defined business policies, standards, and models. These analytics help decision-makers uncover the root causes of any inefficiencies in their business processes. In other words, it helps you keep track of what you're doing well and reveals where you can do better before you start automating anything.

Once you've completed your evaluation and have full visibility into the inner workings of your business, consider these four factors:

### ◆ The importance of collaboration and communication

**tools:** Companies should support the importance of human connections and offer tools to help them collaboratively work together, no matter where or when employees are working. Technology should be an enabler for improving communications and productivity, especially in a hybrid workforce. When we surveyed office workers in November 2020, we asked what tools could make their jobs better and the top answer (70%) was communications tools.

- ◆ **Implement task monitoring:** The second top answer for what tools could make office workers' jobs better was for productivity monitoring (43%). Tools like task mining can analyze how people interact with systems and provide unique productivity data. This can help organizations shift away from repetitive tasks and empower employees to focus on higher-value work. It can even be used as a personal productivity tool for employees to see how they're working and how they can

improve processes. Advanced task mining tools have protocols and settings in place to safeguard users' personal data since they log user interactions in real-time, helping avoid infringing on users' privacy.

◆ **Incorporate new AI tools for overcoming inefficiencies**

For leaders responsible for driving digital transformation and changes, success will depend on getting the right combination of tools. They must also deliver innovation that enables them to disrupt their industry, without disrupting the company's day-to-day operations. A study from the International Facility Management Association (IFMA) highlighted that employers are now focusing their investment on providing the digital tools, equipment, and training for remote workers to ensure that workplace productivity, wherever that may be, isn't affected by outdated tech. Most companies know they need to do this, but they are often not sure where to start.

While RPA is one of the most popular starting points to automate existing manual, repetitive processes, companies are reaching a roadblock in their digital transformation journey and need more sophisticated technology to achieve the full benefits and keep a competitive advantage. Some of the common AI tools available include machine learning (ML), a tool that can learn from data looking at similar patterns and is able to predict a decision a human would make; and intelligent document processing (IDP), which leverages OCR, ML, and NLP to digitize and understand forms and adds AI skills to RPA bots so they can learn, reason,

and understand content within various documents. It then categorizes and extracts relevant data for further processing. By gaining insights from documents, organizations digitize their operations, dramatically improve the customer experience, increase productivity, and lower risk.

◆ **Evaluate the ROI of digital transformation:** With so many tools available to run through your organization to automate, initiate and drive processes forward, it's imperative to be able to monitor their ongoing performance. This should include the ability to identify and rectify bottlenecks and have insights into how digitally transformed processes are impacting overall operations and the customer experience. Process intelligence monitoring how content flows through business applications combined with business intelligence, and data science and analytics can be used individually or together to provide IT leaders a "control plane" of how all their departments' processes workflows.

To ensure success in a hybrid workplace, IT leaders should have a holistic view of their processes and make it a priority to review each employee's workspace characteristics and needs. And while you don't have to make all the right decisions about your hybrid model up front, approaching it in the right way and considering the above factors can help you make the most of your plan, while creating a stronger environment for your employees.

## FEATURED

# How CIOs Can Get the Most ROI From Digital Transformation Budgets

Anthony Macciola, *Chief Innovation Officer*, **ABBYY**

A recent survey of business leaders revealed that more than half of the decision makers who responded felt their budget for digital transformation in the coming year was not enough. And even though 55% of their digital transformation budgets ranged from \$500,000 to \$5 million, their previous investments were not having the impact they expected. This illustrates that throwing new technology at a problem does not always meet business expectations. Creating a carefully planned IT budget strategy can be difficult when you're trying to balance priorities across different departments with long-term goals. CIOs must work with CFOs and CEOs – and, really, all stakeholders – to ensure they're investing precious dollars in the right areas and getting the biggest return on their investment.

While technology is quickly changing the nature of business, its investment processes haven't always maintained the same rate of progress. CIOs need to rethink technology budgeting, how to get the most ROI from it, and prioritize their digital investments. Here are three ways to get the most ROI from your budget.

### Evaluate current systems to prioritize next steps

It seems companies have been automating everything their hands can touch under the guise of digital transformation. Many automation teams have digitized processes without fixing them first, knowing the impact across the organization, or if they met key performance indicators. Many leaders threw best practices out the window to maintain business continuity, meet new remote work needs, or for fear of being disrupted.

One of the most important factors of successful IT budget planning is not spending the most money but spending it wisely. CIOs need to perform ongoing assessments to have an accurate picture of existing processes and identify where investments can deliver the greatest return. Having this pragmatic view and taking a step back can truly help you understand how your business is operating today and where it's underperforming or where there's opportunities for optimized performance. Once you understand your processes and how they're operating, you can establish a baseline and prioritize an efficient automation strategy.

### Be aware of hidden costs

There can be hidden expenses during digital transformation projects, especially when it comes to robotic process automation (RPA). Be cautious of focusing internal resources and automation initiatives around processes that are interesting to automate rather than those that are more impactful to downstream processes. Process intelligence has become a strategic tool for aiding the C-suite in understanding where automation budget investments can offer the highest returns within digital transformation initiatives.

Also understand the limitations of some tools. RPA, for example, needs AI skills to understand the content and context from documents feeding its platforms. The manual resources to correct and monitor bots may end up costing more than expected. Many inefficiencies today are a derivative of poor focus over poor execution.

### Don't get caught in the hype

Some tech evangelists, including myself, may seem underwhelmed about technologies hyped to be an end-all to digital transformation. If you understand and use them for what they can truly accomplish, then you'll get the return you're expecting. The goal is to understand the problems you're trying to solve, and make sure you have the right mix of solutions for the job, whether it's RPA, intelligent document processing, process mining, data analytics, low-code platforms, or conversational AI platforms. Most importantly, select best-in-breed partners who will be a champion of your business goals.

Lastly remember, AI is a broad term that encompasses many different technologies like machine learning (ML), computer vision, and natural language processing (NLP). Some vendors use these concepts interchangeably when they're not. Understanding this helps you wrap your head around AI and pull back the curtain to see individual tools with real capabilities, not just a singular magical technology that fits all.



## FEATURED

# How to leverage a CoE to accelerate execution excellence at scale

Lars Reinkemeyer, Vice President, Customer Transformation, **Celonis**

Driving operational excellence at scale is a key challenge for any organisation aiming at process transformation and automation. Successful transformation samples show the biggest value when it's a continuous process that touches every corner of an organization.

Operational excellence is a continuous challenge, a virtuous cycle of process improvements. It takes deliberate, diligent work to set up and maintain (let alone optimize) this continuous evolution and there are a couple of best practice learnings.

Experience and statistics indicate an increasing prevalence of Centers of Excellence (CoE) in successful enterprises. At Celonis, our State of Process Excellence report revealed in 2021 that, of the 500+ process leaders surveyed, 71% of the successful deployments have a CoE in place as a central accelerator for change.

And we are seeing huge interest in establishing CoEs, defining operating models and deploying change management to drive value across organisations. CoEs are typically at the heart of the process transformation initiative, which speaks to the growing recognition of operational excellence as a critical strategic initiative. But not all CoEs are created equal. To put it more bluntly, not all enterprises are building their process CoE *the right way*.

There are many best practice examples how CoEs can accelerate and propagate organizational change. I've done it myself at Siemens, and I've worked with dozens of organizations doing similar work since I joined Celonis in early 2021.

My experience has taught me that if we're to build a CoE to unlock the full potential of operational excellence, we must first get more closely acquainted with some key success factors of the CoE itself.

### Your Center of Excellence should fulfil three essential roles

As a kind of 'command and control' for enterprise transformation, your process execution CoE has three key purposes.

As a *catalyst* it has to ensure executive alignment around purpose, turning strategic targets into operational KPIs, and enabling a data-driven organization. Executive sponsorship is crucial to prioritize process transformation and the CoE needs to facilitate executive engagement.

As an *evangelist*, it establishes a communication platform, coordinates across business units and functions, shares best practices and innovation, promotes success stories and change champions.

And as an *enabler*, it provides the right technical platform, collects data and drives technical implementations, manages data access and performance, and provides onboarding and training.

### The challenges you will face

So good things come in threes — your CoE should be a catalyst, an evangelist and an enabler, thus becoming an accelerator for process transformation. But unfortunately so do the challenges.

Three of the toughest tasks you will take on when establishing your process execution CoE relate to the three Ps: purpose, people and processes.

As a first priority, you must define a clear *purpose* and value proposition that's aligned with overall company strategy. The purpose may be generic (e.g. driving digital process transformation) or specific (e.g. reducing working capital costs by xx%).

You will need the right team of people dedicated to driving this purpose, and to ensuring the organization changes as required. Not everybody is keen to drive change and move away from a comfort zone. So it is important to work with change agents first.

And you will need those all-important *processtraces*, the event logs from business systems that enable you to have full visibility and identify the execution gaps to address. And the easier you can access these event logs from transactional systems e.g. for P2P or O2C processes, the quicker you can drive impact and value.

### Which setup is right for your organization?

Organizational setup is a critical decision process leaders must make when establishing their CoE. Where will it live? The answer will trigger further consideration about the nature of the CoE and its relationships with the broader organization.

Let me offer a few examples. Some CoEs have their organisational home in the IT department, while others reside on the business side. The challenge here is bridging the gap between the two. How will you align a technical CoE with the requirements of the business, or vice versa?

More and more, we see CoEs hosted in shared services units. This is no surprise. As a function defined by its commitment to operational excellence, shared services seem the natural home for a process execution CoE. But you must make sure the technical foundation is in place, and build bridges to any non-horizontal domains your shared services might not prioritize.

There are a number of other possible organizational setups. These include a holding structure or private equity firm, where you must demonstrate the value of operational excellence to the operating companies. Or a CoE led by a chief digital officer, which can be a powerful driver of an enterprise-wide digital transformation strategy as it provides data- and fact based insights. If you'd like to understand these setups in greater depth — and learn more about ensuring your CoE can drive operational excellence — you can hear me explore the topic further in this video.

### Ramping up your CoE

As you launch and grow a CoE, your focus areas will evolve, too. Broadly speaking, we can break the journey down into three stages.

First, you plan. This is when targets are defined, a strong leader is appointed, and pilot use cases are chosen. It's a good idea to focus on quick (but still strategic) use cases that can prove early value and cultivate enthusiasm for more.

Next you establish the CoE by expanding to more process owners and use cases, and by nominating champions from the process domains who can fuel adoption and inspire others.

Finally, you scale. This is the stage when business process owners from the wider organization are brought in, the CoE's purpose is further aligned with overall business strategy, and your automation and transformation efforts can be pushed to the next level.

### Get to operational excellence faster

I don't mean to make establishing a process COE sound like a long, gruelling task. I've seen CoEs ramp up and generate impact within a few weeks. It's simply a journey with many twists and obstacles, and it's better to know what to expect before you set out.

The transition through the stages from plan to scale doesn't need to be a drawn-out process. In fact, quick scaling is beneficial to build and maintain momentum. My colleague Niralee Shah has some excellent insights on scaling successfully in the context of automation — which you can read in this very report.

I'm fascinated by process execution CoEs in all the different forms they take, but they're only successful if they fulfill their purpose and become that catalyst, evangelist and enabler of operational excellence for your organization.

## FEATURED

# Struggling to scale automation? You're not alone

Niralee Shah, *Global Product Marketing Director*, **Celonis**

The impressive rise of automation is charted in various reports, like this one from McKinsey which finds 66% of respondents are piloting automation in at least one business unit. Yet of those who have started out, only 16% have fully automated a process, and even fewer (15%) have established a program across multiple parts of their organization.

It's a pattern I've seen again and again. Automating is often the easy part. Scaling automation successfully is usually where things get really difficult.

So what's holding us back? Certainly technology has been a limiting factor for many — whether it's robotic process automation, digital process automation, digital decision platforms or business process solutions, the list goes on. But, as I'll discuss, advances in the technology available to process leaders today give cause for excitement and optimism.

There are a number of behaviors and challenges throughout any automation program that can hinder its effectiveness and prevent it from scaling well. As an automation specialist and product marketer, I hear the same issues arise time and again in my conversations with customers. So here are a few pointers I offer when they're struggling to scale automation across their organizations.

### Start at the very beginning

For any organization embarking on an automation project, the obvious question is: Where to begin? The answer, however, is rarely as obvious. In the absence of clear direction, many companies understandably start with the things that are easy to automate, but this might mean automating processes that are inherently inefficient.

The point is, if you're automating to improve business execution (and why else would you be?) then the real work starts much earlier, before any bots enter the scene. A huge opportunity here is in process discovery, which will ultimately help you understand which processes to automate first for the greatest impact.

### Re-discover process discovery

When Celonis surveyed 500+ process leaders from enterprises around the world, we learned that 63% view process discovery as a top priority. Nothing remarkable here, until you see that process discovery ranked higher on the priority list than automation (56.5%).

My read on this is that process leaders are maturing in their approach. They know that automating blindly won't get their organizations where they need to be. To have a positive impact, they recognize they must first understand the underlying systems and processes inside out.

Vast improvements in process discovery have been made possible by technologies like process mining. This technique gives you an X-ray of your business and allows you to discover processes as they really are, not as you think they might be.

But process visibility and understanding are just the beginning.

### Automate to execute

Want to be in a leading subset of process leaders? Simply automate with the goal of optimizing outcomes.

That's right. Believe it or not, only a minority (35%) of the process leaders surveyed in our report actually take an outcomes-first approach. Most (49.5%) create processes that either align to pre-defined IT source system flows or are designed to cut costs.

I believe this approach — which we might call process pragmatism — doesn't reflect the ambition of process leaders so much as their expectation. Their past experience has shaped their view of what's possible. Now, with technological advances, they're seeing new opportunities to increase the intelligence levels in their automation initiatives, from process discovery through to execution and beyond to ongoing optimization.

### Infuse automation with real-time data and analytics

Enterprises are hugely complex and dynamic systems. So while it's hard enough to gain an accurate map of your processes to guide automation, it's even harder to stay on the right track as things change over time.

You've used process mining to identify process inefficiencies. You've defined the business rules and logic that will trigger automations intelligently. Those automations will take direct action in your systems, or notify your teams, or trigger RPA. Next, you need to continuously monitor the effects of these actions, and use the resulting insight to adjust your automations as needed. And all of it has to be done in as close to real time as possible.

This real-time intelligence is, for me, one of the missing pieces in the automation puzzle. And it's possible to put it in place today.

As we see more reports about the rise of enterprise automation, I'll be paying close attention not only to how many companies are implementing automation programs, but also how many are scaling them with success. That's where the huge growth in automation will come — and, with it, vast improvements in enterprises' ability to execute.

# The Global State of Operational Excellence

Alan Bronowicz, *Head of Process Management*, **Refinitiv**

In the modern company change can be seen everywhere and transformations are now the norm. The customer experience has become the central focus and the employee experience has become a critical enabler for delivering to customer expectations. At the same time every organization is under threat from competition and scrutiny from investors. Companies must become more productive with their resources to improve the bottom line while delivering a premium customer experience to drive the top line. Both of these are critically important to the success of the organization and transformation is required in order to achieve both. The enabler for transformation above all is the executive leader who can't just "buy-in" and have "knowledge" of the transformation but must embody it.

Assuming the leaders roll is about buy-in and knowledge is to look at this from the wrong direction. This indicates the rest of the organization needs to convince their leaders why change is required. The executive leader needs to own and drive transformation efforts across their business whether it's about cultural transformation, process transformation, or systems transformation. A recent poll showed the number one worry of CEOs is to know transformation is needed but being unsure how to ensure their organization delivers. Transformation in large organizations does not happen through grass roots efforts no matter how much the leader hopes or expects it will. The way the leader acts and behaves is an example to others, it is contagious and others follow. Today's executives have the choice of leading their organization through challenging and rewarding transformations or they can be at the helm when their ship goes down. The executive leader should spend less time waking up worried about the transformation and more time planning and executing the transformation. This can be challenging as leaders, especially in large organizations, are often too distant from the day to day operations.

The world has changed considerably in the past 20 years; employees have different expectations, motives, and preferences while technology is enabling a different way of working. Executive leaders who rely on their operational experience from decades ago will not connect with their employees. They will misstep in leading the organization forward. In Great Work author David Sturt talks about how important it is to "See for yourself", the

idea that when you observe first hand you are 17 times more likely to have passion for the work than if you do not. He says, "Difference makers look with their own eyes from a variety of perspectives to see new possibilities." and "Something happens to us when we See for Ourselves. It awakens our passion for making a difference."

Executives need to leave the comfort of their offices and board rooms and they need to get out with their employees and customers and see things first hand. They need to do less talking and more listening, more observing and less directing, and they need to get their finger on the pulse of organization in order to actively lead. Transformation of any kind, but certainly Cultural and end-to-end Business Transformation, requires everyone to roll up their sleeves and get to work in a cohesive fashion. The leader plays a critical role and must ensure this is taking place by modeling the right behaviors and actions.

Executives who are relying solely on their intuition, experience, or feedback from their direct reports should remember what their role is all about. The executive needs to set a vision for where they want the organization to go, demonstrate the behaviors and attitude required to get there, ignite a passion in their employees, and enable their organization to perform. Leaders need to find the critical balance of empowering others and coaching from the sidelines while jumping in to course correct as required. It is powerful when the executive leader "gets it" and talks in terms others relate to and balances their time appropriately to lead the transformation. Amazing things can be achieved when leaders operate in this way and stop watching from the sidelines.

When you think of the greatest modern companies you can't help but think of their leaders; Jeff Bezos at Amazon, Steve Jobs & Tim Cook at Apple, Serge & at Google, Bill Gates at Microsoft, or Richard Branson at Virgin. The company brand follows the leaders brand and the culture follows the leader. These businesses have lead the fourth industrial revolution because their leaders were active, present, engaged, and passionate about their cause. Leaders today must step up and not just lose sleep over 'how will we transform?' but instead take over and make it their personal priority to lead the company to a better place.



# One measure doesn't fit all!

**Andrea Conte, Sr. Manager Operations Operational Excellence,  
Caribbean & Latin America- Marriott**

I am an operations specialist that review performances of hotels within the Caribbean and Latin America portfolio, and the complexity of this market bring a set of opportunities that are unique and many times have to be adapted and modified due to social and economics differences in a matter of hundreds miles.

Our team incorporate a base six sigma operating procedure adapting timelines and audit process to a shorter implementation time frame, where the success lay in building short time relationships that allow the on site teams to believe in the initiatives.

We hotelier are a strange bunch! Traditionalist, hands on operators and scepticals by nature, we believe in what we see and touch, reviewing smartsheets projects, timelines and further more assumptions on business goals make us anxious, therefore before diving in changes our job is building trust.

Seeking a "street savvy" operational excellence tool, I firmly be certain of being a winning option in hospitality. To succeed in a service industry, we need to be able to sell the "system", to chefs, housekeepers, engineers, and "on the floor" employees, open these many times overcomplicated wordings and diagramming to the teams, be there for them and show in practical execution the process improvement.

During the first year of the team introduction to the portfolio, the main challenge is to fluently incorporate the benefits of a performance improvement suggestions to the daily operations and culturally understand a short term paradigm shift, to overcome this hurdle our approach have been breakdown in not conventional steps that involve a creation of ad hoc workplan by increasing the one o one meeting with process owners, a maximum of ten points interviewing questionnaire and re-grouping over the project execution.

The structure of our projects is of ten days, a prework documents collection and stakeholders interview.

The discovery period is spread on a two days property walk-thru back and front of the house, short interview of line staff, in depth inspection of the hotel, third day followed by competitors set visit, the days fourth to sixth are dedicated to one o one leadership review and the beginning of initiatives definition and goals, perhaps the crucial time when the job of the OpEx team and Leadership teams weight the financial, emotional cost of it. The days seventh to tenth are dedicated to finalize presentations and with the support of financial analysts, building financial benefits forecast, proof of sustainability usually geared to a very conservative goal.

Interestingly a pattern has been clearly arise, there is a very positive excitement and willing to change the modus operandi during the start up, everybody from the line staff to the top leaders of the hotel are open and welcoming discussions about what's working and what's not, then the key of talking about each single steps in changes implementation become an hurdle whereas visual supporting documents, previously implemented examples and instigating competitiveness is essential to build confidence and buy-in.

In a nut shell, the hospitality operational excellence to succeed has to have a greater proportion of Emotional investment versus the technical process. We are blessed to be working in a human business and value the personalities that build it!

# Maintaining Key Priorities Consistently

**Andrea Sinclair, Sr Program Coordinator, University Of Louisville**

The themes of this report clearly articulate the baseline problem: “(r)esearch shows that amongst the many factors that contribute to poor results are change fatigue, too many priorities to focus on, and poor employee engagement.” There are so many reasons that change feels urgent, from external market pressures to internal excitement from process improvement professionals themselves. Yet too often the pressures driving operational excellence initiatives fail to persuade those in operations. The best change efforts recruit those who understand and will do the work being changed in order to develop buy-in throughout the process of problem solving. But what happens when even that expert-informed problem solving still happens far away from you?

I work in graduate medical education, which happens under the watchful eye of the Accreditation Council for Graduate Medical Education (ACGME). The people involved in the accreditation process put significant thought and effort into working with specialty experts to develop requirements and guidelines that are then distributed to schools across the country (and expanding to more schools globally each year). Sensibly, each program is left to determine how the actual operationalization of the requirements will happen, since there are nearly infinite variables impacting that piece of the implementation. But schools are complex organizations, and so are hospitals, and the intersection of the two makes for a mind-boggling level of complexity that needs to be navigated, often with little organization or thought put into the implementation process. Even then even the most carefully thought out plans often fail in the face of the actual circumstances. I am beginning to think a piece of that failure is because we too often overlook a critical step in the implementation of process improvement - translation into operations.

