

Planning the Journey to Operations Excellence

This year's Annual Forum was all about getting TPM & Lean to work in the Australasian work environment and mapping out pathways to Operations Excellence. So, what better way to kick off the Annual Forum than with a presentation on planning the journey to Operations Excellence by CTPM President, Ross Kennedy!

Figure 1 – Ross presenting at the Forum



As many businesses are reluctant towards change, Ross expressed the importance of putting everything into perspective and using planning as a way to distinguish a successful site from an unsuccessful one. As the average Operations Capability performance level in Australia is roughly 50%, Ross explained that there are tremendous opportunities for local businesses to achieve their improvement vision to become a world class organisation.

However, the first and most vital step to Operations Excellence is planning.

"It's a lot like a jig-saw puzzle," explained Ross.

"If you try and put a jig-saw puzzle together without a picture of the finished result, you will not get far. This is the same in an improvement journey."

In order to achieve this successful change in perspective, Ross began by explaining the

three key components of excellence. These included:

Business Excellence

Front of Business + Finance of Business + Back of Business

Measured by: Return on Investment

Operational Excellence

Front of Business + Back of Business

Measured by: Earnings before Depreciation, Interest & Tax

Operations Excellence

Back of Business

Measured by: Key Success Factors for Operations

For the purpose of the presentation, Ross focused on planning for Operations Excellence. With an understanding of the business focus for the journey, Ross then went on to explain the key elements of planning that must be considered to achieve Operations Excellence.

The first of these discussed by Ross were the Key Success Factors for operations or simply put, 'what will **cause** the site to achieve its targeted financial or cost outcomes'. Typically sites consider 7 causal Key Success Factors however this can change depending on specific requirements. When establishing Key Success Factors, the site should consider:

- The order so there will be consistency when prioritising Key Success Factors;
- Grouping your performance measures under the appropriate Key Success Factors; and
- Linking all site scoreboards to the Key Success Factors to create Goal Alignment.

Once you have recognised all the Key Success Factors, the site must plan their Operations

Excellence recognising the 2 Types of Improvement:

- Reactive Improvement; and
- Pro-active Improvement.

Reactive Improvement ensures that the business achieves the budget expectations and is usually monitored through Daily Review Meetings. While, Pro-active Improvement focuses on taking you above the current budget or expectations and ultimately reduces the need for Reactive improvement.

Pro-active Improvement engages the workplace to recognise the importance of equipment, processes and product or materials. As explained by Ross, using these models will ensure that your site has established clear expectations to strive for throughout the journey to Operations Excellence.

During the planning phases, the site should also consider the role of each person to ensure that everyone understands their responsibilities and the whole site is engaged in the Improvement journey.

“From a production perspective, the most important people in the business are the Frontline Leaders,” explained Ross.

Therefore, it is the responsibility of the managers to ensure that the Frontline Leaders are adequately trained, so that they do not become overwhelmed and overworked throughout the improvement process.

Ross also placed emphasis on the role of site management and their responsibility to:

- Establish and agree on the order of the site’s Key Success Factors;
- Achieve the production plan and satisfy the customer by applying effective Reactive Improvement;
- Pro-active Improvement by Pro-actively improving the way they achieve the production plan and satisfy the customer; and

- Plan and monitor the pathway to Operations Excellence by focusing on the site’s Improvement Vision.

As Ross noted, it is extremely important to be very specific whilst planning the Improvement vision.

“We want to be the greatest business in the world, doesn’t cut it.”

Therefore, the site must use world class targets for their agreed measures under each Key Success Factor, as a way to benchmark the site’s achievements. The vision must also factor in that all personnel must spend at least 10% of their normal working time in On-going Improvement activities (ideally, 5% Cross-functional Team and 5% Area Based Team).

The Pro-active Improvement plan should involve cycles spanning 12-14 weeks. The activities for each cycle should be determined through a planning session looking at:

- Reflection & Learning from current cycle;
- Urgent / Current Business priorities;
- People Development Plan;
- 3-5 year Master Plan and Baseline Analysis; and
- Previously identified Opportunities.

Once teams for the next cycle have been identified, it is important to establish clear mandates and boundaries before commencing any team activities to ensure that all personnel have a clear understanding of what is expected in order to achieve the best possible results.

To sum things up, Ross emphasised the importance of planning with this frank, yet no less true, statement:

“Piss poor planning leads to piss poor performance.”

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