



# 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 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.

**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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