How can we increase the chances of successful change in the face of this complexity? Within graduate medical education programs there is a management team (usually a Director and a Coordinator) who are responsible for meeting the ACGME requirements. This management team buffers the demands of the regulatory body to help mitigate some of the impact of change fatigue on other members of the team. Since the program director is also usually a full time clinician, reframing the program coordinator as the project manager responsible for localizing the requirements into operations allows us to see the faculty and students as subject matter experts - the team members who hold the key knowledge. Lasting change requires solutions that address systemic, environmental, and procedural obstacles as well as workforce development but translation has to happen

between the key organizational priorities, the solutions developed by data-driven problem solving, and the day-to-day operations.

How do we accomplish that translation? By using (or developing) an asset which many organizations overlook - their informal leaders. To me, the most interesting thing about informal leaders is that they are rarely appointed by those with legitimate power. Instead, they are almost always self-created as people either accumulate the expertise or step up to take on responsibilities that are rarely a starting piece of their job description. I also find it fascinating how informal leaders can accomplish a lot of change, even in organizations with resistant upper leadership. I think this is because an informal leader is positioned to connect the strategic goals with the daily processes in a way that can successfully persuade the people doing the work. The combination of trust-filled relationships, expert authority, and ability to connect people to a vision is what makes any leader successful, so it should not be too surprising that informal leaders have the same combination of skills. And while the transformations accomplished by informal leaders may not be as dramatic as what can be done when senior leadership is engaged, the changes can still be significant enough to build a persuasive case for the benefits of the endeavor.

A smart change agent identifies the people who have built cultural capital without authority and recruits them into sustaining the changes being made in their area. But what if an informal leader does not yet exist in the operations area where you need one? In that case, this is an excellent opportunity to mentor someone who is intrigued by process improvement but is not (yet) directly involved in how they can connect the work they do with the key priorities in a really powerful way.

In the case of graduate medical education, the program coordinators are often those informal leaders. They are well positioned with intimate knowledge of the processes involved, deeply connected relationships to everyone within and around their programs, and the sort of informal authority that comes from doing a job that is responsible for nearly every outcome while being the boss of none of those who do the work. By looking for analogous positions in your company you might be able to find the missing piece in your organizational excellence puzzle. Find the people who are interested in taking on the work of smoothing the fit between key priorities and day to day operations, connect them with the organizational excellence vision, empower them to be the bridge between larger initiatives and their functional area and you will have greatly increased your chances of successful change.

# Innovation in Cultural Transformation

Anu Pujji, AVP of Operational Excellence, **Molina Healthcare Inc**

We live in the age where Customer Obsession is the new ideology that drives customer success strategies for organizations. To exceed expectations and outperform the competition, organizations must become customer-obsessed.

Taking an objective view of how an organization is viewed by its customers is the genesis for seeding the transformation of business practices and its culture. It is vital for the organization to identify its challenges, issues, and solutions to effectively align with its customer's needs.

The question that must be asked frequently and answered honestly is that "What are our Customers saying about us?"

The answers must guide the path forward to develop the right approach to transforming the culture and operating principles.

Cultural transformation must be initiated from the top, but a broad range of talents need to be very quickly involved. The common thread amongst them must be that they think broadly beyond their silos and are deliberate and passionate about delivering the highest quality output for the entire organization. They share a common vision of success.

Cultural transformation needs to drive innovation too — it's the Holy Grail for all modern businesses to stay relevant in their industry.

The fundamental difference in leading change is to adopt a mindset that "disruption" and tradition can co-exist. Innovation within large organizations requires employees to understand the business, and at the same time, be willing to try new approaches and emerging technology to solve for classic business problems. Leadership needs to drive this and strengthening the connection between junior talented employees and senior leaders is the key to leading this transformation.

In our organization, such forums provide a "safe" environment to foster disruptive thinking and innovative ideas which present unconventional yet effective solutions to classic problems.

This unconventional practice has given a "voice" to the people who are enablers of change and innovation. By letting them demonstrate the potential of their ideas on a small scale through "pilot" approach, innovative thinking has gained momentum in the organization.

It is extremely important that the senior team be the platform for change and innovation, but it is vital that solutions be boosted through fresh perspectives.

What does Operational Excellence look like for our organization?

Simply put, it is a grass-roots movement, a commitment to continuously change for the better and be agile to the evolving needs of our Customers.

The core principles of practicing operational excellence are based on the following:

1. Realization that the rules for success are constantly changing in a rapidly fluctuating market hence leaders must constantly evaluate the environment their company operates in, and recognize the need to deliberately shape the culture as the environment changes.
2. Values and beliefs determine behaviors in a given situation. This is why training people on a set of corporate values may not be sufficient. If you truly want to change the culture you have to change the fundamental systems that reward or undermine the desired values and beliefs.
3. Systems that reward (or punish) behaviors reinforce or undermine the culture. By better understanding culture, and how it develops over time, leaders can be more effective at leveraging culture to drive meaningful change in their organization, and ultimately achieve Operational Excellence.

Every member of the organization has the ability to improve their own processes if they truly believe in the Organization's mission to delight their customers.

Cultural transformation is a cycle of continuous improvement with the following traits:

- (1) Habit of daily improvement in our work and in how we work with others.
- (2) Work re-organized to flow value to internal and external customers.
- (3) A management system that aligns strategy, performance measures and people development.
- (4) The combination of Lean (flowing value to your customers) and Six Sigma (eliminating inappropriate variation) combined to create competitively differentiated performance.

Cultural transformation uses Lean Six Sigma as foundational thinking to develop high-functioning systems and creates value by:

- ◆ Identifying and removing waste
- ◆ Implementing a continuous cycle of improvements
- ◆ Creating long-term and sustainable gains

Measured along the dimensions of Safety, Quality, Delivery and Cost, our evolution continues today with our entire organization acting as change agents.

To help transform cultures and sustain excellence, an effective Operational Excellence platform comprises tools from both Lean and Six Sigma. By using "kaizen" – from a Japanese word that means "good change" –entire workforces are able to engage in problem solving. By training front-line employees to find and implement process improvements, Operational Excellence can become a way of business life, enabling daily innovation.

### The proof is in the results

Operational Excellence works both tactically and strategically to bring about organization-wide cultural change. Here are some examples where I've seen Operational Excellence successfully applied:

#### 1. Targeted projects

Reduced excess chargebacks by finding and fixing the root cause of an IT systems communications issue.

#### 2. Training and coaching

Internal process improvement team was trained in Lean Six Sigma. In just over a year, the team has applied the approach to accelerate performance and demonstrate significant cost avoidance by strengthening the first-pass accuracy of operations.

#### 3. Strategic roadmaps

Corporate operations used the Lean Six Sigma methodology to interview employees and internal customers. With this information, 52 actionable improvement opportunities were identified.

#### 4. Full deployment

Operational Excellence was adopted as the Quality boosting strategy for leading comprehensive change.

Operational Excellence works at multiple levels and in many situations because it focuses on asking the right questions, quantifying the nuts and bolts and measuring change. While this is a rigorous process for those not familiar with Lean Six Sigma – the results justify its purpose.

As with any tool, Lean Six Sigma works best when an organization's staff is knowledgeable and committed. Healthcare executives, managers and front-line employees are the ones responsible for executing sustained excellence and the ones who reap the biggest rewards.

If you don't lead innovation, your competitors certainly will. Operational Excellence is an area where some of healthcare's most dynamic change is occurring.

# Time to eat our own dog food

**Bart Reijs, Head Process Management and Analysis, Roche**

We are in the age of Customer Delight, according to Vijay Bajaj, CEO, BTOES Insights, in the opening of this BTOES Insights report “The global state of operational excellence”. Customers “now expect every organization to deliver products and services swiftly, with a seamless user experience.”. To meet the higher and constantly increasing customer expectations organizations must perform at highest levels of responsiveness, under cost pressures, while delivering superior quality products. Above that the products need to be upgraded and improved within constantly shortened life cycles. The need for Operational Excellence seems clearer than it ever has been.

With this, one would expect that Operational Excellence would be in high demand. That it should be in focus and considered as the key to success. That all organizations are turning to Operational Excellence as a logical response to the quest to enchant steadily more demanding customers. However, when reading the BTOES report, a totally different picture arises. Changing & improving the company culture is listed as the major critical challenge. All, but one, major challenges of Operational Excellence listed are linked to or dominated by internal organizational struggles instead of the outward pull to exceed customer service. The report clearly brings forward that Operational Excellence is not as fully embraced as one would expect. It is not understood as an answer to great challenges most organization, globally, are faced with.

So why does operational excellence struggle to get traction, when the circumstances seem so ideal for it to thrive? In an attempt to answer this, let's consider Operational Excellence itself as product, or service. Does our product perform along the expectations stated by Vijay. Is our service seamless? Did Opex in 2018 delight our internal customers? Do we succeed to give our colleagues and management an experience 10 times lighter than before? Even when a majority of the surveyed state that the methodologies are growing in popularity the report results sound far from excited and buzzed. 35.6% of respondents cited a top critical challenge is executing sustainable Operational Excellence projects. Not exactly a show of flawless execution and delivery. Then almost a quarter of those responding see a lack of leadership understanding and buy-in. Not a reflection of customer delight.

Out of the BTOES 2018 report speaks little or no customer delight. On the other side, many of the responses sound defensive and not customer oriented. “Lack of Leadership”, “our senior leaders are very hesitant” and the sorts, sounds somewhat like the attitude that drove Borders, Blockbuster and many of those others out of business. The organization and its culture must change, not us!

Basically our major challenge, with 53.5%, translates to the fact that our internal customers don't like or struggle to understand the importance and the potential of our product. If Opex would feel 10 times lighter than business as usual, why would we need change management programs and need to worry about leadership buy in? The sentiment of the report reflects an uphill battle, and a tiresome struggle to be recognized.

A struggle that is reflected by the proposed measures of our success such as copQ, coNQ, coGs, turnover, cost savings, synergies realized or even “no injuries”. Delight feels very much different. Instead shouldn't our success feel like the Associate Director - Video Operations stated: our primary measure of success as “an employee's desire to come to work each day.”. Wouldn't increased sales, repeat sales or other quoted measurements like STP-rates follow from that, rather than from change management programs learning people to value our work? Or worse, from putting our colleagues through the over-engineered design thinking workshops? These show how little we understand what the organization does and what makes a real difference. Like a delightful product would.

Opex should in these times be a factor that excites and attracts the best talent. Because it has the potential to make work more enjoyable. It has the ability to give back the belief that our jobs are secure, instead of being just another cost savings program that increases work load and job pressures. The companies, which apply it, should see this reflected in valuation and stock price. An effect Lean Six Sigma during a short period of time was able to establish.



We need to get better in getting across the potential of the operational excellence. Instead of wanting people and cultures to change, we should make our concepts clear, attractive and compelling. Translate it in understandable irresistible concepts. "Leaders know we need it but don't understand what "it" is and how to execute "it". " says way more about OPEX's lack of getting its value across than the lack of leadership support.

In order to create this we need to make OPEX this seamless experience. Make it 10% a lighter experience than improvement projects so far. And make sure the OPEX projects are executable and sustainable; that is on us. Let's make our own product as attractive as the products we are set out to support. The foundation of this is to understand what delight looks like. A deep insight is needed into the reality of our customers and what their needs are. For that we must not only master our methods and techniques but also truly understand what challenges and moves our internal clients.

Therewith let's ensure that next year's main challenges in the BTOES survey are client focused on items. Challenges for which OPEX is set up to control. Instead of focusing on perceived stumble blocks from outside players. If 53.6% note as the main challenge that they have more demand and expectation than we can handle, we will be on the right way.

# Increasing demand for operational excellence methodologies even in non-mandated companies

Byron Tatsumi, *Senior Director, Process Innovation*, **Salesforce**

One of the key findings from the Business Transformation & Operational Excellence World Summit's 2018/2019 research report, "The Global State of Operational Excellence," was that nearly 60 percent of respondents cited operational excellence methodologies as growing in popularity. The report mentions that "this supports the demand for process re-engineering and business transformation to adapt to new advanced technologies and customer demands."

Based on my recent experience in leading the creation and launch of our company-wide Process Innovation program, I have seen first-hand the need and demand by leadership and employees for methodologies. While the company I work for, Salesforce (the global CRM leader), does not have a top-down mandate for employees to complete process re-engineering training and certification, I have worked in large companies in various industries outside of technology that had mandates directly from the CEO. In those instances demand for operational excellence methodologies were a forcing function due to the mandate.

Working in a cloud company means needing to continually innovate and provide the latest advanced technologies to support our external customers. This in turn impacts many of our processes as we continue to scale to support more customers and products globally. As a result, the operational excellence methodologies we apply need to be flexible and leveraged quickly.

The way we have addressed this has been by introducing process methodologies that support process management, improvement and design. As part of educating on methodologies, we have leveraged our company's gamified online learning platform, Trailhead. This online platform provides guided modules that anyone, at any time, can take to learn more about why process is important, the definitions of methodologies, and discover additional process resources. In fact hundreds of employees globally took advantage of

Trailhead within the first month of its launch. We have also implemented a cloud-based knowledge management system so that all employees can access and share methodology tools, templates and examples.

A key part of our program has been implementing a three-day process bootcamp where individuals who drive operational improvements across the company learn about methodologies and tools for process management, improvement and design. Participants then complete a process project post bootcamp, and are supported by an expert coach so they learn by applying the appropriate methodology based on their problem and goal.

Here are some example quotes from previous individuals (representing the demand) who have gone through bootcamp and then led and completed their process project:

"Combining structured methodologies, process tools and expert coaching, the program provided the foundation for me to succeed and deliver improvements."

"Standardized process training through the program has already begun benefiting our team. It is paying off in staff productivity, program focus, and sustainable process assets."

"It is another connection among our company to be able to use the same language and approach in understanding the current processes and designing future ones. I believe it will help us get to the essence of the work quicker and increase our velocity in innovation."

So, if you are in a non-mandated company like mine, talk with various stakeholders (e.g. leadership, employees, etc.) as there may be demand and opportunity to implement operational excellence methodologies.

# Black Belts, step aside.

Canice Pinto, *Global Operational Excellence Leader, First*

Company culture resides in the trenches.

When it comes to company culture, not all companies are created equal. Company culture is different things to different people, even from the same company.

Which begs the question – what is company culture?

Is it that nebulous score a company receives on a Forbes survey? Or that fuzzy feeling that a fifteen-year company veteran evokes when asked why he/she stayed that long? Is it because the employee worked at a pet-friendly place? Or, was there a crèche at work? Or are employees' ideas used to create action-plans?

Companies I have long admired for their spirit of innovation, focus on continuous improvement and employee engagement are BMW, IKEA and LEGO – these companies consistently check all the boxes and feature regularly on 'best work culture' lists.

## Challenges to changing company culture

When polled by BTOES (Business Transformation and Operational Excellence World Summit), practitioners had this to say:

- 1) 55% listed company culture as a critical challenge
- 2) 49% listed sustaining continuous improvement culture as focus area over the next 12-18 months

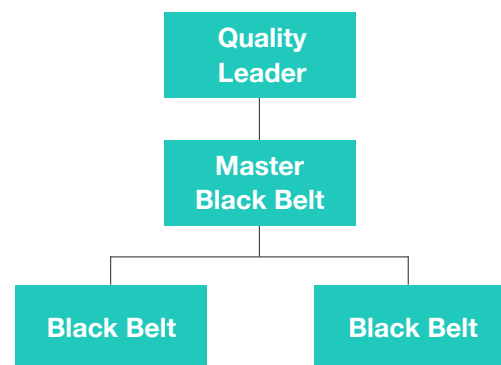
## Is the Operational excellence structure optimal?

"Mission defines strategy, and strategy defines structure." - Peter Drucker

Most organizations hire either management consultants or seasoned quality leaders (from companies where continuous improvement is institutionalized) to set up the operational excellence function. The typical set up is:

- a) A quality leader who is the change management expert and the enforcer,
- b) A master black belt who's technically sound and has loads of expertise in implementing projects,
- c) And a couple of black belts, some of them certified and others who have potential.

## Current organization structure



While this approach works great initially and the operational excellence journey gathers momentum, the effort plateaus in a year to 18 months. The black belts typically handle 3-4 projects at a time and each of these takes a minimum of 4-6 months. Realistically, we are looking at 6 to 8 projects in a year per Black Belt. With a team of 2 Black Belts, you do the math – only about 12 to 16 projects a year.

## Is top-down approach sustainable?

Generally, this would mean some lines of business would have no exposure, or limited exposure (projects on some metrics, not all top metrics where there is a need). Expectations are bound to rise – the operational excellence team is always playing catch-up. Added to this potent mix is always a deal-breaker, or fire-drill every month. Prioritization is the name of the game.

Apart from this, natural attrition amongst the operational team, given the small base of the team and the fact that they are sought-after resources, means the team is perpetually in a state of flux, relatively speaking.

A few subject matter experts lead projects right from collecting and analyzing, drilling down to the root cause, and running implementation plans – is this top-down approach sustainable?

## Building continuous improvement capabilities

This is what one respondent had to say on the BTOES survey :

“Drive CI down to the floor, everybody solving problems everyday, not putting all improvements in the hands of a few engineers.”

Offering process improvement training on concepts and building a large base is probably the way to go. On an average, in my experience, of 100 employees trained:

- 1) 40 go on to take up projects
- 2) 10-12 complete projects

By investing 8 hours/day, one can actually train 100 front-line folks in a week.

By investing 2% of annual capacity, one can get as many projects completed as regular Black Belts in four months alongside their regular work. There is also the option of video-recording the training and uploading it on the company training portal, to enable employees to learn at their schedule, even outside regular hours.

I am not comparing projects by impact here – only absolute numbers of projects. Given the skill-set, Black Belts would run more mission-critical projects. The projects run by the front-line could be drilling down on the root cause for a recurring defect, putting in place a standard-operating procedure for a sub-process, building an FAQ list for new joinees on a difficult program, and so on.

However, once there is a steady pipeline of projects run by the frontline, this over-time forms a pool which the operational excellence team can draw from.

While a Black Belt's skills are domain-agnostic, having domain knowledge does not hurt. Having someone rise through the ranks, adding process improvement skills to domain knowledge would help the person field questions on practicalities of solution and execution.

By developing a cadence around training – one week of a Black Belt's resource on training every 6 months, one is able to make the model scalable and release the Black Belt's capacity for the bigger projects that the C-suite wants and create a second-level that can move on to do bigger things once they complete the smaller projects assigned to them.

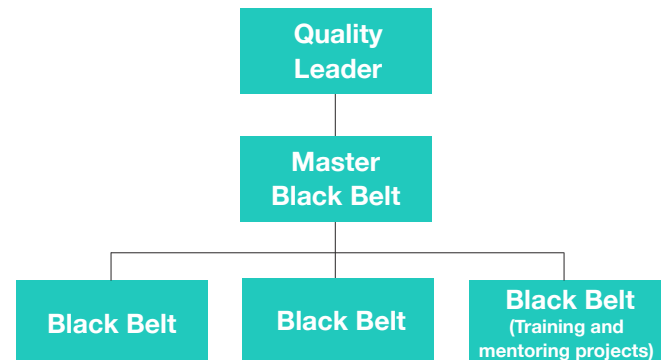
Of course, there is additional capacity required to mentor those projects – if out of 100 trainees, 40 take up projects, 1

hour of coaching per week, would mean 1 FTE of BB resource dedicated to training and coaching projects.

### Generating ideas from the front-line

Here's what some respondents from the BTOES survey had to say:

#### Optimal organization structure



“When employees execute improvements and bring ideas for improvement forward.”

“Change of culture such that leadership and all employees embrace their role in continuous improvement, daily.”

“Getting buy-in from ground-level staff; seeing sustained change in an organization.”

When I was on the shop-floor, in my first job, more than two decades ago, the quality champion would stop by urging us to share our improvement ideas for the month. The mandate was one idea per employee per month. While management may be loath to enforce such a policy, I think the idea behind this was commendable. I am yet to see an organization that has as big a pipeline of ideas as that organization twenty years ago! Why is this so? Part of the reason is how communication is driven.

How are ideas shortlisted? What are the criteria for selecting ideas? How is credit for ideas shared?

Front-line ideas are a great mode of risk-mitigation be it in prioritization of projects, or what to push further down the automation roadmap.

If only 10%-20% of ideas are selected to be run as projects, we need the front-line to be prolific in providing input in terms of ideas.

I think employee engagement drives sharing of ideas. The fewer ideas, employees share, the weaker the employee engagement. Having lived in data-land all my life you can cut me some anecdotal slack.

#### Measures of success

- 1) If the number of projects run by front-line is  $> 4x$  and  $\leq 5x$  the number of projects run by Black belts, the organization needs a nudge.
- 2) If the number of projects run by front-line is  $> 2x$  and  $\leq 4x$

needs a push.

- 3) If the number of projects run by front-line is  $\leq 2x$  the number of projects run by Black Belts, the organization needs a shove.
- 4) If the number of projects run by front-line is  $> 5x$ , company culture score from a buy-in, employee engagement, would be off the charts.

As borne out by the survey, company culture is paramount – it drives employee behavior and therefore performance. By encouraging front-line to provide ideas, and investing in training, continuous improvement capability is created, changing company culture, one project at a time.

