



OPERATIONAL EXCELLENCE – BUSINESS PROCESS REENGINEERING



Finance Digital Consulting
YTT CONSULTING - London

Global process reengineering and improvement

What is Operational Excellence?

Operational Excellence is a strategy for optimizing business operations to create sustainable competition, improve efficiency, reduce waste, and enhance the quality of products or services delivered to customers.

It involves in:

- 1) Understand the root cause of the business operations.
- 2) Apply the correct operational excellence methods and tools.
- 3) Implementation of the process using the correct method and tool.
- 4) Monitoring and ongoing improvements.

There are many operational excellence methodologies available in practice, and it is essential to know the suitable method for business process improvement. Let's explore them:

Operational excellence methodologies

- *The Six Sigma Methodology* – DMAIC is used for an existing process and DMADV is used for a new process. This method is suitable for manufacturing for end product.
 - 1) Definition – identify the problem to be solved and set a specific goal.
 - 2) Measure – collecting data related to production and business processes.
 - 3) Analysis – use statistical tools and techniques to analyze data and determine the cause of problems.
 - 4) Improvement – develop and implement solutions to fix problems and improve processes.
 - 5) Control - ensure that implemented solutions achieve their goals, and ongoing monitor the process.
- *Total Quality Management (TQM)* is a customer-focused method that involves in continuous improvement over time. This technique

is often used in supply chain management and customer satisfaction projects.

- *Lean manufacturing* involves in the following stages:
 - 1) Value – define value from the customer’s point of view and focus on delivering that value by optimizing the manufacturing process.
 - 2) Value Stream – define the value stream and optimize this stream.
 - 3) Flow Creation – create a consistent production flow to ensure that products are produced at the right time and in sufficient quantities to meet customer requirements.
 - 4) No Waste – reduce all types of waste such as time, resources, and materials.
 - 5) Continuous Improvement – to improve productivity, reduce costs, and increase product quality.
- *Continuous improvement from the Kaizen* approach is to identify and measure the following concepts: wastefulness; unevenness; and overburden. The steps are:
 - 1) Identify improvement goals and problems to be solved.
 - 2) Organize work groups to solve problems and find solutions.
 - 3) Collect and analyze data to assess the current state of the process.
 - 4) Suggest improvements and make small changes to improve the process.
 - 5) Test and evaluate improvements to ensure effectiveness and continue to improve the process.
- *Plan Do Check Act (PDCA)* is a four-step process:
 - 1) Plan: recognize an opportunity and plan a change
 - 2) Do: test the change by carrying out a small-scale study and research
 - 3) Check: Review the test, analyze the results, and identify what you have learned
 - 4) Act: take action based on what you have learned in the study step.

When to use DPCA

- ✓ Use a new improvement project.
 - ✓ Developing a new or improved design of a process, product or service.
 - ✓ Defining a repetitive work process.
 - ✓ Planning data collection and analysis to verify and prioritize problems.
 - ✓ Implementing any change
 - ✓ Working towards continuous improvement
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- The 5 Why Analysis process:
 - 1) Forming a team.
 - 2) Define the problem.
 - 3) Ask the Whys for 5 times: by forming a single-lane process and extrapolating answers into a multi-lane process.
 - 4) Addressing the root cause and assigning responsibilities.
 - 5) Monitor the measures.

 - The Business Process Management is used in the business process with the following steps: Analyze, Model, Implement, Monitor, Optimize.

Case Study: use the business process management for the global finance process.

Analyze and data collection.

During the analyze and data collection stage, it is the client's responsibility to provide the service provider with all related documents and answer a list of requested questions from the service provider. Collating and gathering these documents to help both sides gain an understanding of the current state of the process, as well as the client's wish list of the future state.

Further to this process, a direct 1:1 interview will be scheduled between the two sides to go through the collated documents, review all answered questions and deep dive into any unknown answers from both sides. The interview will help both sides to build a working relationship and to explore further unknown areas that are related to the process.

Model

After the analyze and data collection phase, create a process model that the findings from the previous phase. Any unanswered questions will follow up offline or online depending on the risk level of the issue. The result of this will be a final solid pack of presentations will be presented to the management team, which will consist of:

- Executive summary – current issues and approach to overcome of related issues.
- Project summary – scope of work, objectives, and deliverables.
- Current state of the process with roles and responsibilities.
- Pain points of the current state.
- Differences or discrepancies from the current process.
- Details and high-level current state process design.
- The recommendation of the future state process with roles and responsibilities.
- Next step actions to achieve the future state.
- Options of future state with automation with estimated requirements plus timeline.
- Heat map of risks and priority
- Next steps – implementation project management

Implementation

- Carry out the implementation with an agreed solution. This phase consists of designs and configurations on the platform.

Monitor

- After the implementation, develop a monitoring process for businesses to monitor the system and the process to ensure it works as expected.

Optimize

- Log all issues captured during the monitor phase and continue to optimize the process.

Operational Excellent tools:

- System integrations such as API, Cloud based etc.
- IT automation platforms
- Process automation using digital transformation.

Why do we need to perform a regular operational excellence review?

- Opportunity to identify and alert early issues or bottlenecks with current business processes.
- Overcome short-term mitigation solutions while waiting to plan ahead with the long-term plan.
- Changes in practice, regulations or legal frameworks, business operation processes, operating models, or technologies that led to inefficiencies in doing business.
- Technology stagnated – no longer support from the partners, therefore, needs an upgrade.
- To increase sustainability for the business which also benefits stakeholders.

When should Operational Excellence be implemented?

Ideally, it should be ongoing and at any time. However, it is critical when the business is facing the following issues:

- When business or production processes are inefficient.
- When business or production processes increase in cost.
- When the quality of the product no longer meets the customers' requirements such as high defect rates, large volume of customer complaints, or reduction in sales volume.
- Changes in business operating model, therefore, the business processes can no longer be used.
- Business mergers and acquisitions.
- Market competitions
- ESG reason – sustainability for example.

What benefits of doing business process improvement?

- Gain visibility of the root causes of the business processes.
- Immediately mitigate or minimize the risk in the short term and plan toward the long term.
- Improve process inconsistencies and work towards standardization and optimization.
- Saving time and manual work efforts.
- Avoid working in silo!
- Clear accountability and ownership.
- Reduce overall operational risk and increase efficiency.
- Forward thinking rather than sitting on problems.
- Aid planning towards business strategy
- Gain confidence and how to rectify the root cause.
- Automation and real-time data to drive business performance.
- Team collaborations.
- Learn, gain, and adapt the change management.

Operational Excellence services from YTT:

1. Define strategic goals and plans
2. Assess the status quo and identify problems
3. Apply the operational excellence tools and methods
4. Implementation of the operation with selected methods and tools
5. Training and coaching
6. Monitoring and evaluation

Contact Us

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