

# OpEx – Operational Excellence common methodologies

**Operational Excellence** 



# Operational Excellence - the common methodologies.

# 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 an 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
- 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.

#### **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.



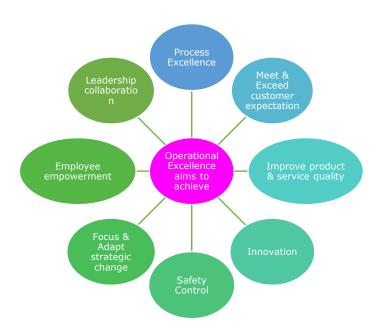
- Changes in practice, regulations or legal frameworks, business operation processes, operating models, or technologies that led to inefficiencies in doing business.
- Technology stagnated no longer support from the partners, therefore, needs an upgrade.
- To increase sustainability for the business 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 and Sustainability compliances

### 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 siloes!
- 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.

# YTT offers services for Operational Excellence:

- 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. Provide training and coaching.
- 6. Monitoring and evaluation Business as Usual for continuous improvements.

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