Company culture maturity scale	Description
Nudge	If the number of projects run by front-line is $> 4x$ and $\leq 5x$ the number of projects run by Black belts
Push	If the number of projects run by front-line is $> 2x$ and $\leq 4x$ the number of projects run by Black belts
Shove	If the number of projects run by front-line is $\leq 2x$ the number of projects run by Black belts

the number of projects run by Black belts, the organization



# About The Topic of Sustaining...

**Damian Bivona**, *Operations Leader*, **AIG**

So you finally finished that big project, the one that simplified and improved a core process for your customers. Time to call it a day and move on, right? Nope not even close. Now the fun begins – you designed and implemented a better way to service your customers but how do you sustain that improved change over time and who is responsible for ensuring it continues to act the way the team intended. Never forget your customers will drive the demand for delivering faster, cheaper and with quality. So even though the project has successfully completed there will always be more to do. Let's take a closer look at the Good, the Bad and the Ugly of sustaining an Operational Excellence Program.

First let's discuss how to sustain the improvement to a core process you just implemented. Since you were successful you can assume you had the right champion, you affected the culture in the right way, the design team is basically still in place and you can measure how the process acts – great job! Don't walk away just yet. Who is responsible for ensuring things will continue the way you left them? What happens if resources change, or the metrics don't continue to show the positive results first achieved or customers start to complain? This is where Operational Excellence puts on a second hat to maintain and enforce the good work of the project team. It can get pretty “Ugly” down in the trenches when customers don't receive the output expected. Complaints come in, products are returned, procedures may slow down producing inventory or backlogs – all because the process once thought enhanced is not working as designed. You have just experienced a common occurrence of all processes. Since you did not set yourself up to sustain the success of the enhanced process implementation, you're lost on what to do or even worse reverting back to old ways. On the flip side maybe things are “Bad” but not catastrophic, after-all you do have measures to identify a leading problems, your resource are in place to identify the root cause of the issue and the Operational Excellence team is still around. So worse case you present the data and facts to the OpEx team and say we need your help to get us back on track. Of course the OpEx team has quiet a bit of free time to help – right?

So let's talk about the “Good” - the implementation has taken

place but at the same time the project was executing part of the plan is dedicated to sustaining the improvement. I call this step E.L.F. as an easy way to remember the key activities to maintain the good work that was executed. Education, Leadership & Followup. Pretty simple to learn but harder to do. A lot happens behind the E.L.F. Principles that can ensure less headaches then needed. Let's break it down further. Education – the process workers are educated in the new procedures so it's time to cross train the team and managers, knowledge is needed on how to identify and handle good vs bad variation, education also comes in the form of training for new people. Part of education is also for the rest of the organization to hear the success and gain awareness of how changes might affect their operations. Leadership – you had a sponsor and a project leader but chances of them being their after the project are low. Now you need an embedded leader in some cases called a process owner who is responsible to ensure the new changes continue, understand what to do if issues occur, together with the team be able to distinguish between acceptable and unacceptable variations, handle and / or escalate customer complaints and overall own the continued success of the process. The buck stops here! They are accountable for both the good and bad of the processing. The ownership is now part of their performance goals. Followup – Metrics, who is producing them and analyzing the results? Introduce a customer feedback loop that helps the team determine if additional changes are needed? Setup periodic reviews with the Operation Excellence team to determine if a new project should be established based on results from the measurement system or feedback from customer or internal stakeholders.

If you can do the upfront work to put this in place, you have now come full circle on the continuous improvement life cycle. This becomes another leg that sustains the OpEx project portfolio and ensures a continued healthy relationship with the process teams. Following these steps provides the organization with a continual stream of projects to maintain in addition to new projects identified that need help. The portfolio will be remain active, relevant and can be aligned to the corporate strategy over time.

# For operational excellence sustainability

**Dany Beaudoin, Chef, Projets strategiques et excellence operationnelle, CEZink**

The limits of continuous improvement as a driver of change and process optimization are increasingly being observed in industry. The six-sigma, lean and 5S methodologies can all bring benefits, but the sustainability of the actions implemented is a constant challenge. It is not unusual that an action plan resulting from a continuous improvement project is not completed, especially when improvements are observed following the implementation of the first initiatives. Gains are also short-lived because the projects are often not supported by the daily operation.

Many people think that the advent of the Internet of Things and Industry 4.0 will create, with the new technological approach they can provide, a second wind in continuous improvement. However, nothing will be solved if the same tactic is adopted. Indeed, continuous improvement projects are often identified and solved without making any changes in the daily management of the company. This is the main challenge for companies: rather than making only improvements to specific processes, companies have to start a culture change to support the continuous improvement initiatives.

The challenge of cultural change:

Many survey respondents have highlighted the challenge of the needed cultural change for operational excellence realization. Culture is defined amongst other things as "the way of doing things". This should be the starting point for implementing an operational excellence program.

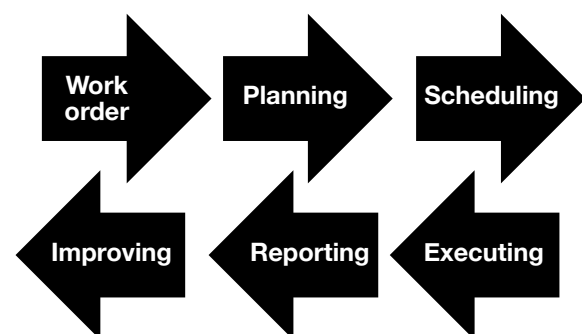
Therefore, the first operational excellence project that must be implemented in a company is the review of the architecture of the organization's management system. This step may seem trivial, but it is rarely done. In standardized operational control programs, when they exist, most management systems are detailed for first-level managers and operators. However, their effectiveness is seldom measured. Too often, management system end results are measured, but there is no evaluation of the effectiveness and performance of the management system itself. Audits are often used for this purpose, but the conclusions are rapidly oriented to the end results rather than the way things are done.

For higher level managers, some activities exist, but they are frequently not formal. The lack of a formal management system structure may be partly to blame for the lack in sustaining improvements. Opportunities for management to perform high impact activities are also reduced when there is no formal management system in place. In addition, this is one of the main reasons for which companies have a hard time realizing and sustaining the gains of their continuous improvement initiatives.

## What is a management system?

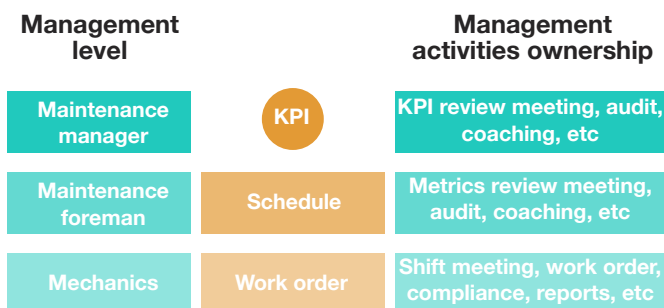
Often, the management system is confused with the management process. It is very important to distinguish the two. For example, Figure 1 presents a basic process of maintenance management. As illustrated, the process shows the steps for conducting a maintenance activity. Eventually, we could identify in more details each step. For example, we could list the following elements: the substeps, the parts and tools required, the labor required, the duration of the work, etc. This is the mechanics of the organization. This aspect of the business is often well defined, but this is not enough to ensure the success of the organization.

Figure 1 : Basic maintenance process



The management system defines how the organization will ensure that the process is completed in accordance to the original objectives. These activities are not necessarily part of the process itself, which is why they are not put in the foreground, or even forgotten, when implementing the process. Figure 2 shows a basic management system for the higher maintenance process shown.

Figure 2 : Basic maintenance management system



As illustrated, the management system involves all hierarchical levels and each of them have specific activities. Here are a few things that need to be included in a management system in order to generate a culture change:

Measurement system: We do not control what we do not measure.

Role and responsibility: As with the process, management roles and responsibilities must be specified.

Management meetings: The meetings must be defined with an agenda, the preparation of each participants and the follow-up measures.

Audits: Audits must validate compliance with the process, but also the expected attitude of the different actors.

Recognition: Employee compensation must include a portion of performance against management system compliance.

This list is certainly not exhaustive, but it illustrates the idea

sought by the management system.

When well defined and well implemented the management system is very effective in maintaining processes and defining opportunities for improvement. Again, it is important that the system be defined for all hierarchical levels.

A good management system will identify process performance gaps, short-term fixes and recurring issues. These can be supported by the organization's continuous improvement program. It will therefore become easy to follow up the projects. Also, improvement activities should lead to activities that are connected to the management system. In the same way, when one wants to make important changes to the corporate culture, it has to be done through the management system. This will be more efficient than expecting to see the culture change by having some incremental change to the process.

### Conclusion

It is difficult to ensure the success of a continuous improvement program. Projects tend to lose momentum and improvements are difficult to maintain over time. One of the main problems is the lack of a management system to which they can be linked. To be successful at implementing a culture change or simply maintaining the gains of a continuous improvement program, companies must ensure that their management system is in place and regularly revised.

# Culture – A competitive differentiator in the digital age

**Dushyanth Sekhar, Senior Director, Center for Automation, Robotics and Extraction (CARE, S&P Gobal)**

As rapid advancements in technology are making customer interactions more seamless, there is a race to digitize. Organizations are investing billions of dollars in new-age technologies. Machine learning, artificial intelligence and robotics have become the buzz words in board rooms across the world, and the battle rages on for acquiring and retaining top digital talent. Traditional process improvements tools like Lean and Six Sigma are making a comeback as more and more companies realize the need to optimize before unleashing the power of the algorithms.

Customer delight is no longer the exception – it is the norm. Organizations have to be agile and break away from traditional operating models in order to deliver a customer experience, which not only meets the explicit customer needs, but also the implicit ones, within every customer interaction.

As these paradigms shift rapidly, it is very interesting to see that more than half (53%) of the respondents have stated that the biggest challenge they face is “Changing & improving the company culture.” This number is even more startling, when you note only 29% see “Keeping up with new technologies” as a challenge, and only about 1 in 7 (13%) say it’s “Lack of/Need for skilled workers.” While the talk is all about AI and robotics, why do so many leaders think, culture is the key ingredient for operational excellence?

## Culture drives Innovation

Here are two quotes from the report that succinctly summarize the correlation between innovation / operational excellence and culture

- “Your best assets are your people: You need everyone rowing in the same direction to drive this type of change”
- “As a 50 years + company we have to adjust to the new, more competitive environment and need to get everybody on board to increase productivity and accountability of employees”

Innovation programs can be significantly derailed if people are not aligned. Even technology giants will lose out in the modern data economy if they do not understand the need to build the right culture.

Apple analyst Gene Munster explained that the relative failure of Siri compared to rivals such as Amazon’s Alexa is fundamentally

because “artificial intelligence is not in Apple’s DNA.” Apple’s corporate culture has been built around commercializing physical products and the software applications that support them, whereas succeeding today requires a culture built around thinking “AI first.” Apple also has a culture of privacy which clashes with the need to harvest and exploit the industrial quantities of data. So it’s important for C-level executives to not get subsumed by the hyperbole of the technologies but to focus and invest time and resources in building the right culture and ecosystem before they double down on investments in robotics, machine learning or AI. It is clear from the survey, the respondents recognize this.

## What can organizations do?

- Democratize Innovation – A few people innovating and driving operational excellence in a back room never scales. It’s important to be inclusive, demystify modern day technologies for all employees and create new career paths where everyone can contribute toward this transformation. This will help create an ecosystem which augments learning agility and a growth mind set. Eventually, this is about amplifying human ingenuity, and this can only happen if leaders are invested to upskill employees and help people to work through this changing landscape.
- Promote Experimentation & Reward Failure – Traditional business models value being right and knowing all the answers. Organizational cultures have to make a shift here and value dissent, promote rapid iterations and reward failures in some cases. Employees have to be empowered to tease out ideas and learn in the process. “I know everything” is obsolete – “I am ready to learn everything” and “I can fail as I learn” should be accepted and rewarded.
- Breakdown Hierarchical Barriers – The role of leader has to change – the future leaders will have a vision, help remove road blocks and get out of the way. Situational leadership will replace titles – where anyone can step in and play a leadership role as the situation demands and then step back. Small, self-sustained, agile teams will need to replace vertical structures.

To summarize – the true differentiator in the future will be an organization’s culture. The winners won’t be the ones with the best black belts or engineers but those who can coalesce their human capital with the modern technologies, empower and upskill their workforce and embrace diversity and inclusion.

# Operational Excellence is Cultural Transformation (or the other way around?)

Edgard Graterol, *Regional Vice President Operational Excellence*, LSG Group

Operational Excellence is usually seen as the result of the application of a series of tools or methodologies that, in turn create a new culture. For years, companies have tried different approaches following various methodologies and consulting advise in order to try to achieve a mythical state of excellence. Today, the smarter companies have taken pieces of these programs and developed a system of their own (some would call it their production system) in an attempt to use the pieces they need to design a roadmap to follow on their operational excellence journey. Together with the Operational Excellence movement, and sometimes in parallel, we also find the movement for Digital Transformation many times competing for management attention and resources.

The application of methods and/or technology on its own, is never a complete solution unless it is accompanied by a heavy dose of change management, a clear behavioral change in the leadership and a true conversion of the shop floor masses into a mindset of continuous improvement. All of these aspects are more difficult to measure and often confused with outputs of the implementation of an operational excellence program rather than an integral part of the program.

Companies spend a lot of efforts in implementing a certain toolkit (or pieces of different ones) sometimes without minding the cultural gap that precedes these changes and assuming that because the solutions look good and have been “proven successful” somewhere else, they will be adopted almost without question by those that have to implement and sustainably live with the new processes. The same happens with the omnipresent move for digitalization and automation vying for resources and expected to be successful at once given the uncontested “fact” that processes will be easier and, therefore, will be adopted almost without contest. From what transpires in the report on the Global State of Operational Excellence<sup>1</sup>, it is clear that the bigger concerns of the interviewed senior leadership around the world continue to be related to cultural transformation needs and, therefore, a “change management problem” rather than a “technical problem”.

One interesting finding in this report, is that although the biggest challenges are cited to be on the culture side, the measures to be taken in the near future are mostly citing operational success rather than cultural transformation as the goal to be achieved. Most of the next 12-18 months are worded in terms of things like “roll out”, “Driving innovation” “reducing variation” rather than attacking the much more important (and also more complex) problem of cultural transformation.

In order to confront this paradox, Operational Excellence must be perceived and marketed as a cultural transformation program as opposed to a set of tools to “make the machine move faster, better, cheaper”. The subtle difference in marketing, together with a conscious review of the change management component of the program will certainly yield better engagement and also likely better results. The sustainability of these results will also improve considerably when the focus shifts towards working with people, creating the right messages and living those messages day in and day out. This way, the organization is “allowed” and empowered to then deliver on the lagging indicators by way of applying their understanding of excellence and leveraging the personal commitment that comes with said mindset change.

Maybe the time of focusing almost exclusively in tools, technology and program deployment has passed and we should engage in twisting one of the quintessential paradoxes of the OPEX world: Can we continue to try delivering excellence and, then, engaging people? Or should we rather look at it the other way around and focus on finding better ways to engage people and THEN give them the tools and methodologies to deliver on their vision of excellence?



# People, Culture & Digital Talent

Elli Hurst, *Vice President*, IBM Global Business Services

I read this insightful report with great interest. Many of the findings resonated, and in particular, the challenges around people and culture. The acceleration of technology across all areas of business is creating a shift in the type of work performed by employees and creating a culture of harmonization between humans and machines.

Many of our clients are seeking to adopt automation at scale in pursuit of operational excellence, and the frictionless customer journeys referred to in The Global state of Operational Excellence Report. Interestingly, often where they are most challenged is not in the technology, but in driving adoption and engagement. As we advise our clients – it's not about the bots, it's about the humans.

In practice this means designing automation with empathy, and engaging with impacted teams from the outset to design new workflows that make the best use of a new, hybrid human and digital workforce. A related challenge is in the increased need for, as the report states, 'digital talent'. We are also seeing a sharp increase in demand for 'digital talent' in the form of automation specialists. These are not just developers and architects, but a new breed of Operational Excellence practitioners known as an Automation Process Consultant. These experts sit at the intersection of process excellence (many of them come with a background in Lean) and technical expertise (a working knowledge of automation solutions is vital). We anticipate more growth in this skill area, and many of our most exciting and impactful projects are focused on this 'digital workforce' space in tandem with the technology solutions.

To be truly effective, as the report observed, operational improvements need to consider the end-to-end impact of change. Over 30% of respondents found driving end-to-end change to be a critical challenge, and the challenge has only become more complex with the evolution of more sophisticated automation solutions. Yes, robotic automation can execute a single task flawlessly and at a high frequency – but connect it with machine learning, a cognitive chatbot and analytics and it can do so much more. We are seeing the advent of intelligent workflows - truly digitized, end-to-end workflows (also known 'no touch' or straight through processing) which deliver the frictionless customer experience that is required to thrive in today's market. This means improving not just one functional area's processes, but transforming an entire integrated workflow or value stream. To do so requires engagement with stakeholders at a senior level, able to look horizontally across the business and with purview across the operational and system landscape.

It's no mean feat, but for those who succeed the rewards are significant. We are seeing leading enterprises shift the balance of work from humans to technology and free up talent to innovate, to delight customers and to drive growth across the enterprise. The resulting 'digital workforce' is a fully transformed, extensible, pool of talent that brings the power of man + machine, resulting not only in competitive advantage, but also in an engaged workforce.

# Operational Excellence is not a “buzz word”

**Heather Eusebio**, *Cross Functional Business Process Owner Life of the Order & Customer Engagement*, **Columbia Sportswear**

As business process owners, we are much like the resourceful television character MacGyver in operations. We find new ways to use tools and people, not just to be lean, but also to be innovative and to progressively transform our relevant processes and relationships. We push boundaries. This is how we produce the Operational Excellence attitude.

Operational Excellence is not a “buzz word” that will be gone in 18 months. The best companies embrace this as a major leading edge, utilizing the tools and tenets of Operational Excellence to build incredible enterprise efficiency.

But what does this mean to you? You’re a Director, a Senior Manager or even an Executive. You may or may not have an enterprise Operational Excellence strategy. You (hopefully) have a corporate long term growth strategy, but what does it mean to bring Operational Excellence to your team?

Apart from your company being customer centric, the biggest impact you can have in your team, department or division is to make sure your frontline managers and employees know the cost and impact of their actions.

Does what you do make money, save money or save time? After your customer’s satisfaction, these should be the biggest questions your team members think about. Improving the financial acumen of those team members in operations is your number one way to see immediate results.

So how do you move the needle on getting your team to be more financially savvy? You want them to be innovative and creative without having a negative effect on the customer experience. Here are three ways you can immediately see improvements in your team:

1. Every manager should know the cost of their team.
  - a. How much is the hourly rate of the team?
  - b. How does the manager keep this in mind when assigning work, conducting team meetings or having one on ones? How does the manager track where time is spent by the team and show where the cost of his team supports the revenue of the business?
  - c. How does the manager use this knowledge to make better decisions on where her team is spending their time?

If you don’t know the answers to these questions, get your managers in inexpensive financial team management classes. Read a financial acumen book with them and set a strategy map of financial expectations to the corporate bottom line.

2. Every manager should know the cost of their team's business when broken down into common events.
  - a. How much does order management cost? How much does building the forecast plan cost? How much does running the report cost?
  - b. Are there different ways to make this work smarter not harder? How else can there be time saved or information used to make smarter decisions?

If you and your managers are not tracking to these events, what are the events within your organization which your team supports and how much do they cost? Do they bring value to the revenue that is recognized that quarter? Connect the dots with your managers and teams to assess the value they bring, even if they are a cost center. Build this map, monthly, quarterly and annually, and align with your managers regularly.

3. Every individual contributor should know the cost of their work event and what they contribute to the bottom line.
- How much they cost individually per hour? Are they able to find new and different ways to get the work done?
  - What was the result building a better process for order intake or supply management? What was time was saved that supported the seasonal order book? What is the ROI on the project your individual contributor participated?
  - Equally, what revenue did your individual contributor bring in or support other teams to bring in?

Ensure your individual contributors know what financial cost or revenue they are working on. Create a "win wall" or another form of recognition on what your team is contributing. Show how it is associated it to the financial goals of the enterprise. If your individual contributors are able to speak effortlessly to these figures, you have just fired up the financial acumen of your team and consequently their enterprise knowledge.

Knowing this information will not only make your managers and individual contributors smarter, it will build team awareness that improves efficiency. It will become a tool of inspiration and change as your front line employees understand not just their value, but how they bring value to others. Over time, other departments will want to emulate your success and you will eventually have a global team of talent who understands the enormity of the value they bring to the enterprise and the world.

Okay, maybe that last part was a bit ambitious, but Operational Excellence will become an undeniable force with your team. They will be more motivated, more excited and more driven to find innovative ways of doing business. This is at the heart of Operational Excellence and mirrors what MacGyver said, "Maybe it's about time I expanded the realm of possibilities around here."

# Lean Six Sigma and Process Automation: Does a Bot need a Lean Process?

Iris Gregoriou, AVP Head of Continuous Improvement, **Manulife Investment Division**

“Everything changes and nothing stands still.” – Heraclitus. The world of operational excellence cannot continue along the same old path. Like everything else, it must continue to evolve alongside technological advances and changes to the business ecosystem. More simply put: what impact does the digital age have on those who practice Lean and Six Sigma methodologies?

In a world where “Agile” methodologies can move projects along quickly and process ‘bots’ can be brought online every few months, the concept of mapping and evaluating a process and making incremental improvements can feel archaic and slow. Naturally, there are circumstances in which that is still the right thing to do. But for those of us who specialize in process optimization, it feels as though we will be left behind if we do not adjust our methodologies. We must make it possible to work faster while incorporating digitization and automation into the suite of solutions.

