

## Operational Excellence – What does it really mean?

This year's Forum was all about 'Getting TPM & Lean to Work' and mapping out your pathway to Operational Excellence. Therefore, it was only natural that the event should begin with **CTPM President**, Ross Kennedy's definition of Operational Excellence.

"We hear a lot about Operational Excellence, we hear people talk about Operational Excellence, but what does it really mean?"  
Ross asked the audience.

To start off, Ross sought the answer from the Operational Excellence *Linkedin* page. However, when the same question was asked online, it produced up to 80 comments and a variety of responses.

According to Ross, this diversity emphasised the fact that many people still do not understand exactly what Operational Excellence involves.

Ross broke it down by identifying the three crucial elements of a business; front of business, back of business and finance, as shown in Figure 1 below.

**Figure 1: 3 Parts to a Business**



"If you get any one of those three things (business elements) wrong, you can be in a lot of trouble," explained Ross.

**Figure 2: Ross Presenting at the Forum**



Darrell Lea found problems in the front of business as they continued to rely on their old model for success. They failed to keep up with changes in consumer trends and subsequently suffered for it.

Interface Flor in Picton found trouble with respect to the back of business, where an equipment fault caused a fire that destroyed the factory.

These two examples confirm that there is a need to address all the key areas of the business within the three aspects of **Excellence**. The first of these involves addressing all three areas of the business through a process called **Business Excellence** in order to ensure return on investment.

The second involves organisations focus on the front and back of business to concentrate on business customer enquiry to money in the bank known as **Operational Excellence**. Finally, the third aspect involves the organisation solely utilising the raw materials to finished goods process within the back of business known as **Operations Excellence**.

However, Ross explained that before you can map out the journey to achieve Operations Excellence, it is important to clearly identify your destination.

According to the Japanese Institute of Plant Maintenance, these goals should include zero breakdowns, zero quality problems and zero accidents or incidents.

CTPM have expanded on this framework through the 5 Level Milestone TPM<sup>3</sup> Excellence Award by noting that Leadership, Capability, Improvement Activities and Impact are also important to consider. The model for the Improvement Activities process is explained in greater detail through the CTPM Framework for TPM & Lean (TPM<sup>3</sup>), more commonly known as the CTPM Hamburger.

**Figure 3: CTPM Hamburger**



In order to successfully achieve Operations Excellence, Ross discussed three key references that should act as your sacred texts throughout the journey. These include *Back to Basics* by Tom Peters, *A Passion for Excellence* also by Tom Peters, and *The Toyota Way to Continuous Improvement* by Jeffrey K. Liker.

In particular, Ross expanded upon Liker's teachings by using CTPM client case studies. For example, one of the key notions discussed is 'Striving for Perfection', a quality embodied by Coopers Brewery. From 1993-2012, Coopers have increased their productivity from 8.5m litres to 40m litres, with an annual growth of 7.5%.

*"Here is a company that is going above the pack, when everyone else is going down,"* explained Ross.

Whilst discussing Liker's emphasis upon core values, Ross also referenced Banpu, an organisation that attribute all their successes to the skills, characters and energy of its human resources.

Further elaborating upon Liker's points, Ross also explained the difference between Mechanistic and Organic approaches to Operations Excellence.

Mechanistic being the linear view of the workplace, treating the organisation like a machine that requires tools to fix it. In contrast, Organic is a systemic approach that treats the workplace as a living organism that requires nurturing. Such care includes weekly Improvement Activities that produce sustained results.

In order to achieve sustained Operations Excellence, everyone involved must ultimately dedicate 10% of their regular work hours towards On-going Improvement. This time should be divided between Cross-functional Team and Area Based Team Activity.

### So to wrap things up, what do we need to achieve Operations Excellence?

- A gold medal to strive for (a clear Improvement Vision);
- A great coach with a Proven Training Plan; and
- Disciple to follow the Training Plan (all employees engaged at least 10% of their normal working time to On-going Improvement Activities).

Although Operations Excellence involves many steps, each one is important to consider and vital if your organisation wishes to achieve sustained results.

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