Pursuit of Operational Excellence: 
A Systemic Approach

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ABSTRACT

Operational Excellence (OE) is achieved when high performance teams are seeking for continuous improvement in well-designed processes, using appropriate tools and technologies. Excellence is underpinned by a philosophy in which problem-solving, team-working and effective leadership combine to focus upon customer needs, and all employees are empowered to act to maintain optimal flows of value. OE is clearly a desirable quality of organizations seeking both effectiveness and efficiency in their production of goods and services for customers. OE is underpinned by concepts such as team-working, effective leadership and change management, and depends upon effective flows of value. Systems Thinking (ST) is consequently at the heart of genuine excellence. This paper was conceived in the context of a Community of Practice of business improvement professionals, who took Operational Excellence as their agenda for inquiry during sessions in 2015. Reflection upon practice discussed at these meetings, together with the literature of change management and continuous improvement, have led to development of a systemic ‘landscape’ model for pursuit of Operational Excellence. The elements of this model are set out, showing how they can contribute to OE.

KEYWORDS
Change Models, Collaborative Research, Landscapes of Practice, Operational Excellence, Process Improvement, Systems Thinking

INTRODUCTION

Operational excellence (OE) has been defined in a number of ways by different authorities and groups (see, e.g. Duggan, 2011; Wilson, Perumal & Co, 2016), but it is generally agreed to be present when high performance teams are seeking for continuous improvement in well-designed processes, using appropriate tools and technologies. Excellence is underpinned by a philosophy in which problem-solving, team-working and effective leadership combine to focus upon customer needs, and all employees are empowered to act to maintain optimal flows of value. It is therefore concerned with capacity and flows in the organization’s primary value chain, good process design and dealing with problems such as bottlenecks, poor performance, ineffective processes and methods, and poor product delivery or customer service.

It has been pointed out that excellence, and the competitive advantages that may flow from it, cannot be gained once and for all. “… excellence is relative and can shift over time. What looks like excellence today, may not be tomorrow. Best-in-class competitors, technology, and management paradigms all evolve” (Wilson, Perumal & Company, 2016: n.p.). Thus, although the heart of OE is considered to be based upon self-healing flows of value, it must be recognized that these are not immutable. Change in organizations is endemic and continual, since the environment within which...
an organization subsists is constantly changing. Thus, Operational Excellence must go hand-in-hand with readiness to innovate. New products and services are developed; new technologies emerge; legal frameworks evolve; and customer tastes/requirements change. However well-designed value streams may be, and however effective the correction mechanisms personnel are empowered to enact, processes will inevitably require change and development over time.

This paper has been conceived in the context of a Community of Practice of improvement professionals drawn from public and private sector organizations, large and small, located in the south of England, who have been meeting regularly over a period of more than five years (see Welch, et al, 2014). Meetings typically incorporate opportunities to reflect upon practice, explore a range of different approaches, tools and techniques and share experiences of the quest for continuous improvement. Areas considered have included, inter alia: Systems thinking, visual management and creativity, value stream mapping, tools from Lean/6 Sigma, emotional intelligence, leadership and diversity networking. We reflect upon members’ feedback upon a range of ideas and tools, both hard and soft, in order to develop a systemic, ‘landscape’ model for pursuit of operational excellence (see Figure 4). The model addresses a forward momentum of process improvement and more radical change, recognizing a need to contextualise use of particular methods and tools, and incorporating stories from the field contributed by members of the community. The result, we believe, will provide a useful resource for practitioners, researchers and students concerned with pursuit of operational excellence.

Process improvers are always seeking to answer three questions: Does the process meet customer needs? Does it cut down on the usage of resources? Is the process flexible enough to change as requirements change? When the answers are negative, then they have work to do. In fact, since the world is never static, customer requirements, technologies and resource constraints are constantly changing. Process improvement is therefore a continuing cycle, drawing upon knowledge from many domains. During 2015, the agenda for the sessions related to Operational Excellence, covering inter alia: Managing Capacity and Demand; Value Streams and the Challenges of ICT; Systems Thinking in Practice (case study of DSTL); Performance Measures and Quality; and High Performance Teams. Each of these topics was discussed in relation to real world experiences of members of the group in their organizational contexts. As a result of these discussions, it has been possible to design a model encompassing the landscape for excellence-related change, drawing upon sources of learning from literature and practice.

A business process may be defined as “set of interrelated or interacting activities, which transforms inputs into outputs”, requiring associated performance measures and monitoring mechanisms. This definition (ISO 2008: n.p.) emphasises the systemic nature of business processes, their interactions with one another and with external stakeholders such as customers and suppliers. There are many toolkits and methods available to assist in process design and improvement. Examples can be found in the Toyota Production System (Liker, 2004) and Motorola’s 6 Sigma approach (Tennant, 2001). These ‘Lean’ principles have been widely adopted in efforts to streamline business processes and eliminate ‘waste’. Design for Operational Excellence must go beyond this to ensure optimal flows of value and to empower personnel engaged with processes to be able to recognize and rectify problems in flows, thus creating self-healing sub-systems. Duggan (2011) has suggested guidelines for design, starting from the principle that there should be a common destination upon which all are agreed, and that in every process, every employee can see the flow of value to the customer, and fix that flow before it breaks down. An important aspect of design for OE is education, so that every employee understands her/his place in flows of value, factors that can interfere with effective flow and what action may be taken in the event of a threat to effective flows. Managers need to understand when and how to intervene, when self-healing processes do break down, and also when and how to innovate in order to ensure the on-going health of the organization generally. A mind-set for continuous improvement (CI) requires that creative thinking, and tools and techniques to support creativity, are always available.

We surmise that there may be some people who desire business researchers to produce easy remedies to help them reduce complexity to simplicity, and uncertainty to predictability. However,
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