This integration may be more natural in the manufacturing world, where the production equipment itself drives automation. But what about corporate processes? What about financial reporting teams, or people entering data to create new customer accounts? This is not about designing target-state processes to align with a massive new enterprise system. This is about using automation and digitization on a smaller scale, to solve the very problems Lean Six Sigma projects often look to define.

How is this to be addressed? Each organization uses operational excellence methodologies in a different way; each organization may or may not be automating processes. The

question is, can the two really operate independently? Are the optimization teams equipped to work together? If two different teams are executing process excellence and digitization in your organization, are they connected to each other?

There are several ways to approach this fundamental question of structure and methodology. What is the main mandate: are these teams part of a larger corporate transformation, or do they serve the business optimizing day-to-day processes? If there are two separate teams – one for process improvement/optimization, and one for digitization & automation – are they connected to each other? Do they share project lists, select/prioritize work the same way, and join each other’s project teams? The concepts of designing an optimal process and determining which portions of that process should be digitized or automated have become impossible to separate. Organizations need to be playful about what that operating model looks like.

So, how do we move forward in this digital age? Driving improvements using Lean or Six Sigma methodologies is no longer enough on its own. Process experts must understand the value of automation tools and be able to evaluate each opportunity. At the very least they must have a close connection to the digitization team and a set method for the intake and prioritization of opportunities.

“Innovation is ... the act that endows resources with a new capacity to create wealth.” – Peter Drucker.

# It's about the people...

**Jeremy Moorman, VP Operational Excellence, Applied Industrial**

Reflecting on challenges that Operational Excellence professionals face in terms of leadership support, organizational culture and buy-in, I'm reminded of the often repeated quote from a presidential campaign, "it's the economy, stupid".

Different methodologies, whether it be Lean, Six Sigma, Design Thinking, or a myriad of others, typically combined together into a "[insert name here] Business System", have conditioned and trained a generation of associates on a set of ideas for how we solve problems successfully and deliver better products and customer experiences.

Regrettably, there have been plenty of misfires along the way, and I frequently spend time with people that have learned "Lean" or "Six Sigma" as a curse word, as the precursor to difficult top-down organizational changes, or simply as a "Cost Out" framework. At times, it's fairly clear that too many practitioners have forgotten that "it's about the people, stupid".

People recount to me their stories of the conference room kaizen, of the misapplied 8 wastes to basically describe everything they do, of painfully detailed reviews of fishbone diagrams, process maps or MSA studies in projects that achieved no actual business results. They can tell me all about the "guy from corporate" who spent hours critiquing the colors they used in their charts, or how automated their KPI's were, or whether or not they used the right icons on their VSM --- but ultimately did not help them get better at what they do.

They'd rather we, as Operational Excellence, would just leave them alone to take care of their customers, thank you very much.

I'd argue that, quite frequently, the lack of Leadership Buy-In that we receive in Operational Excellence is caused by self-inflicted wounds. To me, as I spend time with people, track these stories down and work through how to build a

successful Continuous Improvement framework, the root cause for this lack of support is because we too often forget that "it's about the people, stupid".

We can have the most brilliantly executed project, with wonderfully clean data, the most professional value stream map and support detailed process maps that have ever been created, stunning visual management displays and obvious standard work to execute, simplified and beautiful work stations that fit the process well --- we can deliver all that, and if we don't win the hearts and minds of the people that do the work, it doesn't matter.

Some of the techniques we're using to refocus on "it's about the people, stupid" as we work to help our teammates live out Continuous Improvement as one of our core values:

- 1) We're trying to be mindful of our language and removing methodology jargon wherever possible. We don't want to have our own Operational Excellence language, we'd like continuous improvement language to fit the context that already exists
- 2) We've tried to simplify the discussion around methodology to highlight 4 guiding rules: (1) start the conversation by understanding what the customer values, (2) go to where the work is done, (3) respect the people that do the work, (4) kill the waste --- everything we do, discuss and train needs to fit and follow those 4 guiding rules
- 3) As we execute projects and conduct training, we're de-emphasizing the individual tools we teach and "super reinforcing" the why --- why do we use this tool, what does it help us understand, how does it fit into solving a business problem

We're confident that others are miles ahead of us in this journey, but as we've redirected Operational Excellence from a compliance mindset to remembering that "it's about the people, stupid", it has significantly improved the leadership support and buy-in we receive as we bring forward Continuous Improvement ideas.



# Shaping Organizational Cultural

**Johan Southey, Manufacturing Excellence Manager,  
Coca Cola Beverages Africa International Division**

“The key challenge facing Operational Excellence programs remains squarely around changing & improving company culture, with over 53.1% citing it as their top critical challenge.”

Culture is seen as a physical manifestation of the hidden mind-sets and the worldviews in the workplace. Culture, as simply put by Vijay Bajaj is “shared values and how things get done around here, it is how your people think, believe, act, and feel.” Leader’s thus model and shape culture by what they allow and what they consider as acceptable behaviour in the workplace.

## The Awakening

The encouraging fact of the report is that the majority of the respondents consists of CEO’s, VP’s and Directors, all whom should be playing a significant role in the shaping of organizational cultural, leading the change efforts and obtaining buy-in, identified cultural change as the critical challenge. This awareness signals a level of awakening that is predicted in the Ackerman and Andersons (2001) change management model. Ackerman and Anderson seeks to describe the levels of awaking during transformational change efforts. It states that it is only at the 4th level, that leaders start to realise that the real change that is required, is from themselves.

On closer examination this model also holds true on a macro level for the changes experienced in the global Organizational Excellence journey the past few decades.

### Level 4

Personal change is required from the leadership

### Level 3

New strategies and techniques are required

### Level 2

Transformation change is required

### Level 1

Change is needed

When Mass production techniques no longer could satisfy the increasing customer demand for flexibility and responsiveness Industry realised change was needed. (Level 1) The change required was not simple, the end destination of the change was not known and did not and could not follow simple Project management rules. Whether practitioners and line managers and recognised the change as such is immaterial. The change correctly identified would have to be defined as transformational. (Level 2) The incorrect identification of the change type would only have contributed to the change failure statistics. The rise of new techniques and strategies such as 6-Sigma, Lean and Operational Excellence is living proof that the older models were not providing the required results and new ways had to developed. (Level 3) The rising awareness and awakening of importance of the cultural and behavioural aspects in Operational Excellence efforts signal clearly that we are currently entering the final level of awakening.

## The Journey

The worlds created by Henry Ford and Fredrick Taylor during the Industrial Revolution has systemically been replaced by the processes maturing under the banner of Operational Excellence. The industrial mind-sets rooted in scarcity, separateness and the exclusion of internal consciousness of employees has failed to flourish in the soil of the new world order of frictionless customer experiences and flexibility. The Industrial mind-set considered man to be an extension of machines and actively discounted the parts that made us human. The popular management mantra of “If you don’t measure it, you cannot manage it” falls short when it comes to emotions such as grief, anger, excitement and disappointment.

Operational Excellence as a management philosophy has incrementally matured the past 4 decades to include systems such as JIT, Toyota Production Systems, Lean Manufacturing, Theory of Constraints and 6-Sigma. Despite the best attempts by many; the success rate and sustainability of the implementations has failed to mature at a similar rate. The dismal success rate led to the proliferation of even more different tools and techniques. The shortcomings could be attributed to the fact that the tools that ushered in the new

order was only addressing half of the problem. Most of the attempts failed to address to a crucial component of work: The human factor. Humans want to be led and not managed. The failure to validate the internal reality of humans as a left-over remnant of the Industrial mind-set has remained the critical challenge for most organizations to address.

The ever present need for change is ironically also relevant to the theory of change management. Research by thought leaders such as Mann in his 2009 paper "Leadership: The missing link" identified the lack of leadership and employee engagement as instrumental to the failures. This rising awareness of the impact of leadership and cultural behaviours is highlighted by the many responses in this report. More and more research papers has since been submitted in a similar line of enquiry and echoes the primary findings of this 2018 report. Brian Reffell summates the essence of this report succinctly by his statement: "underpinning the report at every stage is people".

The findings of Schumacher in Good Work (1979) that "Industrialism's focus is to increase productivity and not to make work more satisfying" has come home to roost in the repeated failures of most of the earlier attempts at Operational Excellence. The awareness that people are the centre of

process and organizations are becoming ever more apparent and apparent. As noted by a respondent in this survey: "Employee engagement is important for implementing and sustain the change. We want to do better in this area". Other than most machines, people bring their emotions, mind-set and behaviours to work, something that the Industrial Mind-set failed to recognise.

### **The Road Ahead**

The final frontier of Operational Excellence thus has to include programs to address and rectify the industrial mind-set and strive towards the emerging mind-sets of causative consciousness, abundance, wholeness and continuity. As the building blocks of culture and behaviour, Mind-sets and worldviews would provide us with the leverage to create an inclusive and empowered workplace.

Attempts to articulate the required culture, leadership and employee behaviours in line with the emerging mind-sets will go a long way to address the issues highlighted as the core of the 2018 report. By fulfilling the requirements of the new way of work and thinking we are could fulfil our real purpose and that is to make the world a better place for all.

# Sustaining Operational Excellence

Joseph Vacca, Head of Operational Excellence, CIGNA

Operational Excellence (OE) has a wide range of definitions.

Accordingly, OE programs are applied in very different ways across companies and industries, with varying levels of success.

## NARROW

On one end of the spectrum, OE programs target specific high-impact improvement opportunities. These programs involve a smaller subset of the employee population, organized into project teams with OE experts guiding the way. Lean Six Sigma deployments have been popular in this regard, often with program level support to drive change management & business readiness. Trends are evolving to shorter cycle Kaizen (PDCA) events, advanced analytics, and agile frameworks.

## BROAD

On the other end of the spectrum, OE is broadly deployed as a holistic business system that continuously improves outcomes toward a company's strategic goals (linked to Purpose). These programs engage ALL employees, improving fundamentals around leadership, culture, strategy, customer focus, workforce management, operations & technology, governance, and ultimately results.

Baldrige and Shingo are well known benchmarks for these types of OE programs.

Scaled agile deployments fall in between – originated as a subset of the Lean Business System

Interestingly, the BTOES Global State of OE Survey identified 1) Culture and 2) Sustainment as the biggest challenges facing OE programs, regardless of how narrowly or broadly the program is designed. Studies suggest that an alarmingly high number of transformational OE programs fail to sustain in the long run, in part due to the challenges related to culture. Further evaluation of root causes lead to the following insights:

- 1) Employees didn't understand or believe WHY the program was important (or the WIIFM)
- 2) Leaders did not fully buy-in or demonstrate the desired behaviors
- 3) Tools-based approach was deployed, as opposed to a more flexible principle-based approach
- 4) Inconsistent mentoring; not enough repetitions were cultivated to sustain new habits

Conversely, OE programs that successfully sustain over time exhibit a very different set of attributes. Employees understand and embrace a purpose. Leaders "walk the talk". OE principles are introduced to employees, but they are encouraged to apply them in

ways that make the most sense for their teams (generating engagement). Reinforcement and feedback loops are ingrained into how work gets done.

So if we use this as a recipe for success, incorporating each of these ingredients into your OE program will likely help address many of the cultural challenges that your organization is facing. Here are a few suggestions to consider:

- Start with an honest maturity assessment of your OE program across the 4 success factors
- Use structured problem solving to address maturity gaps, and engage employees in the process
- Encourage leaders to "Go & See" how your OE program is manifesting on the front lines
- Regularly report progress to senior leadership, and escalate issues real time as appropriate

Another key success factor is related how OE teams are organized and deployed. As highlighted at the beginning of this article, some OE organizations narrowly target the highest impact problems, while others broadly deploy a holistic business system. It's usually one OR the other. Which approach is more likely to have a bigger impact to your company's results? Evidence is growing that the most successful OE programs are structured to deploy a combination of BOTH approaches, in a complimentary way.

**HOLISTIC:** Harnessing the power of ALL EMPLOYEES in a holistic OE business system that continuously improves is something that can create exponential momentum for a company.

**TARGETED:** There will always be complex, cross-functional problems that emerge where OE resources can apply more sophisticated techniques to drive successful, timely outcomes.

As a final thought, I'd like to add some historical perspective around the concept of excellence and the journey to achieve it by sharing one of my favorite quotes:

"Excellence is never an accident . . . it is the result of high intention, sincere effort, and intelligent execution"  
Aristotle (~350 BC)

Principles of excellence have been around for centuries! And yet it's the unique application of these principles that generate new forms of excellence every day. So my advice is to focus your OE program on core principles that have been proven over time, but apply them in ways that make the most sense for your company and the culture you're trying to build and sustain.

# Learning to Speak the Same Language

**Kevin Kellow**, *Vice President Continuous Improvement*, **ASRC Federal**

The key challenges identified in the 'The Global State of Operational Excellence: Critical Challenges and Future Trends', align almost perfectly with the challenges I have faced throughout my career— how do we drive cultural change? How do we build value in the eyes of senior leaders? How do we deliver a sustainable OPEX program?

If I could offer one piece of advice, it would be to learn how to speak the same language as those you work with and support. It is too easy to work from your comfort zone; speaking about items, activities and measures that are important to you and your team. However, taking the time to understand how your customers, consumers and other internal teams understand these same items, activities and measures is critical to establishing long-term success.

Let me give you an example: the Supply Chain team for one of my customers was having trouble getting parts ordered and delivered in time to meet the manufacturing schedule. The root cause was the Program team's inability to properly schedule the purchases and give the buyers enough lead time to get the parts ordered and delivered. However, when the organization would meet internally, the Supply Chain team would be criticized for their inability to meet schedule, even though the analysis showed the problem was not with the buyers but with the Program team. Why you ask? Because the Supply Chain team didn't understand how to speak the same language as the program-side of the business.

The Supply Chain team would share metrics that meant something to their team, but these same measures did not resonate with the Program team (metrics like: Average Lead Time or Lead Time Index). It was not until we changed the way the Supply Chain team communicated that we were able to break this cycle. We started briefing on-time delivery and revenue impact of missed procurements. Delivery, customer satisfaction, revenue – these were phrases and metrics that resonated with the Program team. When we started including the Program team in our discussions about process issues, it allowed the two sides to work more closely to resolve the issues. Until this point, both sides were communicating but essentially speaking different languages and talking past each other instead of with each other. This invariably led to poor performance, tension and finger pointing, but no positive changes to the process or outcomes.

With all the tools and resources available in today's workspace, it is too easy to check the "communications box" when implementing a new project or initiative; to say we have sent out the requisite emails, flyers and SharePoint notices is too easy. If you take the time to learn how to communicate with the teams and customers around you, if you take the time to learn what matters to them, it will make your improvement projects and Operational Excellence programs infinitely stronger.

The key is moving teams out of their comfort zone and understanding problems, challenges, and requirements from someone else's perspective, and then learning to speak a common language that allows both groups to prosper.

# Challenges and opportunities at customer experience programs

**Leandro Mello Bacellar, Vice President CRM and Operational Excellence, B Volvo**

The business environment is changing at high speed, like we have never seen before, mainly due to evolving consumer behaviour, new digital capabilities and innovation. One common perspective among companies leading this highly competitive environment is the customer centricity strategy which drives their culture, success and purpose.

Experts and strategists are calling this business cycle a “customer era”, where customers are in charge as they decide what, where, how and when to purchase. This is a big shift from the previous Eras of information, distribution and manufacturing where basically customer value was measured by functional benefits minus financial cost. A company embarking on this great journey might face challenges and opportunities that could award them with success and great achievements, or with pitfalls and hurdles that could drag the motivation and efforts down. Setting the customer as the main reason to exist and perform is not an easy task for companies that come from financial, product or technology centric approaches. It is a complex and strong shift and even companies working on CX programs for a long time often reverse back to the inside out approaches. One example about maturity level in companies performing CX programs is how customer satisfaction or NPS (Net promoter Score) KPI's are presented in those companies' quarter or annual results at their internal communication meetings. Some might regress in maturity and present this as the last and least important KPI or sometimes failing to mention altogether.

Key challenges might come from who at the “C” company level is the main champion implementing and reinforcing the CX program when it is time to celebrate or when mistakes are

made. Such mistakes and celebrations are part of the learning curve and should be used to improve and refine the company's operation. Good practices show that, when the board of directors discusses how the company can deliver more economic benefits and fewer hassles for customers, the central engine is on.

Operational excellence initiatives play a very important role when CX programs' frameworks are structured with pillars based on employee engagement, customer engagement, excellence in execution and growth. They can boost the program by getting E2E full involvement. Challenges are mainly around change management process and a common constraint is to move from the program awareness to execution while consistently striving to embed customer value metrics as customer satisfaction and NPS (Net Promoter Score) to all company level employees. It is important to make sure that every single person understands what they can do and how they can maximize customer value and reduce internal waste. Taking advantage of lean practices will enable cross functional teams to close the loop and maximize customer loyalty. On average financial CX program good practices results lead to 20% to 30% increase in operating income and internal efficiency. Also leading CX programs are already delivering financial results around 2.5 more profitable than their competitors.

Overall pitfalls, such as silos thinking, conflict in KPI's and lack of sense of urgency for changing will be always part of the journey. However, focus on continuous improvement will pave the way forward. Have fun.



# Linking Operational Excellence, Business Transformation, & Cultural Change into a Sustainable Business Model

**Leonard Hepp**, Executive Director Operational Excellence Global Manufacturing and Supply-Bristol, **Myers Squibb**

The BTOES 2018 Insights Report, “The Global State of Operational Excellence, Critical Challenges and Future Trends”, is a rich survey of how Operational Excellence (OpEx) needs to evolve to a new level of strategic impact as an enterprise-wide business program.

From OpEx early days as Six Sigma and Lean – the methodologies, tools and techniques were leveraged as a continuous improvement mindset with Cost Savings as King although it has evolved over the years at mature organizations to include waste elimination, improved process flow & efficiencies, enhanced capacity, and a quality/compliance driver. The survey reinforces this maturity shift in several key areas:

- Change management and cultural transformation remains the biggest challenge
- Sustainable OpEx improvements are critical
- Leadership understanding, buy-in, and being advocates-mentors-coaches of change has to be “a given”
- Driving end to end business transformation with a seamless customer experience across the business needs to be “front and center”
- Talent management and employee empowerment are key
- New technology and marketplace trends will be defined by the right processes & systems for the new business landscape/transformation

By its very name, OpEx has held a traditional operations approach in most corporate visions and as a result been strongest in manufacturing operations/production sites or within department/functional operational lines of organizations. This traditional operational approach creates a “Separate From” business strategic linkage in many corporate visions.<sup>1</sup> The Survey shows the top four business organizations utilizing OpEx remain Day-to-Day Operations, Operations, Customer Service & Manufacturing.

I was particularly struck by many comments throughout the

survey where OpEx was described and highlighted as a Tools Approach to problem solving. This couldn't be further from the truth.

OpEx starts with a simple question - “What's the problem or opportunity for improvement?”. Then the Right METHODOLOGY with Tool & Techniques AS APPROPRIATE can be leveraged for sustainable improvements.

In his book “State of Readiness – Operational Excellence as a precursor to being a high-performance organization”<sup>2</sup>, Joseph Paris has a similar view of OpEx Maturity deployment with some great historical background as well as a challenge to look beyond the traditional Kaizen-Lean-Six Sigma process improvement of OpEx to enterprise-wide strategy of system performance with many examples and anecdotes.

More recently, organizations have a new mantra – Business Transformation. The very nature of global competition and customer expectations is forcing a shift to Customer Excellence while at the same time minimizing costs and driving efficiencies through traditional OpEx approaches. What has been driving Business Transformation? The Boston Consulting Group has had several in-depth analyses with consistent findings<sup>3</sup>.

Although a lot has been said about Disruptive Technologies/Companies driving Transformations, as can be seen in many cases it's a more organizational, financial, operational and/or growth focus. And from a starting market position, it covers the range of bottom to top performing companies in their industries.

With such fundamental reasons for Business Transformation, you'd think most companies would be successful in deployment. So why do most Business Transformations fail? A 2011 Global Survey identified 4:

- Lack of well-defined milestones and business objectives
- Lack of commitment by senior management
- Employee resistance to the transformational change
- Poor communication as to mission, vision, and new directions

Clearly, the ability to meet business challenges demands that companies and leaders inspire and align their organizations, create a sense of urgency and speed while balancing innovation and continuous improvement and always keeping an eye on Quality from a customer view while meeting the company vision, milestones, and objectives.

Seven years later, these same failure areas are evident in this Survey along with some new challenges:

1. Changing & Improving the Company Culture
2. Execution & Sustaining OpEx Projects
3. Need for End to End Business Transformation
4. Keeping up with New Technologies
5. Lack of/Need for Leadership Understanding & Buy-in
6. Maintaining key priorities consistently
7. Changing customer demands/business trends

So, how do we move our businesses to successful Process Improvement, Business Transformation deployment, & sustainable change?

By linking OpEx, Business Transformation, & Cultural Change in a “Next Level Evolution” model of Enterprise Excellence:

Key elements of this model:

1. Business Strategy and Alignment requires a clear vision and plan. Best in Class companies have adopted the Hoshin Kanri approach<sup>5</sup> to this part of the model, i.e. “Planning the Business”.
2. Leadership Engagement assures a business and customer focus on the outputs of mission critical systems and structures (called Key Process Indicators, KPIs). Many companies have adopted Lean Leadership principles from the Toyota Way of Leadership Development<sup>6</sup> in this part of the model, i.e. “Running the Business”.
3. Behaviors and Empowerment is fundamental for successful deployment of (1) and (2) by setting the right Values and Behaviors (called Key Behavior Indicators, KBIs) for EVERYONE in the company (leaders, managers, and employees). Empowering employees for success through Lean Leaders as coaches and mentors who drive continuous improvement, innovation, and fully support the company vision by their actions with goals and metrics (both KPIs and KBIs) tied to Strategy.<sup>7</sup>

4. Operational Excellence has traditionally delivered by a data and process mindset focused on improving process KPIs. A sustainable culture shift by a focus on Change Management and KBIs is that opportunity to make OpEx “Part Of” transformational change. Fully integrating and leveraging OpEx Lean Six Sigma and Change Management methodology, tools and techniques with Business Transformation elements 1-3 above completes the model, i.e. “Solving Business Problems and Advancing Business Opportunities”.

# Assessing the Corporate Culture

Linh Truong, *Director of Internal Audit, Controls and Process Improvement*, Orthofix

In the words of Peter Drucker, “Culture eats strategy for breakfast”. The role that a company’s culture plays in its success or failure is becoming increasingly clear over the past 20 years. Senior management’s aggressive stance on how much risk they are willing to accept for the sake of growing the top line and the resulting downfall can be seen in headlines starting with Enron to Wells Fargo. The topic of ensuring organizations have a healthy corporate culture are now being added to Board agendas, it becomes imperative for companies to assess their culture against Senior Management’s desired culture. This article will provide stakeholders (Board, management, auditors, etc.) a roadmap to assessing the company’s culture.

Understanding the corporate culture goes beyond just interviewing employees to obtain a cross section of their perspectives and thoughts on the unwritten but understood rules and norms that drive day to day behaviors in the workplace. There are key areas that can be objectively assessed to gauge the level of healthy versus unhealthy traits of an organizations’ culture. These key areas include:

- Organizational Mission / Values / Strategy / Objectives
- Organizational Structure
- Compensation / Incentives
- Risk Management
- Company Policies
- Board Reporting
- External Feedback

## Organizational Mission / Values / Strategy / Objectives

Embedded throughout the organization’s mission/value statement as well as their strategic goals and objectives should be how the company plans to achieve their mission and goals. If there is no mention of the manner in which they achieve their goals, then the lack of commitment to how things get done may suggest that management does not care how employees get there.

### Organizational Structure

The title and authority of certain key roles provide insight into how important these roles are within the organization. Roles that have responsibility for compliance (CFO, Compliance, Quality, Audit, Information Security, etc.) should have a level of authority that allows them to be leaders in driving policies and have seats at the table rather than just task takers who merely follow instructions from the business.

## Compensation / Incentives

People will behave exactly the way organizations pay them to behave. If an employees’ livelihood is tie to opening as many accounts as possible (rather than the quality of the sales), then that is what the employees will do. Compensation should not only be defined by growth or volume of sales, but must also be aligned to how the sales are achieved (ethically, safely, within laws/regulations, etc.). If there is not a component of performing ethically build within the company’s compensation structure, then you are basically allowing the employees to determine how they achieve their numbers.

## Risk Management

Whether an organization has a robust risk management program in place can say a lot about whether a company is focused on identifying, mitigating and managing their risks. As a part of this exercise, management should also determine their risk appetite – what level of risk are they willing to accept? Is the company risk averse? Are they thoughtful about taking risks? A lack of an enterprise risk management process in place would be a red flag.

## Company Policies

What type of policies exist at the company? More importantly, how are policies developed, communicated, implemented and enforced? If companies do not provide employees with guidance on Code of Conduct, Conflict of Interest, Anti-corruption, Gifts, Procurement and other policies that stem potential bad behavior, then that sends the message to the employees that the company does not have a stance on these topics so they should use their own judgement which may not align with the company’s risk tolerance.

## Board Reporting

What topics are being presented to the Board each quarter? What is management choosing to report to the Board and how much detail is provided? Do the compliance related functions (Chief Audit Executive, Chief Compliance Officer, Chief Information Security Officer, etc.) have a reporting line to the Board or, at a minimum, have an opportunity to present to the Board?

**Internal/External Feedback**

What are employees saying in their Employee Engagement Survey? More importantly, is management taking any action to address the low scoring areas? What are ex-employees saying about the company on Glassdoor? What are external auditors, consultants and recruiters saying about the company? Interviewing employees across all functions and at all levels will provide insight into the Tone at the Top, Mood at the Middle and Buzz at the Bottom.

Reviewing the above areas will certainly provide the temperature of the organization and determine how closely aligned the actual culture is compared to the desired culture that management would like to accomplish. Once the gaps are identified, management should identify what the root cause of the misalignments are and how to move the organization's collective workforce towards a healthier direction that will not only achieve the company's strategic objectives but will get there in the manner that is within management's risk tolerance level and ethical boundaries. As history has painfully demonstrated repeatedly, an organization may achieve short term goals for a period of time without the right culture, but will eventually fail in the long term.

# Building an improvement culture, fast and slow

Lucie Morel, *Head of Process Excellence Asia Pacific*, **BNP Paribas**

As I started to work on business improvement projects, I found out that it was easy to define the desired change but much harder to implement the change. I observed in most companies some resistance to change due to trust issues. There could be a very strong bond within a team but everyone else in the company was not always well accepted. Like people, organisations have their personality, their mindset and behaviours. I also discovered that as soon as the top leader changed, the culture shift happened.

Culture is every day core values and behaviours of each member of the team in pursuit of the company mission and strategy. It is a shared way of doing things. Operational excellence is all about culture. It is about building an improvement culture where everyone everyday learns and thrives by delivering the best service possible to clients, with empathy, respect and teamwork.

As I look back at my very first experience, the CEO was tempted to impose the change to teams rather than leading the way and engaging them in the challenge. If the top leader is not first in line with the teams to challenge the 'way things are done here', then there is no point in trying to build an improvement culture. It is not going to happen.

## Learning how to learn

There is not one way to build an improvement culture, or rather a learning culture. I suggest we try and learn with an experiment, using the famous Deming PDCA cycle (Plan Do Check Act) <https://deming.org/explore/p-d-s-a>

### a. PLAN - Start with why

Why do we need to change? What is our ideal culture? What is the gap between the current culture and the target one? Why is it important now? How do we translate this in terms of Key Performance Indicators? How will we know we have achieved our goal?

Before we start changing, we need to be clear about the direction, what the status quo is, why we need to change, what is it that we actually want to change, and what we do not want to change.

It could be powerful to emphasise the good things about the current culture, maybe there are already role models and improvement practices that exhibit a kind of target.

We need to have a compelling vision to share with people. If they see how it can look like to work in a constructive learning culture they may be willing to come on board with us. Advocates, informal leaders can play an active role in shaping the desired culture.

Giving a sense of urgency is a good thing to excite people as long as it is done in a mindful and positive way.

Culture like "the operating system" leads an organization and its activities, shaping the way employees think, work and how they feel. It is recognised that an effective organisational culture has a positive impact on performance. An ineffective culture on the opposite, can have a devastating impact on the company performance.

- How would you define your target culture?
- How does the current one look like?
- Is the leader's main role to develop their people and look after them?
- Is a problem seen as an opportunity for improvement?
- Are problems discussed based on facts, and observations?

Here are the traits which I would expect in an improvement culture. However, unless you are a brand new company you will need to take time to identify the status quo before moving on. You may want to look at the following;

1. Client centric/ value : focus on delivering value for clients, partners, users, colleagues with minimum waste
2. Learning: developing people, solving problems
3. Humanistic: encourage others, shows respect and empathy
4. Affiliative: enjoys developing relationships with others

On this topic, Human Synergistics has developed an effective tool (the circumplex <https://www.humansynergistics.com/Files/HTML5/Circumplex/index.html>) to help assess a constructive culture.

Depending on the business context and situation, you may also want to focus on client satisfaction or engagement as performance indicators.



**b. DO - Build awareness and a sense of ownership**

Some people have strong curiosity, also referred as growth mindset. For them it may be easier to unlearn and learn new habits, they would be curious and enthusiastic about the challenge. For others, with more of a fixed mindset, they need more time and more support to move from the old ways to the new ways of thinking and doing. It can also be uncomfortable for a person who only knows « the control and command » management, to move to a system where they are expected to lead with coaching practices, 'go and see', listen, develop people so that they can manage their work themselves, and solve problems.

**Understand what you need to unlearn**

The tricky part with Culture, is that it means not only acquiring a new set of values, behaviours, habits. It requires to 'unlearn' the previous ones. It is easier to learn than unlearn. Unfortunately to build a culture of improvement, one may identify the current practices and behaviours that inhibits the desired change.

'It ain't what you know that gets you into trouble. It's what you know for sure that just ain't so.' – Mark Twain

The Top Manager may encourage the team by sharing personal challenge and objectives. For example how powerful could it be to hear your Manager stating : « Dear Team, I know that I have a tendency to jump to conclusions, and ask you to come to me with solutions rather than problems, this go against the improvement culture that we need to build, that requires taking the time to get to the facts where things happen and then go to the root cause of issues. ' I will change my daily management practices, and I want you to do the same and help me build that culture we want to see'.

Learning is an emotional state which requires self-awareness and regularity. Hence, the importance to develop positive daily routine during this phase.

**Lead by example**

'Be the change you wish to see in the world'. Gandhi  
Culture cannot be delegated. If the Top Leader exhibits the core values and behaviours of the target culture, then it is just a question of time before everybody joins.

The challenge is for the Leader to be aware of their current habits, be willing to change, be trained, helped with a Coach. As soon as the leader shows vulnerability to challenge themselves; it gives a safe environment for the rest of the team to follow. Once again, cultural transformation - to be effective -needs to start from the top as people tend to absorb and imitate the behaviours of their Leader.

**c. Check and Act**

' If You Can't Measure Performance, Can You Improve It? "If you can't measure it, you can't manage it '. Edwards Deming

When a task is done, it can be tempting to celebrate success. However, it is only by measuring, and studying the actual results, that we will learn. Are we making progress towards our goal?

Before calling our actions improvements, we need to measure if the changes undertaken are going the right way and if the target culture is taking hold. Ongoing open dialogues about what is happening help flesh out issues.

Measures could be around value creation and client satisfaction, engagement, absenteeism depending on what you have defined during your 'Plan' phase. Keep it simple. The process to collect measures and analyse them should be thought through to ensure quality data. Empirical data, questionnaires, and real people feedback (Voice of the Customer) are valuable as well as reliable system data.

A common missing element is for managers and anyone else involved in the change to go see. This fundamental lean behaviour must be practiced throughout the PDCA process, especially during this Check phase. To go see is necessary to grasp current conditions, gather facts from the process, and to generally learn what is really happening.

Find out what worked, what succeeded, what can be learnt, what needs to be adjusted. And the PDCA cycle continues. As soon as the current conditions change, a new problem will arise, it is an opportunity to learn and improve.

We need standards to manage work, but when people need to unlearn and learn new ways of doing, they are unique with their own interests, background, and personality. It is crucial to acknowledge this and build routines that work for them.

**Conclusion**

In short, there is not one single magical recipe to evolve towards a learning organisation. Depending on the situation, leaders need to engage their teams in a purposeful challenge. They must understand that they are the primary drivers for success or failure of the transformation. They will need to keep learning, and ensure that strategy, people and work are aligned for a sustainable improvement culture.

In a world of uncertainty, where resources are scarce and technological changes are growing exponentially, it becomes urgent to adopt an improvement culture. The learning organisations will be the only ones to thrive on the long run.

# Let's make OpEx simple again

Michael Stober, SVP Process Reengineering, **Citizens Bank**

Operational Excellence is a heavily expensed program by companies, well-marketed by consultants and advocates, and has volumes written about it. The big question though, is why are a large amount of companies still challenged to successfully implement such programs. Personally, I strongly believe the discussion is inverted, so, let's "talk turkey" and get it on the table. The typical arguments for why Operational Excellence fails typically range from lack of leadership buy-in to insurmountable cultural change. But what does that really mean? The very topic of Operational Excellence, in itself ambiguous, and terms like 'leadership buy-in' and 'cultural change' merely pig-pile on the obscurity. To bring some clarity to, what Operational Excellence really means, I want to start with the expected outcomes that these programs intended to deliver.

All companies expect simple and specific OpEx outcomes. Terms such as 'new technology', 'digitization', 'AI', 'robotics process automation', 'machine learning', etc., don't mean much to the teams who will be responsible for driving the success or failure of the program. Although these capabilities are really cool buzz terms for C-suite executives, consultants, and highly paid internal talent, it all comes down to one thing - the expected results; which all comes back to an organization's P&L, expense or revenue. This is the starting and ending point for any individual OpEx engagement or OpEx program. This is its meaning, its power, its value.

To drive the point home, let's push further to talk about a typical outcome most companies hesitate to discuss openly with its employees. And, I pick this one since it is the most sensitive topic, but drives home my point. The term is expense reduction. Why has this phrase devolved to becoming so taboo? It's because it translates into real people losing their jobs. Rather than tiptoeing around the topic and disguising 'expense reduction' as change management, improved efficiency, freed up capacity, I urge leaders to put it on the table, plainly, on day one. That way, everyone involved is fully aware of their expected outcome and path forward. This won't magically make the challenge in achieving the desired results disappear and provide a path of no resistance, but, it will provide transparency and clarity to those involved, which in turn increases the speed and quality of the

engagement or program. More so, as an initiative progresses and obstacles arise, a more open and honest dialogue can be had as opposed to potentially perpetuating the confusion in an effort to disguise the program's goal. Disguising the goal, as I have witnessed, creates distrust, passive-aggressive behavior, and skepticism.

Now that we have addressed "the what," what Operational Excellence truly is intended to deliver, let's transition to the "how's," how you go about successful implementation. The first "how" is responsibility. It needs to be made crystal clear upfront, who is responsible for delivering "the what." The responsibility of the OpEx project, program, or engagement team, is to identify a suite of options in order to achieve the desired outcome. The responsibility of the stakeholder or Executive Sponsor is to make the decision related to which options are most viable and how aggressively they want to be in meeting or exceeding the benefit goal. The key here is that in most engagements, people will try to blur the lines of responsibility in order to hedge the ownership for the success or failure. If this happens, do not move proceed with the engagement. Stop it in its tracks and reset until it becomes perfectly clear who is responsible for what.

The second 'how-is behavior. Again, behavior can be a very ambiguous term, and this one gets a bit more complicated because it involves humans. Allow me to explain. Companies talk a lot about culture, value systems, core beliefs, etc., which are great buzz words without much meaning unless properly defined. It will create disorder to nibble around the edges of what behavior means, when promoting how important it is under layers of intranet campaigns, training sessions, and guest speakers on the topic. These types of campaigns often do not get to the core of human behavior in a personal way. In our line of business, here is what behavior comes down to. Humans have two primary value systems, one personal and one professional. For the professional value system, there exist multiple layers of competing values that align to the company, their division, their department, and then themselves. The values can be incongruent and at times, create confusion for the employee in terms of, to which they should pledge allegiance to, for the same is true for personal value systems.

The result is a perpetually competing incongruency which influences an employee's behavior at work, ultimately impacting the expected outcome of any OpEx engagement. If we agree that workplace behavior can be simply defined as how employees think, believe, act and feel, then we can begin to reshape behavior by minimally acknowledging the existence of this incongruency. We can then begin focusing our energy and time on understanding and proactively addressing the employee's misalignment of behavior to delivering the outcome. I would suggest you are on constant patrol for this misalignment and let the tools and methods drive the delivery versus expecting employees to suddenly change their behavior all at once.

In summary, let's make OpEx simple again. Let us not go astray by focusing on cool technology and methodologies. Let's focus simply on the desired outcome and how behavior does or doesn't align with this expected outcome, allowing the cool technology and methodologies to be layered in the underbelly of your engagement or program. Most importantly, boldly address the common challenges upfront. If this is a program to reap an expense savings, say so. If it seems that the delivery team may face discomfort in bringing forth ideas that result in such savings, address that, too. Embrace the discomfort. Address it early and often. Discomfort is okay, and we are backed by an assortment of time-tested tools and methods to get us to a desired outcome.

# The Rise of the Lean Business System

**Paul Docherty**, *Founder & CEO*, **i-nexus**

Strategy execution expert Paul Docherty is the founder of i-nexus, an industry-leading provider of strategy execution software to some of the world's most successful companies. Here, he urges operational excellence leaders to take a leaf from global leaders and adopt an all-encompassing systemic approach to operational excellence.

It's almost two decades to the day since I presented at one of first Operational Excellence conferences in London. Back then, the focus was very much on tools, training of "belts", best practice methodologies (particularly DMAIC) deployed in the style of Motorola or GE. Much has changed since then. From the recognition that improvement needs an integrated approach – bringing together the whole operational excellence toolset to attack waste and complexity not just variation, to recognition of that to improvement needs to be driven by the line to be sustainable, we have collectively been on a journey that has turned Operational Excellence from a craft into a profession with over a million practitioners worldwide.

Even with this tremendous resource, organisations are under pressure like never before. Innovation cycles continue to shorten, making agility increasingly important and the risk of irrelevance from digital disruption ever greater. As highlighted by the challenges described in this report no organisation is immune from evermore-demanding customer expectations, evermore-agile competitors and evermore-disruptive digital technologies.

Witness the rise of Amazon, as major retailers reel from consumers no longer thinking with their feet but by the click of a button. Technology that was blue sky five years ago is now here and becoming more widely adopted. Robotic agents are taking over repetitive (and increasingly less repetitive) work, organisations are mining big data to enable them to provide ever better consumer experience and industry 4.0 technologies are helping factories become smarter the world over.

These technologies mean that the competitive bar is constantly rising and to survive organisations need a systemic way of not just improving today's operations but also consistently betting on and rapidly executing on the technical innovations and business model disruptions that enable them to stay ahead of the game.

In response to this ever more competitive environment, it's clear that the most consistently successful organisations – such as those listed in this report as thought leaders - see operational excellence not just as a tool for increased efficiency but as the basis for how they execute their strategy. In my assessment, this shift from thinking as Operational Excellence as an initiative to thinking of it as being the basis of a lean business (perhaps better called a strategy execution) system is one of the most fundamental and important trends that will impact Operational Excellence practitioners in the next three to five years.

The good news is not only can we learn a lot from these high-performance organisations, but also that there is clear evidence that what they are doing can be replicated. Lift the lid on the legendary Business Systems of Toyota, Danaher and more recently healthcare leaders like Thedacare and Virginia Mason, and it's clear that they have built on the lean production system inherited from Toyota, by adding Hoshin Planning (sometimes called Strategy Deployment or Policy Deployment) to provide the systematic approach to implementing the breakthroughs needed to thrive in an ever changing, and increasingly disruptive, environment.

In these organisations, Operational Excellence is not seen as an initiative led by a central OpEx function rather as part of a systemic approach to strategy execution. On-going continuous improvement is squarely the responsibility of the front-line teams who strive each day to standardise work and find and address the root causes of unexpected outcomes (often referred to as Daily Management). In these organisations, the role of the OpEx function has transitioned from mostly doing to mostly facilitating.

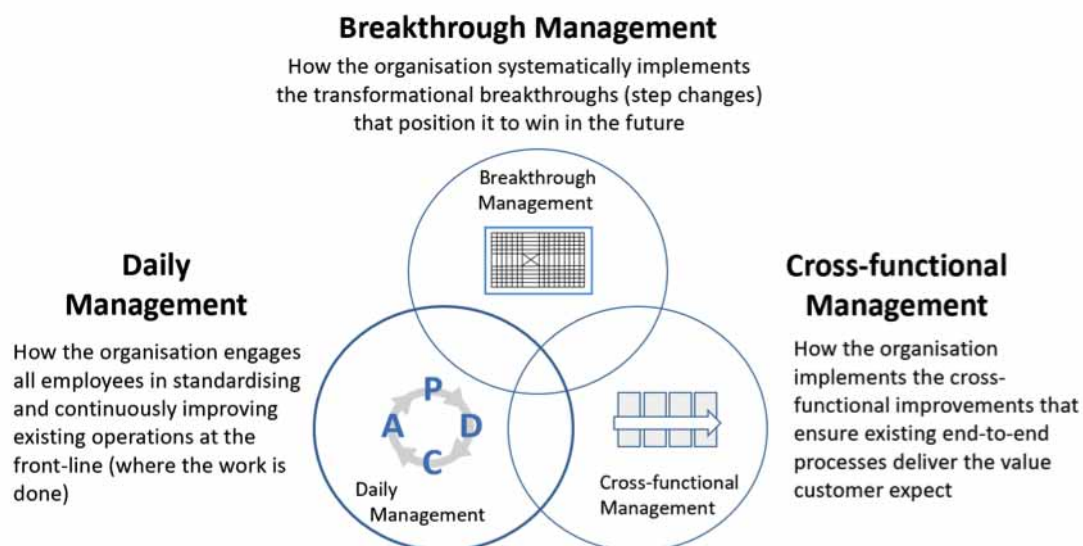
Typically the custodian of the standards for continuous improvement and strategy deployment, what becomes a small but strategic staff function, primarily concentrates on helping leaders identify and implement cross-value stream improvements (often called Cross-functional Management) as well as helping leaders to define, deploy and implement the breakthrough objectives (Breakthrough Management).

Anecdotally, the leaders we spoken to in these leading organisations attribute the success of the execution system to the degree to which the leaders reinforce daily management through standard leader work and the degree to which leaders take direct responsibility for breakthrough implementation by owning and driving the strategy deployment process. This shift from the OpEx team pushing improvement actions to the operational leaders pulling improvement techniques is the key they say to the sustainability of the system.

It's clear this transition - from Operational Excellence as an initiative to Operational Excellence as the foundation of the organisation's strategy execution system – has the potential to

address the majority of the challenges identified in this report. From increasing the buy-in of leaders (Hoshin Planning directly connects the operational excellence activity to the business priorities), to increasing the sustainability of improvement (a key goal of every breakthrough projects is the creation of new standard work and ensure that daily management is in place to sustain the gains), the Lean Business System approach helps priorities be maintained and organisations adapt more quickly to business trends.

I am often asked by OpEx leaders how and where to start this transition. The answer is it depends on your starting point. That said, its clear there are implementation approaches that are more successful than others and many lessons that can be learned. To get you started on the journey, visit [www.i-nexus.com](http://www.i-nexus.com) and download 'How the Best Out-execute the Rest'. To help you formulate your approach you can also visit [www.stratexhub.com](http://www.stratexhub.com), where you will find over 200 free resources assembled by a community of the most trusted experts designed specifically to help you build your own Strategy Execution system.





# Culture Over Anything

Peter Cihunka, *Director Operational Excellence*, **Mutual of Omaha Insurance Company**

Much is made these days about technology and digitization and how Op Ex needs to embrace these differentiators. With Agile being nothing more than a way for techies to embrace lean tools, I would say that ideologically speaking Agile is a win. Especially when you consider that something like 85% of all lean deployments into technology fail, but Agile is taking root almost everywhere. It is a very slippery slope to assert that Op Ex has peaked and now has dawned the age of Digital Op Ex. I fear that this is an attempt by Op Ex practitioners to latch on to something in an effort to make their craft more relevant in the eyes of stakeholders, and as a result we are taking our eye of the root cause of the problem.

There is a simple reason why companies invest in tech rather than spend the money and energy on changing the culture: it is easier and frankly it is sexier. We have all been on the wrong side of poorly implemented tech to know that it is in fact not easier and is often more expensive. I have been part of projects where the new tech was introduced, paid for, implemented, and the results were data integrity issues, legacy systems not interfacing on the front end, and now 7 years later.... Still going. A simple end to end analysis on day one would have uncovered the data integrity issues and once fixed, would have resulted in a much better result. In a lean culture where systemic thinking and quality at the source are core values, you would not have ever had conducted an end to end analysis to know that instinctively it was the right thing to do.

Fact is most companies are just not that good at operational excellence, or lean, or six sigma, or whatever hybrid you are sporting today: Op Ex (Shingo) is too hard to do, lean is only for manufacturing or only for the front line workers, and our six sigma comrades are too data focused to influence most leaders. As the paper points out: "53.1% of respondents cited the top critical challenge within Op Ex remains squarely around changing & improving the company culture, and 23.2% cited their top critical challenge was lack of leadership understanding and buy-in". I will address these both simultaneously and individually.

Ask your leaders some questions:

Have you ever asked your leaders what kind of a culture they want?

"When you think about the culture one year from now, what kinds of things would you want to see and hear?"

They may go on about a culture where everyone feels safe voicing their opinion, or "no titles". They may look at you start talking about results or they may tell you everything you want to hear (while inside you know they are lying). They may lecture on how that is not how the world works and you need politics and relationships to get things done. One thing we all need to remember is that everyone has their own winning formula. When you think about Op Ex and its core beliefs (humility, respect, flow and pull, systemic thinking, quality at the source, etc.), they are the antithesis of what motivates most leaders: more direct reports, more responsibility, power, control, and brand. Look around your own organization at the leaders who are "up and coming". Which camp do they fall into? Before you go calling me a cynic I challenge you to really look at your formula for success so far: how much can be attributed to your being a champion of Operational Excellence and your powers of influence vs working with leaders who buy in or an organization that is forcing compliance. After all, to implement tools all you really need is forced compliance.

There is no question that as believers of Operational Excellence we hold the high ground, and no one is going to argue with you about respect, humility, quality at the source, etc. Then why are leaders not lining up to buy what we are selling?

Often, we try to influence leaders by tip toing around the truth and not calling them out for some of their behaviors or even mentioning them for fear that it could turn them off Op Ex or worse be very detrimental to our careers. This job is not for the faint of heart. Most leaders know very little about building a winning culture because they get paid for results and recognized for being "influential".

As practitioners, we need convert our language to theirs'. This is where we introduce them to the concepts of systems and tools. After all, what is the definition of corporate culture? When I am arguing a point, I like to start with an objective source for a definition; in this case, Webster's: "Corporate Culture: refers to the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires." Key words: beliefs, behaviors, interact, not expressly defined, organically, over time, people. Well, we all know that change requires expressly defining the change and that can be as simple as starting with the behaviors. "When you think about the culture one year from now, what kinds of things would you want to see and hear?". So what behaviors make up culture? What if we start with systems and tools?

Systems run vertically in your organization: communication, empowerment, strategy, rewards & recognition, etc. Tools run horizontally across the organization to connect the systems: performance huddles, problem solving, metrics, goals, client satisfaction, etc. Now you can talk to them about topics that have meaning for THEM: recognition, influence, information and data flow. It is a bit of a trust exercise hoping that leaders will use their powers for good rather than evil, but in a lean

culture I have found that once folks embrace empowerment and the concept of open feedback with some trust sprinkled in then natural checks and balances start to emerge. Leaders do not want to outwardly appear as tyrants or hypocrites because they know they will get killed on associate engagement surveys.

Now, it does take a certain breed of cat to pull this off successfully. Most of your Six Sigma guys do not have the people skills and most of your Shingo purists suffer from too much idealism. Somewhere in the middle is the sweet spot; however, the motivation must not be intrinsic, and it must be for the good of the organization. Since we have the high ground, we can get very self-righteous and no one likes that. YES, we are right, but remember that our winning formula got us to the pinnacle of Op Ex practitioner not VP of Sales, etc. I am not diminishing our work, but I am trying to check our collective egos at the door.

If we are nothing else, we are teachers and challengers of the status quo. Teach by challenging the status quo. Respectfully ask the hard questions. Check your ego at the door. Support those leaders who are open to your conversation and only feed them as much as they can eat in one sitting. Teach them what culture is and how to build one, and make sure it is their idea.

# Don't hire People who fit your organisation

**Phillip Holt, VP Continuous Improvement, Travelport**

Jessie Potter, educator and counsellor, famously said: "If you always do what you've always done, you always get what you've always gotten", which relates very clearly to some of the struggles that organisations have in attaining Operational Excellence.

According to BTOES Insight's 'The Global State of Operational Excellence', the key challenge facing OpEx programs is changing and improving company culture. However, many organisations still fall into the trap of hiring people who fit their current culture, which is counter-intuitive to changing the culture.

The people who drive an organisation's transformation must be able to both understand what the target culture will look like and take it on the journey. This is a tough challenge and will not be achieved using the current methodologies of the company. This requires true diversity of people, at all levels of the organisation, who are able and willing to challenge the status quo.

As the report illustrates, the challenges across all industries are similar, with rising customer expectations, a more competitive landscape, and the impact of digitalisation. The road to Operational Excellence has therefore become both more arduous and critical to success, and to successfully make this journey, the organisation requires an explorer archetype in a critical mass of its people that will not be found in those who 'fit' the business.

This isn't as easy as some might think, as the standard practice is to hire against a brand, recruiting in apparent experts from those companies with the reputation of having achieved Operational Excellence; the likes of Toyota, Danaher, Amazon or GE. However, just because someone has worked within the ecosystem of one of those organisations, and can identify the gaps that exist in their new workplace, it doesn't mean that they can chart the route to close it.

Another common mistake is to recruit for industry experience, valuing candidates from the same industry more highly than those from outside of the industry. Whilst there is a certain logic in this, if we do want to drive change and different

thinking, how likely is it from someone who has been engrained in the current industry norms? Would industry insiders have created Tesla or Amazon?

However, the main causes of hiring people who fit the business and hence won't transform it, what I call 'Same Agents', is the set of cognitive biases that affect hiring:

1. Anchoring: Using a single piece of data to make decisions, such as wanting to hire someone from Amazon or someone like the person that they are replacing.
2. Availability Heuristic: The tendency to rely on recent memories, particularly emotionally charged ones, that colour decisions.
3. Bandwagon effect: The reluctance of people to challenge the opinions of the crowd, similar to group-think, resulting in concerns about a candidate not being raised.
4. Confirmation bias: Finding information that confirms the initial intuition towards the candidate, ignoring information that contradicts that view.

These biases underpin the hiring of candidates who fit the current organisation's culture, as identified in the American Sociological review of 2012 by Lauren A. Rivera:

"Employers sought candidates who were not only competent but also culturally similar to themselves in terms of leisure pursuits, experiences, and self-presentation styles. Concerns about shared culture were highly salient to employers and often outweighed concerns about absolute productivity."

Despite the instinctive drive towards hiring for the current culture, a study by Northwestern University demonstrated that introducing team members who don't fit the current culture dramatically improves performance. In the study they asked Sorority and Fraternity teams to solve a murder-mystery, part way through introducing either another member of their group, known to them and a cultural fit, or a complete stranger. Surprisingly, in the teams with the known member added, results were significantly below those for which the stranger was added, although the confidence level in their selection of the perpetrator were highest in the groups for which the known member was added.

This creation of an 'Echo chamber', through the addition of people who fit in and don't challenge the status quo, is prevalent in the way that organisations hire people, and is particularly insidious in the recruitment of the leadership and teams charged with the Business Transformation and the attainment of Operational Excellence.

Whilst there are no 'Silver Bullets' to ensure the recruitment of change agents, some elements of an operationally excellent recruitment process are:

- Understand what the future state vision of the Culture tangibly means and map out evaluations to assess against the values and skills that we will require, not the status quo.
- Standardise hiring processes – But make sure that you train hiring managers in the process and place rigour around its adherence.
- Involve multiple people in the hiring process and majority voting for decisions.

- Improve the wording of job postings to focus on the values, behaviours and skills required, rather than specific industry or job requirements.
- Avoid hiring for Industry experience or Brand name.
- Accept that there will be some tension when you hire people who aren't exactly like you.
- Ask yourself: Am I looking to hire someone like me, so that I can stay in my comfort zone, or someone unlike me who can bring a fresh perspective to the table?

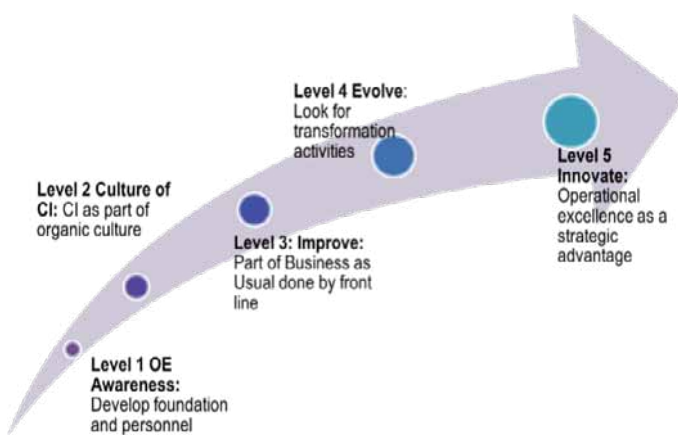
In the pursuit of Operational Excellence, cultural change is clearly the number one priority of Leaders across industries, and it is therefore crucial that an organisation thinks about how it can recruit those people who don't fit the current culture and, instead, fit the target culture and are able to lead the organisation on its journey to it. Change agents, not Same agents.

# So, how do we grow OE in light of change drivers?

Pranay Butala, *Vice President Strategy and Operations Transformation*, **Reed Group**

The traditional OE methods are no longer valid. The days of using only a singular project based approach on leveraging OE methodologies for process improvement are gone at the way-side, in favor of a better, quicker, and more integrated holistic approach. And this to be expected, considering how silos between departments are quickly breaking down, how companies are leaning towards the agile approach to have a Minimally Viable Product (MVP) out the door, and how skills across the board are expanding from simply training to effectively leveraging trainings. So, how do we grow OE in light of these change drivers?

**Graph 1: OE Evolutionary Curve**



Let's take a step back...Graph 1 depicts what I believe OE strives to drive strategically. We need to take our company from a basic concept of OE to the top end of the evolutionary curve where we're using OE as a competitive advantage. In light of the current environment of quicker, more agile, and more integrated approaches, I believe we need to maintain this mantra on graph 1, and ascertain how we take and amend utilization, approach, and reach as we go up the evolutionary curve at each level.

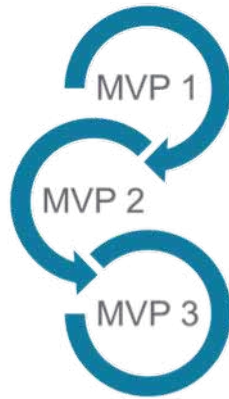
Let's take the first state, Level 1, for example. How do we go

from Level 1 to 2? This goes beyond the once and done trainings to now a more cultural change. Can we work with HR to promote OE as a skill one must have in career growth? For example, to go from a line employee to a team leader in Operations, one skillset must be LSS GB (or LSS BB). Should this be part of the HR matrix in career ladder growth within a function? Also, can we work with senior business leaders to have an OE goal in their departments (this is usually easily done...cost reductions, customer satisfaction improvements, etc), and then identify personnel in their departments that would use OE to help drive those goals?

Naturally, at this point, we transition from Level 2 to Level 3. This now goes outside just training colleagues on Lean Sigma, which is for all practical purposes, just Level 1, and setting OE goals, which is just level 2. Now, what if we work with senior leadership in each department to understand their metrics, and then trickle those down to the level of each colleague taking LSS trainings, where he/she would need to have those trickled-down metrics as part of their performance goals, and demonstrate leveraging OE to achieve it? Can we then have him/her provide evidence on a regular basis, maybe quarterly, which showcases how they're effectively using OE to help drive those metrics bottom up? Case and point: if a call center's goal is to reduce costs, can that be trickled down to a metric like abandon rates (which are the number of calls not picked up, or dropped)? Then the colleagues in that call center that have taken LSS training need to have as part of their performance goal a metric tied to that abandon rate. He/she would need to demonstrate regularly what was done to reduce that number. How did he/she change a process, or find efficiencies, to help drive that goal? Can we then take that reduction in abandon rates, and tie it back to cost reduction? What we've done now is to effectively have colleagues take LSS and use it for their day-to-day work, all the while tying their outputs back to a department goal. Another example---going to the concept of MVP earlier:

An example would be the LSS trained colleagues in the Product department. Can they use OE to help do VoC for





each MVP, or a customer journey map, that helps quickly gather inputs, drive those functional requirements, and place out a product iteration quickly? The tools and techniques they've learned as LSS trained colleagues can be now leveraged for a more dynamic environment, where the concepts of VoC are used at the front end of product development.

Let's now move to Level 4. These are transformative changes that drastically move the needle for the company. How do we

leverage OE in these instances? For example: if our product is designed to be sold through intermediaries, for example mutual funds through RIAs (registered investment advisors) or insurance through brokers, what if we decide to sell also directly to individuals? Can OE help? A value stream map would quickly point out that there's a gap in capabilities which we need to fill by either updating our technology user interfaces to make it easier to navigate, or that we need to change our sales approach by adding a marketing channel upfront that targets a B2C approach.

In summary, business is now changing, and as OE professionals, we need to work with other departments and senior leaders to go beyond OE just in a project to a more flexible approach that can be used across the board, taking us through an evolutionary journey.

# Sustainability of Operational Excellence in the Age of Disruption and Change

Rebecca H Mott, *Sr Continuous Improvement Specialist*, [Tennessee Valley Authority](#)

Sustainability is consistently mentioned (about 70 times) throughout this year's report. Sustaining the momentum of operational excellence can help organizations improve engagement which leads to higher levels of leadership buy-in and ultimately has a positive impact on cultural change. But with all of the mentions of sustainability, there were some notable gaps in relating it to leadership support and the key performance indicators used for operational excellence initiatives. There is also a real gap in how current frameworks and models are supporting the need for businesses to deal with change. There are three challenges that operational excellence leaders must face to improve upon their success rate. The first area deals with creating key performance indicators that show how we are doing with sustainability and engagement. Additionally, there are strong implications that our failure to develop the right success indicators may be due to a gap in the skill set of certified Lean Six Sigma professionals. And the frameworks and models established by lean six sigma practitioners more than 30 years ago may not be adequately supporting organizations' ability to adapt to change. Here are additional thoughts on each of those topics:

Key performance indicators don't point to the sustainability of efforts or cultural engagement. How do we know that an initiative from 2015 is being sustained? Will it necessarily show in the balanced scorecard? Or will it show up in the ROI quickly enough to prevent management from aborting efforts before gains are seen? And with cultural aspects of engagement typically being measured separately from business outcomes, are we missing opportunities to identify supportive strategies for effective engagement? Operational Excellence leaders need to integrate measures of sustainability and engagement into their metrics. We need to understand that our efforts are part of a complex ecosystem that cannot be narrowly defined by a single metric. We need to create better ways to measure sustainability and pull what we know about the current state of engagement into our view.

This can be a challenge for Lean Six Sigma belts that have a limited understanding of organizational theory or who experience difficulties in translating operational excellence indicators into the language commonly spoken in the C-Suite.

Lean Six Sigma belts are not traditionally equipped with the knowledge required to tie operational excellence performance to the needs of the business, specifically the need to innovate and adapt to a rapidly changing environment. While we must improve our ability to measure sustainability and engagement, the language of metrics cannot be divorced from the measures that organizational leaders see as valuable indicators of success. Learning to talk the language of the C-suite is an imperative if Lean Six Sigma leaders want to influence corporate leaders. Our operational excellence leaders need to add business acumen and a deep knowledge of organizational theory to the suite of skills required to support the deployment of programs within an organization. Could this be the reason behind the success of programs that have operational excellence leaders in the C-suite? Operational excellence leaders need to understand how to use the tools and strategies of Lean to help organizations innovate and adapt to a rapidly changing environment. They must become C-suite influencers with the answers to the question "How do we prepare for the future right now?" Operational excellence leaders should concentrate on developing effective influencing strategies that go beyond the typical approach of "let's use our tools and methods to improve upon the status quo." Again, it is necessary to think systematically and understand the complex ecosystem that is driving organizational behavior and culture. A key component would be the development of a robust framework that drives the behaviors that will build organizational flexibility. The focus of the operational excellence leader must become helping the organization deal with external pressures and keep pace with a rapidly changing environment prone to disruption and shorter cycles of technology innovation.

External pressures to keep pace with a rapidly changing environment prone to disruption and adaptation to new technologies present real threats to the sustainability of improvements. Operational Excellence Leaders must become the experts of enabling the organization to develop the capacity and flexibility to deal with change. This can be tricky because flexible sustainability generally competes with the framework learned by Lean Six Sigma experts which emphasizes “control” as a sustainment tool. We must get better at understanding how to control sustainment of improvements in a way that allows us to flex and adapt as things change. How can Operational Excellence Leaders create frameworks that increase the organization’s capacity to absorb change and respond to disruption? There is a real need to revamp our models and frameworks to the reality of

today’s environment. We can no longer afford to divide our views on continuous improvement, organizational excellence, and innovation. Our models must become integrated, and our frameworks must become holistic, flexible, and robust.

We will know we are on the right road when we begin seeing:

- Composite metrics that have a balanced view of success that includes sustainability and engagement measures
- Lean Six Sigma training that incorporates an understanding of organizational theory as a core competency
- And the development of more robust and flexible models and frameworks that enable organizations to respond rapidly to change

# Sustaining Operational Excellence: Why so hard?

**Sisir Padhy, SVP Business Excellence, Verizon**

There is saying that consistent water flow can cut a rock... many times we change for sake of change, so we can make a statement that we changed and buy time. Many leaders make a change to make a statement that they are in helm. Then we wonder why the operational excellence program failed? It is the most difficult part we do not do well...how to sustain?

Yet how many of those changes have any meaningful impact. There are companies who led the industry in revolutionizing operational excellence, yet has fallen from grace, because their inability to sustain the golden path.

When we take away the focus from something that is universally good, by calling it different names, adding a new tool, or a new flavor, we destroy the essence of the good journey we had. The better thing may be to always keep the fire by inspiring, by making it a standard practice in the corporation, making a permanent department, a standard function in a corporation, rather than an initiative, a flavor de-jour.

For example, the sorbaney-Oxeley act is now in general responsibility of part of the traditional finance department. Similarly, new emerging trends for operational excellence can be part of responsibility of a permanent operational excellence department. It may include the traditional quality under the umbrella, or some variation.

The true operational excellence department/program should have a broad umbrella. In my experience, that gives you a platform to integrate different things and drive a focused execution for the company goals rather that different leaders driving different initiatives and often competing for same resources and same investments. One needs to have a strategic view, that blends with company's long term and short-term strategy. Lean, six sigma, AGILE, DFSS, Design Thinking, Strategy process, Digital tools/approaches, TPS, Innovation are all different facets of same goal, serve our customers better, make the business more effective, and grow share holder value. In future we may have 10-sigma, or "growth-thinking", but I believe the core tenants are essentially

same, i.e. make the company better, grow top line, make it business effective, delight customers, high integrity and ethics, and make the company a great place to work.

As new tools emerge, new concepts emerge, we should examine if that is really a new thing or a complementary to what we are doing. Depending on that analysis we either integrate to current practice, or accordingly position to impart the new knowledge.

The essence is do not lose the good thing. In a big corporation there is a lot of inertia to change. And once people see there is no focus from leadership, all the good work that is done till-date evaporates very quickly. We all have seen such things over and over again.

Toyota in my opinion, a world class in operational excellence, because the operational excellence is embedded in their culture. Many new tools/approaches have evolved from Toyota. Even the highly used "lean business" concepts are evolved out of Toyota's lean principles. AGILE is a similar outgrowth of Lean. Toyota may not have used all the statistical tools like six sigma or made lot of noise around six sigma, but the essence was and is always there. The "quality control books" of early 60s, and Deming's principle of quality control are foundations to many six sigma. In essence six sigma and Toyota's lean, Deming's quality, Shewhart's control charts all stand on same platform of customer centricity, lean, waste elimination, and above all developing systems, and people to advance the company every day.

It is ironic that sometimes C-suite leaders change the slogan to make their own agenda, while recreating a lot of non-value-added work in entire corporation. A true leader must ask 3 simple question before adapting a completely different theme:

1. Is it really different or labeled different?
2. What does it do in addition to what we have been doing?  
What is true payback for a new initiative?
3. Is that what we need and is it in sync with strategy of the company?

A true continuous improvement program, has been always customer centered, elimination of waste, making things simpler/leaner, faster to market and making processes more effective to add share holder value.

If we take these to heart, we will adapt different tools as technology advances. We will use more RPA/AI tools to eliminate mundane repetitive work. We will use more digital tools for better communications and end to end analysis. We will use more social media tools for customer understanding. We will use digital tools more to reach customers vis advertisement or sales channels and be more effective. We can target advertisements to segments of customers where we can grow revenue. We can use better communications tools to galvanizing the company to drive customer delight and shareholder value.

These digital tools do not take away the basic principles of making things simpler and effective so we can serve our customers better. They are even more elegant enablers for the operational excellence journey. Making a process simpler only make the digital solution even better.

So digital and operational excellence goes hand in hand to make us serve our customers better.

Many times, great programs fail, as we never have the energy to sustain it. Sustaining is never sexy as starting something new. The key is how to make the good program great, sexier, more current, without losing the essence, while adopting new tools (Ai, RPA, Digital, data Analytics, Big Data etc.) to make the execution faster, better to serve our customers better every day. An integrative, holistic approach in sync with company strategy is a key to sustaining operational excellence improvements.



# Check-points for traversing the exciting journey of End-to-End business transformation

Sriram Balasubramanian, *Head of Business Process Management*, **BASF SE**

## End to End business transformation

The primary goal of any Operational Excellence program is to bring about a systemic change in the way of working and nurture a “new normal” that enables the organization to deliver its business results in a seamless manner. Often such ambitious programs fall short of required changes and it ends abruptly as another failed attempt at change, with a premature end or a sub-optimal state, with partially delivered results.

It is therefore no surprise to me that end-to-end business transformation emerges as the 3rd biggest challenge in this survey of 2018, ranking only below cultural change and sustaining operational excellence, which are obvious requirements of any program.

Based on my experience with business transformations across multiple industries like Pharmaceuticals, Chemicals, FMCG and several others, the success rates of Operational Excellence programs can be significantly enhanced by focusing on a few check points detailed below:

**Defining clear objectives of the program:** A clear understanding and articulation of the objectives of the excellence program right at the outset is a pre-requisite. Though this is obvious, the scope of the program is often defined hazily and informally, coupled with a weak accountability and tracking through the lifecycle of the program. Scope definition and sign-off with the project sponsor is critical before the start. It is advisable to clearly detail what items are in-scope and what are out-of-scope of the program to ensure focus.

**Implementation approach:** A formal project management approach is crucial to ensure success of any transformation

initiative. It provides a clear direction and time-line towards which the entire team can work on, in a structured manner, enabling a clear commitment on resources required. Identifying and ensuring the availability of an experienced and highly skilled, independent project manager to drive the initiative till conclusion is often another big challenge. An experienced project manager deftly uses Project management methodology skillfully and leverages his knowledge of using standard templates to define and monitor the scope, ensure accountability, governance to manage risks and deliverables. The project manager with a single-minded focus, formally defines and reviews the program on a periodic basis, with necessary management interventions in a professional manner.

**Understanding the levers for change:** In any excellence program, there are 2-3 key levers which clearly impact the outcome of the program. The team should work with a clear knowledge and sensitivity to these levers to ensure smooth implementation. Levers could be process-based or people-based. This is where involvement of experienced colleagues from the within the system and periodic management reviews help to keep the program on track.

**Enrollment and engagement:** The key to successful implementation and sustenance of the program is to actively enroll and engage the right people across all levels. Early involvement, induction, review workshops, continuous knowledge campaigns and active engagement ensure that the energy levels of each resource engaged in the program is channelized positively and aligned to the program objectives.

**Utilization of suitable process and system enablers:** A structured use of processes and systems ensures that the program is driven by a sustainable set of enablers.

Continuous training and development on usage of these enablers helps in realizing and sustaining the benefits of the program.

E.g. A system-based enabler helps accelerate the program through effective use of re-usables, including documentation and templates.

**The people factor:** This is perhaps the most critical link to success of any program. Often overlooked or underplayed, identifying the right set of process champions from every area as part of the governance team is a challenge. The mix and motivation levels of project champions often determine the fate of critical programs. A carefully chosen team of high potential leaders enables the organization to channelize focused energies of all team members towards the program objectives. Most successful programs attribute their success to such high-performance teams, who help in surmounting exceptional challenges, achieving great results.

Successfully run Operational excellence programs often propel organizations to achieve a big step-change in their maturity levels, which otherwise takes years to achieve using incremental methods. This is also an opportunity for the organization to institutionalize and broad-base effective use of well-known approaches like Lean Six Sigma and project management. It is a Win-Win for both organizations and its leaders to build such enriching and long-lasting competencies and experience that could be cascaded to further nurture its pipe-line of young leaders through similar engagements in multiple areas.

Thankfully, for achieving an organizational change through End-to-end transformation, we can still rely on time-tested methodologies and basic principles. Change in this case is just a refreshing outcome!

# Changing and Improving Company Culture – what is needed beyond continuous improvement tools and methodologies?

**Steffen Weber**, *Head Process Management*, **Syngenta**

Is your company hiding behind the mask of continuous improvement? More than 52% of the respondents surveyed for the 2018 report “The Global State of Operational Excellence: Critical Challenges and Future Trends” say they have a centralized entity to drive Operational Excellence in the company. Still, 53% say changing company culture is their No.1 challenge and 23% of surveyed experts say that managers do not buy in, 36% say they have a hard time to sustain change. So obviously having an Operational Excellence department alone is not cutting it for the culture change.

I am working on implementing a structured approach to process management in a global R&D organization in a geographically quite diversified business. We are in our fifth year, which would put us into the “adolescence” category regarding maturity. While I see our people are generally bought-in to Continuous Improvement as an aspiration, I see they get frustrated by the pace, amount and misalignment of change and by change not done well. I assume this applies to many companies.

So I want to take a step back and ask “which culture do we actually mean?” when we say we need to improve company culture? For sure, we are not speaking about the culture that brings employees back every day with a high motivation to deliver and give their best.

I believe the culture that needs to change is the hunt for “low hanging fruit” and perceived “quick wins.” As one survey respondent put it, the one that lets “Project Leaders focusing on tools and not on behavior change”. The culture that just throws methods, technologies and tools over the fence. The culture that creates and names departments by popular buzz words to ensure we stay on top of competition and “finally do

something about this new challenge.” The culture that keeps companies in fire-fighting mode.

It is well manifested in one of the survey comments: “there are lots of great ideas but executing them, and ultimately sustaining the improvements is very difficult, as most cultures want to move on to the next challenge once they feel they have implemented an improvement (...)”. I call this “Actionism” - a very common symptom of reactive organizations. So how do you get from a reactive to a pro-active organization?

Having gained considerable practical experience and done some reading in this area over the past years, I say successful (culture) change requires a holistic approach. Tools and methodologies alone are not enough to drive cultural change. Even adding a Change Management department often leaves companies falling short of their objective.

## So what does the trick?

It all starts with – people – because changing culture simply means changing individual behaviors at scale. What I see bearing fruit is an approach of three tactics: First, reduce complexity by creating an easily understandable overview of the delivery structure. Second, win the hearts and minds of an influential group of people to take ownership of this structure and equip them with the capability to do so. Third - and this is the one that makes the first two work or not – leadership discipline: you need committed leaders walking the talk standing united behind the concept, servant leaders helping their teams to hold the ambiguity, determined leaders creating time for- and demanding accountability from people taking ownership.

For the first tactic, the structure needs to create the “ability to bring together disparate functions across the organization” to

quote a respondent. It needs to accurately display the company's or department's delivery framework. Take the question "what is actually 'end-to-end' in our case?" People will have different perspectives on that depending where they sit in the organization. I have experienced that once you can agree to such a structure across departments, people can relate to where they sit and how they contribute to the value chain. Things become transparent and clear to them.

The second tactic is to make influential people take ownership and manage that framework and the processes within sustainably. This will bring you to "everyone rowing in the same direction to drive this type of change" as a survey respondent put it. And here is where you need to consider a holistic approach, a tremendous amount of disciplines from selecting the right people, project- and change management best practice, competency management as well as organizational design to build cross-functional teams and tie them to the formal organization so empowerment is assured.

On top of those – and this is where leadership kicks in - one needs to manage communication and have a targeted incentive- and recognition system paired with a people development approach. This way, you are step-by-step building a collaborative community of experts who are motivated, enabled, empowered and incentivized to role-model desired behaviors. Such a community will have no

problem "to live a culture of consequent management with clear KPIs and empowerment" quoting another survey respondent. Managing by clear metrics will re-assure leaders, because the impact becomes visible. Such a community will also have an easier time embracing and adopting new technologies because they know how their processes will benefit.

Planting an Operational Excellence department (or a Digital Transformation team for that matter) in such an environment increases the likelihood of success as it is mirrored and interlinked in the organization. This enhances adoption of new methods and tools and in turn will accelerate the rate of improvement.

And there is another prospect: the survey mentions that we are in the age of customer delight. In the future, customers will take an increasingly closer look behind the curtains of companies and base their choice more and more on "how things are done in this shop". If you are able to excite your people to manage and optimize their processes, this will not only increase their delivery and show in bottom-line improvement, it will also improve the top-line as customers care about the How.

# Culture, Culture, Culture

Steve Waszak, Vice President Operational Excellence, [Greene Group Industries](#)

With 53.1% of respondents citing changing and improving company culture as their top critical challenge, I want to open a up a bit of a semantics debate. Should we be looking to change and improve the company culture, or should we be working to help it evolve? Is changing and improving it the same as helping it evolve? If so, then the debate ends. However, if not, then we need to decide what we are trying to do.

## “Change and Improve” or Evolve

Let’s start with the question, “Are they the same?” Without Googling what other people think, pause and clarify what you think we are trying to do when we say “change and improve” culture. When we talk about cultural transformation are we talking about change or evolution? I would like to say that we are talking about evolution, not change. Change can lead to improvement, or not. Evolution infers improvement.

So, if we think of facilitating and guiding the evolution of a company culture, does this give us a better perspective on what we should be doing? Think about it, when Darwin describes evolution, he talks about survival of the fittest. Is the concept of “survival of the fittest” not the same for a business? The difference is that in the business world we have some control over the evolution.

Now that your paradigm is contemplating shifting from culture change to evolution, let me add the concept of mutation to the thought process. Mutation is part of evolution, but it is in fact change. It is a permanent change (at least until the next mutation). So, for the 35.6% of respondents that cite their critical challenge being executing sustainable Operational Excellence projects, may I suggest that you use your hindsight to determine if you were trying to “change and improve” or were you trying to facilitate and guide evolution by predisposing the organization to a desired mutation (sustainable).

This is not just a play on words, it is a critical thought process when it comes to guiding the culture where it needs to go. You need to accept that the culture is real and that based on the facilitation and guidance of Operational Excellence

professionals, it will mutate and evolve. During this evolution, the culture will always bring with it part of what it was before and go forward with something new and relevant to the vision and strategy of leadership.

Again, for those 35.6% that have a sustainability challenge, challenge your project’s intent. Is it “change and improve” or “mutate and evolve”? For the 23.2% that cite their critical challenge as lack of leadership understanding and buy-in, you may want to challenge your message to leadership. Is it “change and improve” or “mutate and evolve”?

## Alignment is Key to Leading Cultural Evolution

Facilitation and guidance of the cultural evolution is guided by the vision and strategy of leadership. I see a strong correlation between the 53.1% of respondents citing changing and improving company culture as their top critical challenge and the 23.2% of respondents noting that their top critical challenge is a lack of leadership understanding and buy-in. I cannot help but wonder if the lack of understanding and buy-in goes both ways, making positive culture evolution difficult, if not impossible.

When sensing a lack of understanding or buy-in from leadership, it is helpful to pause and challenge your alignment to leadership’s direction. And, when efforts to evolve the culture to improve competitive advantage are stalling, it is helpful to pause to challenge the organization’s alignment to leadership’s direction.

Alignment is critical when cultural evolution is needed to sustain or gain competitive advantage. Organizational culture has deep roots and any mutations will have long term effects. How aligned you are at the start determines how aligned you will be down the road. If alignment is off just a little, all may look good at the beginning, but the future state can wind up way off course as the two paths diverge. Continuously challenge your alignment when guiding a cultural evolution. May your company culture mutate, evolve and repeat.

# Critical Challenges and Future Trends

Steven Hodlin, *Vice President Leadership and Operational Excellence*, **Blackbaud**

The primary result from the Global State of Operational Excellence report indicates that changing and improving culture is the top challenge, followed by leadership buy-in and understanding. These two issues are linked in practice. Culture is the result of shared values and how people think, believe, act, and feel. This belief system leads to the action taken and the results attained. The way you change culture is through experiences. According to Schein (1992), experiences create the belief system, which leads to the action taken and the decisions made, which produce the result and outcomes. If you want a different result, the belief system must be changed, and that is influenced by the experiences. Leadership needs to be role models in providing the experiences that will drive the beliefs of the organization. Without this influence and these experiences, the culture will be far different than what leadership intended. Any successful operational excellence endeavor requires the leadership buy-in and understanding of the operational excellence approaches in order to influence the culture in a meaningful way.

The report also highlighted the need for end-to-end Business Transformation. The importance of end-to-end is a reflection that all steps in the process are a part of a system, and in order to optimize the system, process re-engineering needs to view the value stream of the system in its entirety. The system needs to be viewed in order to prioritize the re-engineering according to the greatest constraints. Otherwise processes being transformed in the system may have little impact if the bottleneck is downstream, thus resulting in lack of systemic improvement. Once improvements have been achieved, the gains can be sustained through the development of control plans that build in a metric system to monitor the key performances associated with the gains. Based upon the formula  $f(x) = y$ , by understanding the variables that drive the outcomes and controlling them, sustainment of the gains can be maintained and it is possible to move on to another challenge confidently.

As improvements are initiated, change management becomes critical. It is important to realize that there is an emotional side to change and that people need a bridge from the current state to

the future state resulting from the change. This is often underestimated or discounted. A good change management model is that proposed by Kotter (1996). His eight stages of change are broken up into three major categories. Establishing a sense of urgency, creating the guiding coalition, and developing a vision and strategy serve to create a climate for change. Communicating the vision, empowering action, and creating quick wins results in engaging and enabling the organization. By building on the change and anchoring new approaches in the culture, the change is implemented and sustained. This cycle can be summarized as plan, engage, and implement and sustain the change. There are some key deliverables in each area. For creating a climate for change, stakeholder analysis should be conducted. This helps to identify the stakeholders and enables understanding of how to get them bought in and engaged. Communication is a key to any change. The communications should be planned and targeted for the audience. The vision should be communicated, along with providing transparency to the pathways for achieving the vision. Celebrations and recognitions should be developed to keep everyone motivated and energized as small wins are achieved along the way. Training and support need to be considered to assist in the change initiative execution and sustainment.

In the report, maintaining key priorities consistently was highlighted as a challenge. This can be mitigated by ensuring all initiatives are linked to strategic objectives. Many times, organizations develop “scope creep” in their operational excellence objectives, and find employees working on improvements that are not critical to the strategic goal, thus diluting the operational excellence resources in the organization. One way to address this is to develop a cascading metric system such as OKR's (Objectives and Key Results). The objectives are linked to the high-level strategic vision. They are qualitative, inspirational, attainable, controllable, provide business value, and are doable in a quarter. The objectives are then supported by key results that are quantitative, aspirational, specific, owed by someone, vertically and horizontally aligned, and drive the right behaviors (Niven & Lamorte, 2016).



# The Mainstay of Operational Excellence for Cultural Transformation

**Steven Hoisington**, *Vice President Operational Excellence Quality and Safety*,  
**Flowserve Corporation**

Data from the 2018 BTOES Global State of Operational Excellence survey suggests that cultural transformation is the biggest challenge (and opportunity) that organizations face, regardless of industry, sector, size, or geography. And the end-to-end, wholistic approach that principles of Operational Excellence provide is required for organizational improvement that is key for cultural transformation instead of attempting to sub-optimize certain areas or a few processes of the organization. In this case, the sum of the parts is less than the whole. Therefore, the organization needs to develop Operational Excellence leaders that are skilled in organization-wide change management and cultural changing mindsets. Project Managers, Continuous Improvement specialists, Operational Excellence experts, Six Sigma Black Belts, LEAN masters, and other traditional Continuous Improvement facilitators and leaders of the organization need to adjust, learn, and adopt new performance improvement and change management tools and techniques. Not Continuous Improvement tools, leaders, and goals, but a Continuous Improvement culture. Not performance sustainability, but constantly getting better – and better than the competition – globally. Operational Excellence leaders need to transform to a mindset of performance excellence and leadership.

Operational Excellence has been the mainstay for performance excellence, industry leadership, and cultural transformation. With Operational Excellence as the foundation, the organization needs to understand that a culture that embraces a customer-focused environment, that is, knowing and understanding customer requirements and expectations, developing key processes to deliver on these requirements, finding key metrics to monitor

process performance ultimately leading to customer delight, and constantly validating progress against what is important to customers is what is required. Cultural transformation through constant high impact improvements and innovation – constantly evolving to address ever-changing customer requirements. An organization whose culture, processes, metrics, personnel, incentives, rewards, compensation, etc. are all focused on understanding and exceeding customer requirements will be the global leaders of tomorrow. The next Amazon. The next Apple. The next Google. The next Toyota. Becoming the best healthcare, or service, or education, or manufacturing, or not-for-profit organization in the world known for exceeding customer requirements and expectations.

Therefore, Operational Excellence as a wholistic approach to organization improvement will remain the foundation for cultural transformation and address key business challenges also identified by the survey of acquiring or developing skill talent, changing technologies, and evolving customer requirements and expectations. Operational Excellence leaders will understand how to change the culture of the organization: Developing and presenting the future state and vision, a wholistic and end-to-end solution, leadership support and buy-in, employee acceptance and buy-in, overcoming resistance and obstacles, engaging all processes and parts of the organization, tweaking and adjusting, evolving through small wins along the way, and the duration of the journey. All these are presented as challenges or concerns by the survey participants. Principles of Operational Excellence will remain the foundation for organizational excellence. And the future role of Operational Excellence leaders has never been so important.

# Focus culture change to where the actual work is done

Suzanne van Egmond, *Strategic Project Manager R&D*, Philips

In the 2018 BTOES Insights study “The Global State of Operation Excellence” 53.1% of respondents say that changing the company culture is the most important thing to address. One of the most critical challenges is to get a leadership understanding and buy-in (23.2%). Popular terms are “walk the talk” and “act the change”, all to get the employees, not “wanting change” to change by themselves, to change.

In this article, let's reflect on what is leadership buy-in actually means. What leadership is required for a desire to change the company culture? I will argue that the key root cause for failure to sustain cultural changes sits with the inability to effectively demand, to ask for, and coach the behaviors and methods you want to be part of the new culture.

I celebrated my 20 year work anniversary in a large corporate firm just this week. All that career I have been working in product development. I had operational roles, like project manager and development group lead, and of the last ten years I spent seven years coaching leaders and product developers to improve their ways of working. In the last two years, I went back to project management, now applying my own advice – and learning goes on. When you apply your own advice, trying to accelerate the product development in your teams, you are in a high-pressure cooker that sharpens your behaviors and methods. It is a sure bet you also learn something about how cultural change works.

But why bother? You could say. A project team is NOT the full organization so changing that small part will not impact the full organization just like that, is it? You are right on that. The thing is, I did learn a very important thing about how change works. When I was coaching leaders to help them change the ways of working in their teams, I tended too to tell them they had to “walk the talk”. I sometimes felt frustrated because “they” didn't and therefore changes went slow, two steps forward, one step back.

Reading books, joining classes and workshops and visiting conferences, such as the Lean Product and Process Development Exchange, combined with seeing the actual work while coaching leaders and product developers, I got a deep understanding of both methods and the behaviors that make product development tick. The ideas on how to effectively run the front-end of an R&D project did shape clearly in my mind. When working with my project teams, I notice that these clear ideas are essential to get the team to work in a different way.

As I fully understand what is needed (e.g. to push the decision later, until after the knowledge is created) and why (because you then are less likely to screw up the project because of rework) I can effectively guide my team to learn rapidly and capture their learning concisely to keep everyone aligned. Human as I am I do make many errors, but I noticed I rarely forget to apply essential aspects of the methods and behaviors to make my projects effective – just because the key points are clearly anchored within.

So. What does all of that say about how leadership buy-in? It says that “buying in” does not stop with agreeing to the direction. Most cultural change programs have a direction that is hard to disagree with anyhow (who would disagree to “a quality first culture” for example?). What we need to have are leaders who anchor within the methods and behaviors that belong to the new culture. We need them to create a deep understanding about what those are in the context of the work of their team. A team of quality engineers, mechanical development engineers, or project managers perhaps. It is the leader of the team who instills the new behavior and the new methods by asking for it. As easy as that!

With that, the complexity to manage with operational excellence shifts from high-level, top-down communication efforts and inspirational sessions for key leaders to helping the leaders, especially those closest to where the actual work is performed, anchor the understanding of the newly required behaviors and methods. The next step is then to get leaders ask for the methods and behaviors.

That might sound easy, but it is at least as challenging as anchoring the understanding. In general, leaders ask questions in the WHAT domain. They would tell the mechanical development engineer to make the part wall thicker as they have learned in earlier projects that too thin walls lead to issues with sink marks or whatever else. Now, as we are looking to sustainably change culture, we seek to ask questions in the HOW domain. Questions that instill a certain method, order of work and related behavior, for example s/he could ask what is the knowledge that supports the choice of wall thickness if knowledge based design is what s/he is after.

Coming back to my frustration about leaders not “walking the talk”, I now realize that I didn’t invest enough time in ensuring the leaders understood in full what the new direction meant for their own teams: what methods do we want the team members to use? What are the key points of those? What behaviors am I looking for? Using the “communication decks” provided top-down, I only scratched the surface: I got them to buy in to the message, but failed to anchor the context-specific key points within their minds. In turn, many leaders were not asking their team members to apply the new methods and behaviors step-by-step, thereby maintaining the status quo. Status quo is not where we need to be. Let’s turn it around and make that leadership buy-in happen for real!

# Why Is Change So Hard?

**Terrence Magee, Operational Excellence Lead, Ciox Health**

The most recent BTOES edition of challenges and trends for the Operational Excellence community is a thought-provoking and substantive view into the new developments, current obstacles and future trends within the industry. Based on my experience of driving Operational Excellence initiatives, I wholeheartedly agree that the number one challenge faced by leaders within our community is the process of evaluating and reinvigorating company culture.

A company's "culture" is its personality, which reflects their mission, values/ethics, expectations and goals. Building a positive work culture is important because it plays a pivotal role in retaining and binding people to the organization, which then translates to fulfilled employees and satisfied customers. However, many companies have stagnant cultures that desperately need attention, but are difficult to change.

## Why Is Change So Hard?

When I consider the challenges of culture change, I am reminded of a story about a man who went for a walk and passed a group of elephants and their trainer along the way. To the man's surprise, the elephants were only being held by a small rope tied to their front legs; there were no chains and no cages. It was obvious that the elephants could, at any time, break away from their bonds, but for some reason, they did not.

The man inquired about the elephants, to which the trainer replied, "When they were young and much smaller, we used the same rope to tie them. At that age, it was strong enough to hold them. As they grew up, they became conditioned to believe that they were unable to break away. They still believe the rope can hold them, so they never try to break free."

An organization's culture can be difficult to change because it involves an unlearning of old values, behaviors, and assumptions before new ones can be adopted. As with the elephants, a culture can be restricted by self-limiting mindsets and behaviors. The people within a culture may be stuck in their ways, accepting modes of behavior, processes and systems that may have once worked, but have since become outdated.

The responsibility of assessing, developing and monitoring the ongoing health of a company's culture primarily lies in the hands of the champions/sponsors of Operational Excellence in conjunction with an organization's CEO and top leadership. While Operational Excellence leaders drive the initiatives that improve a company's effectiveness and efficiencies, functional leaders across Human Resources, Finance, Quality, Training and Development, Supply Chain and Compliance also have an important role in influencing these efforts.

It is essential that organizations recognize the potential impact each sector has in supporting or resisting the changes that are made. Without thorough evaluation of the root issues that cause misalignment between a company's mission and their culture, the growing threats to Operational Excellence's sustainable success may be further exasperated.

## Evaluating Where You Are

In order to start breaking free from our own restrictive "ropes", it is critical for us to obtain a deep understanding of our company culture. For those who have tried and failed to change or improve the culture of their companies, my experiences within Operational Excellence have identified particularly important questions to answer in order to start the evaluation process:

What is the climate of the culture? How are decisions made and communicated within the workforce? Is the culture one of inclusion? Is failure viewed as an opportunity to develop a better product or service? How is the determination of results valued? Are operational excellence initiatives aligned with the company's vision and mission? Does the performance evaluation program evaluate employee results? Are employee behaviors in alignment with the values of the organization? Is there a genuine desire to change/improve the culture and what are the motives for doing so?

These are just a few questions to help define and analyze the current state of our company culture. The answers we obtain should then be used to develop action plans which include a feedback loop for continued assessment and improvement based on the specific needs of the organization.

### **SMART: The Building Blocks To Lasting, Successful Culture Change**

**Start:** Begin with a clear set of objectives. Develop a clear purpose of the company's product or service that allows employees to better envision the impact their individual contributions have on the company's overall goals. Employees from all organizational levels should be able to actually believe in the mission and see that their efforts are beneficial and valued.

**Mindset:** Create and encourage a collective mindset that is open and ready to accept change. Facilitate the change process through clear communication and genuine understanding. Observe employee behaviors in response to these changes, creating smaller goals as needed until the larger goals are sufficiently reached.

**Accountability and Responsibility:** These terms are often confused and used interchangeably. It is important that leaders understand and clearly define the differences. Responsibility for tasks can be shared, yet there should only ever be one individual who holds and accepts accountability for the overall results of any process.

**Respect:** In the workplace, a respectful environment is one that acknowledges and fosters the expression of different viewpoints, experiences and philosophies. Respect should be demonstrated across all levels of an organization, irrespective of one's rank.

**Trust and Teamwork:** Trust is the key to achieving long term, sustainable results. Consistency breeds trust and trust encourages increased and prolonged participation. Create a vision around team culture, meet regularly, create leaders opposed to mere managers, provide feedback and develop a culture that knows how to solve problems together.

### **Final Thoughts**

Studies have shown that Operational Excellence programs continue to grow and enhance organizational processes and technology. However, further growth could be hindered by unhealthy company culture, which continues to be a major obstacle for many Operational Excellence professionals. While the re-build effort requires a high degree of commitment and patience, it can produce a happier, more efficient workforce, thereby yielding loyal customers-- the cornerstone of Operational Excellence.

# Improving the Reliability of Care and the Healthcare Culture

Twila Burdick, *Vice President Organizational Performance*, **Banner Health**

As in the past, this year's "The Global State of Operational Excellence" report provides an insightful snapshot of the issues facing organizations committed to reliably executing business strategy in pursuit of delighting their customers better than their competitors. It is no surprise that changing company culture is at the top of the list, with 53.1% of the respondents identifying it as their most critical challenge.

While changing culture is a problem for all industries, healthcare faces some unique challenges. Clinical care delivery is labor intensive with many people involved in performing different interdependent functions with a key role being that of the physician.

Physicians are highly trained professionals who make diagnostic and treatment decisions, exercising individual professional judgement. This dependence on individual autonomy and performance, a deep cultural assumption, makes care reliability--doing the right things right—very difficult.

Healthcare has a profound effect on individual pain and suffering and because of that and its cost, there is significant interest in understanding how healthcare can be transformed. Researchers have been studying change efforts that have worked and what has made them successful.

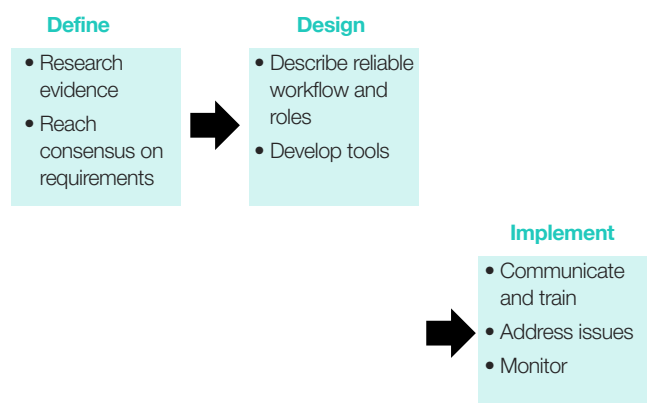
Health care researchers in 2016\* presented a conceptual framework for analyzing the adoption of innovations in healthcare based on emerging implementation science identified four attributes that influence the adoption of innovations:

- 1) external environment
- 2) characteristics of the organization
- 3) characteristics of the innovation such as the quality of evidence
- 4) implementation process

In 2017\*\*, social scientists reviewed a large-scale healthcare delivery improvement, the Michigan project to reduce central line infections, and concluded that the results could be attributed to implementing an evidence-based checklist along with cultural change as described by Dr. Peter Pronovost, "creating clinical communities and influencing peer norms". He said that changing clinical practice required both technical and adaptive factors, "the science must be robust, yet it must address values, beliefs, and attributes of the groups involved", underscoring the importance of culture.

Banner Health, a regional healthcare provider consisting of more than 25 hospitals and other services with corporate offices in Phoenix, Arizona, assessed the healthcare environment and made a strategic decision to improve clinical care reliability. Recognizing the pivotal role of physicians in clinical decision making, it asked doctors to apply "evidence" from clinical research to care practices. An improvement process referred to as "Define-Design-Implement" (as shown below) provided a framework for the implementation.

## Framework for Improving Clinical Reliability





Physicians were asked to join and lead multi-disciplinary Clinical Consensus Groups (CCGs) organized by medical specialty (e.g., obstetrics, emergency care). Members of CCGs met regularly and identified “evidence-based practices”. Drawing on their training as scientists, CCG members read journal articles, consulted with professional societies, and met with colleagues to “define” the clinical conditions and their appropriate treatment. This part of the process focused on doing the right thing.

Following agreement, clinical practices went through a “design” step to be sure that the details of what needed to be done could be put in place, including supplies, clinical automation, staff training, and more. Whenever possible, computerized decision support aids were developed to assist physicians with their diagnosis and treatment decisions, rather than asking them to rely solely on memory. The design process was led by engineers with expertise in how processes can best be efficient and effective. After design was completed, it was tested in a simulated environment or onsite to ensure that the design made it possible to do things right.

After the design was tested, it was “implemented” according to a detailed plan that allowed for time to train people at the front lines and communicate the changes broadly.

To close the loop, metrics for performance were monitored by the CCGs. This included leading and lagging indicators, that were automatically generated by clinical technology systems whenever possible. Issues identified could then be addressed whether they were related to individual performance or the system design.

This effort was led by the organization’s Chief Medical Officer, a senior officer who was part of the senior management team. His involvement in the work demonstrated the organization’s commitment to physicians. He also ensured that resources to support the CCGs were put in place, adding skills related to process engineering, project management, data analysis, and informatics.

Because physician autonomy has been such an important part of the clinical care delivery culture, the development and implementation of consistent clinical practices across the organization was a significant, tangible change. Physicians in the CCGs demonstrated that they wanted to improve care for all patients by applying the best science available even when it meant changing their own practice, a powerful example for their colleagues as well as for other clinical disciplines. Clinical automation enabled evidence-based care delivery. This new way of “acting” led to a different way of “thinking” about clinical decision making, changing the culture of clinical care.

Banner’s success in reducing clinical variation with this approach took place over several years with documented improvement results in a number of areas. More than 20 CCGs with more than 200 clinicians as members were formed and structures and resources to support the work were put in place.

The clinical improvement research cited earlier provided a lens to review Banner’s experience with clinical reliability. Banner’s technical approach included defining clinical standards based on clinical research, designing delivery processes according to engineering principles, and implementing and monitoring progress on an ongoing basis. It addressed cultural factors by engaging clinical decision makers in the process, honoring their clinical expertise, and supporting their ongoing work. The importance of the external environment that is pushing for improvement along with the internal structures and resources was recognized. The integrity of changes based on clinical research was key as well-trained clinicians found it hard to argue against the evidence and the engagement of the physicians in the overall implementation was vital.

Changing culture in every industry will continue to be challenging, but the Banner experience demonstrated that in healthcare, improvement in clinical care is possible and barriers to change created by the culture can be addressed, an important lesson learned.

# Operational Excellence - The Magic Formula

**Youcef Bensafi**, *Corporate Lean Six Sigma Director*, **BNP Paribas**

Operational Excellence is a magic formula that today's top executives use in a generic way to make their staff understand they are not performing the optimal way.

The challenge lies within understanding the various levers hidden between this term.

Operational Excellence is not a new concept. Many big players have already deployed such an initiative. It is wrongly believed that it can be achieved following a standardized path.

The method usually consists of the following key elements:

- A sponsor to start / pilot the transformation (of an organization and / or a process)
- Quick proof of results so that Top management supports (and finance) the next steps of the transformation efforts
- Deployment on a larger scale by :
  - selecting and managing improvement initiatives, including continuous improvement
  - building a team composed of top talents to deploy OE
- Recognition, reward and trust in people to obtain employees' buy-in
- Integration in the everyday way of doing, running the company.

Operational Excellence could therefore become a function as Risk, Compliance or R&D.

All above steps are necessary to reach sustained improvements and ultimately a complete Culture change.

Piloting and Deploying are usually not an issue as long as short term benefits are quickly obtained. The only precaution that should be taken (and that is unfortunately often forgotten) is the possibility to drive back : if the transformation is not successful, we must be strong enough to go back to the initial state and think our strategy all over again, looking for the root causes of failure. The other and important point is to be ready to back up the teams, especially when the transformation is not as successful as expected.

Despite quite important investments, companies experience the same difficulties regarding Culture change and sustainability of improvements.

Typical issues encountered while deploying OE are :

### **Lack of sustainability in improvements.**

Companies make too much use of external resources. This is not compatible if one wants to become autonomous in terms of methodology.

This is why, at BNP Paribas, we have chosen to drive our transformation efforts using internal teams; our talents come from internal mobilities as well as external hires. These external hires must share our values before joining us. Our entities are more likely open to discuss and share issues with internal consultants and they do not feel they have external people to give them lessons.

Operational Excellence is driven by a Corporate structure that ensures methodology and practices are always up-to-date. We drive the effort in the entities and we make the entities become autonomous, by coaching and training their people until the internal expertise is acquired. This takes time and a lot of investment, but the related gains are worth these efforts.

Focus mainly on the hard part of OE i.e. the "system" (team, projects, process, budget...) neglecting to build a clear vision on how the company culture should become (the soft part). Note: it is often considered that cultural change should be done before transformation. We believe successful transformation comes first and will bring a cultural change. Indeed, the OE system has an effect on the culture change which ultimately ensures sustainability.

Copy/paste OE deployment and Culture transformation from outside.

This cannot work for at least two reasons :

- OE maturity of the most inspiring companies on the market (GE, Toyota, Valeo) is too advanced to be pasted as such in a company where the concept of OE is unknown.
- the targeted System / Culture, even rolled out step by step at the right pace, is not adapted (e.g. applying the industry way of doing to a service environment).

In any case, the targeted system/culture should be thoroughly thought and should aim to improve rather than replace the existing one.

#### **Focus only on the end Customer and on financial savings.**

Neglecting a key stakeholder i.e. the employees may lead to losing their buy-in as they may fear for their own jobs... The OE only works on the long run if all stakeholders benefit from it.

#### **Poor alignment of managers' new role**

Need to define and communicate the new role of managers in the transformation and on "How to be a manager" in the new way of doing. This is especially true with middle management, a key aspect of a successful OE deployment. They must be involved at the very beginning and must be coached on the new aspect of their job after transformation, which is far from being clearly defined in most companies. This is very often neglected and can have disastrous consequences on future results.

#### **Lack of alignment of HR strategy with OE.**

As mentioned above, OE is much about people, culture, management, etc... Hence, they should be involved as early as possible in the definition of the OE initiative. OE vision needs to onboard HR if one wants OE to become part of the company's DNA. HR representatives will contribute to recruit, train, coach, evaluate, reward and recognize people (employees and managers) according to the newly defined OE compatible profile, behavior and performance.

More and more frequent technological breakthroughs will be additional challenges for the coming decade.

New ways of consuming and new players like GAFAs deeply influence the rules of the game including financial services. It leads to more competition, more innovation, more demanding customers. At the same time, new technologies (robotics, AI, digitization,...) appear and are real opportunities for the business and also for OE system. Thus, we must make sure that our OE teams master these topics to ensure that they keep providing the best contribution to the company.

At BNP Paribas, the OE Team's mission is to successfully support all transformations to be in line with its motto : "The bank of a changing world".

# Closing Remarks

“The Industrial Revolution was a watershed in the history of mankind. Three forces – technology, economic organization, and science, in this sequence – each from separate and undistinguished parentage, linked up, inconspicuously at first, to form, hardly a hundred years ago, into a social maelstrom that is still engulfing new and new millions of people, in an irresistible rush.” Karl Polanyi “For a New West” 1958

Yet again, the No.1 challenge for the overwhelming majority of businesses, regardless of size, industry or geography remains Culture; it is no coincidence that companies that get this right reap the rewards and the results speak for themselves, companies in the “Fortune 100 Best Companies to Work For” happen to achieve a return in market annualised growth twice the return of the average return of companies in the S&P 500 and the Russell 3000 indices. “Your best assets are your people. You need everyone rowing in the same direction to drive...”

Disappointingly - leadership buy-in/support - has gone up in the charts to 5th place this year. As has been demonstrated time and again, **unless Leadership aligns with and drives your OpEx program, you are not going to sustain it**, and are very unlikely to get it off the ground in the 1st place. The demands on a leaders' time and resources has grown exponentially, meaning that it is more likely that not having a dedicated resource to lead OpEx initiatives **impacts disproportionately on the bottom line**. I look forward to the year when leadership buy-in/support is not on the list at all and as a result Culture tumbles down the charts, until then as commented. “Leadership, without an understanding of and ability to drive Operational Excellence and the Culture to support and sustain it, it will not happen.”

As the survey illustrates, 2018 may be the watershed year for end-to-end business transformation as more and more businesses stop focusing on incremental/marginal improvements and strive to unlock value driven cross-functional improvements, as highlighted in the report by commentary such as “End to End business transformation.

We've locked value into how we do business via inefficiencies in our systems. Extracting that value is critical, and Operational Excellence is an element in the strategy to do this.”

**‘Customer Delight’ may be the most important term in OpEx right now** and if you are not aware of it, you better get aware of it and fast! If you are not focused on providing your customers with an ‘Amazon’ type experience, then you are doubtless in the process of writing your own obituary. More than ever the customer is dictating the agenda that business is required to deliver, and new technologies are enabling the pace at which that change happens, and it is only getting faster; as one commentator puts it, “The changing demand of customers dictates the way we deliver our services, everything else follows”.



Technology advancements continue to define the new reality of operational excellence in the early 21st Century. **Many organisations struggle to realize the advantages**, but are all too familiar with the pitfalls, due to a lack of talent, knowledge and resource. “At this point keeping up with new technologies and implementing them quickly has been a problem that prevented us from capturing the benefits of external innovation”. If your business does not have access to the new breed of technology enablers, to maximise its agile potential then you are at a distinct competitive disadvantage.

It is extremely heartening to note that Operational Excellence is now seen as an essential part of any organisation’s strategic weaponry and is more popular than ever, with **60% of businesses now reporting that they have a programme** – a very encouraging development. Its usage continues to spread to encompass job functions that were previously out of scope, such as: sales, marketing, purchasing, accounting and finance. With scope has come maturity and that can be seen as underpinning the success that the most progressive organisations are achieving and conversely the lack of success that some organisations are experiencing, due to a lack of stability; which in turn has led to a lack of focus, execution and sustainability. As one respondent’s perspective demonstrates: “Ever-changing headcount and personnel continuously changes the dynamics of how our OpEx works effectively. Continuous retraining, and refreshers are necessary to bring new personnel up to pace, and encourage senior personnel to maintain”

**The big beasts are no more**, it’s now all about peers, industry experts and the companies themselves. This is probably the most significant attitude shift over the last decade. Previously, respondents had shown a clear preference for wanting to hear from ‘industry giants’ such as ‘Welch’ & ‘Collins’; this year only 4.7% of respondents mentioned the top performing ‘beast’. The new business leaders want to hear from **hands on practitioners, their**

**peers or industry experts** about what progressive companies are doing and are much more focussed on transferable outcomes and dynamics; which in the age of true globalization, meeting the ‘I’m a rock-star/on-demand’ culture and the push for universal high performing teams makes perfect sense.

**Underpinning the report at every stage is PEOPLE.** It is striking, at least for me, how much there seems to have been the ‘sudden’ realisation that processes, and technology are redundant concepts, **without people**. Having a committed and fully ‘bought-in’ workforce is the key to unlocking true value in Operational Excellence and transforming your business, as this CEO realises all too well. “I see the key drivers pushing change in the Operational Excellence Ecosystem as today’s “short-term engagement” employees who prefer to change companies rather than climbing the corporate ladder, causing companies to need to invest more time & effort in ensuring their clients/customers are happy interacting with them in their purchasing decisions.”

Finally, I leave you with this little snippet – discuss...

“Operational Excellence as a function has reached its saturation peak and now it is the age of Digital Disruption. Leveraging Ops Excellence would involve doing Design Thinking to understand customer needs and then integrating concepts of variance reduction leveraging Lean Six Sigma to design the “Ideal Process” - this should then go through the digital transformation”.

Warmest regards

**Brian Reffell**  
CCO & Programme Director  
Proqis



# Business Transformation & Operational Excellence World Summit & Industry Awards (BTOES)

The Largest Premier Cross-Industry Gathering of  
Business Transformation & Operational Excellence  
Industry Leaders & Senior Executives.

**Register now**

Solve your greatest challenges



[btoes.com](https://btoes.com)





**Proqis Head Office**  
8 St James's Square,  
London. SW1Y 4JU  
Tel: +44 (0) 203 435 8367  
info@proqis.com

Proqis is division of Global Media Research Ltd

If you would like to meet and exchange ideas with progressive operational excellence thought leaders and senior executives, please visit **BTOES.com**

Any feedback, please email  
**BTOESInsights@proqis.com**

