



Defining Operational Excellence





Marcel van Assen

Professor of Operational Excellence for Services (TiasNimbas) - Netherland

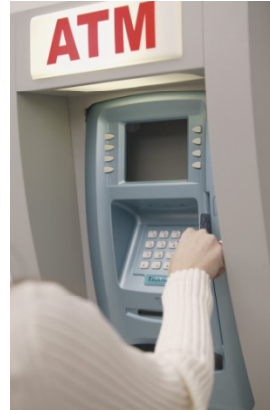
Posted 3 months ago: What is Operational Excellence?

80 comments to date

3 Parts to a Business



Finance of Business



Front of Business

Back of Business

Sales & Marketing

Operations

What to Sell
Where to Sell it
How to Sell it

How to make it
How to store it
How to despatch it

3 Parts to Excellence

Business Excellence

Front of Business + Finance of Business + Back of Business

Return on Investment

Operational Excellence

Front of Business + Back of Business

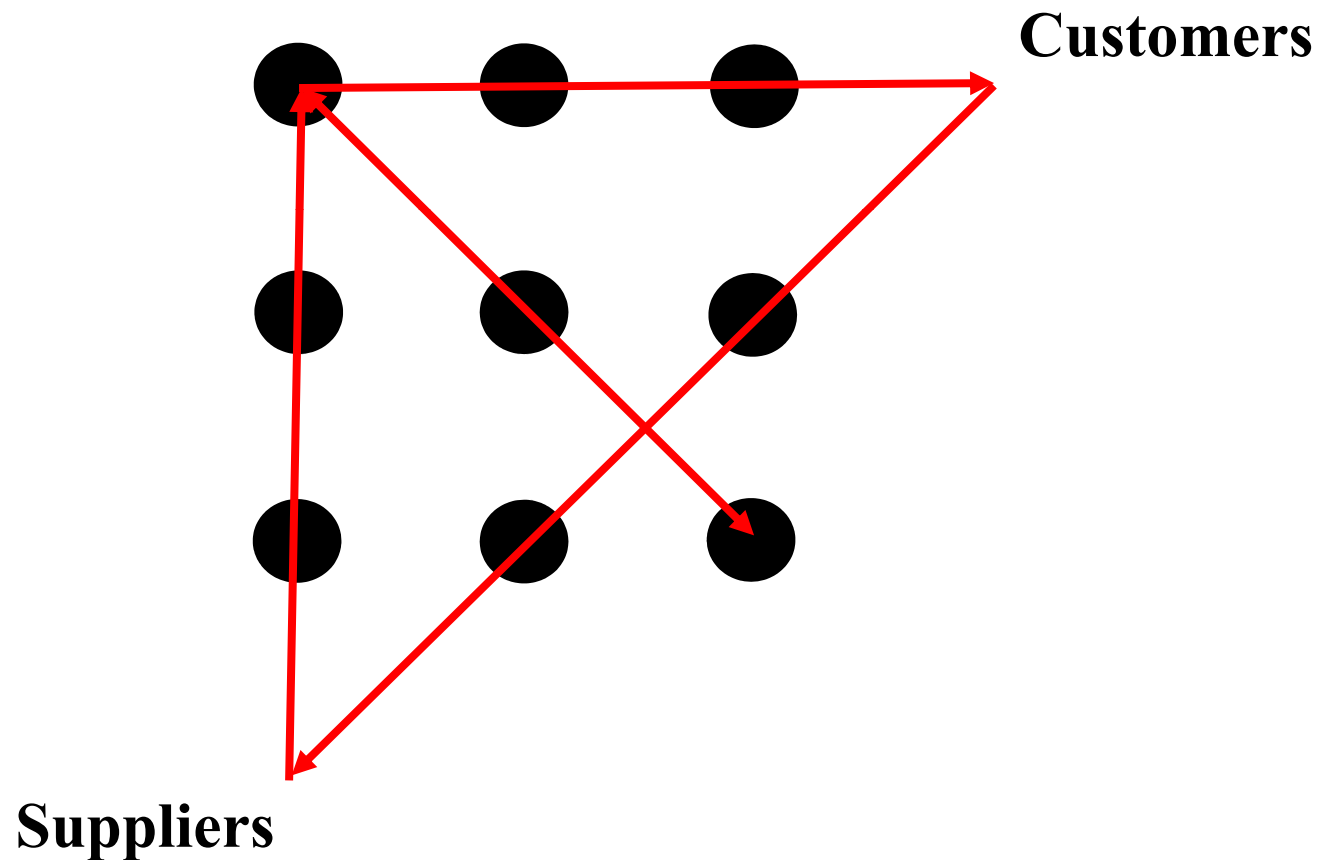
Customer Enquiry to Money in the Bank

Operations Excellence

Back of Business

Raw Materials to Finished Goods

Draw 4 straight lines without taking your pen off the page and go through all 9 dots





**If you can't identify your destination,
how can you map out your journey?**



公益社団法人 日本プラントメンテナンス協会

Japan Institute of Plant Maintenance

Zero Breakdowns

Zero Quality Problems

Zero Accidents & Incidents

5 Level Milestone TPM³ Excellence Award

Operations Excellence Award Process *supporting the expansion into* Operational Excellence



Leadership

Capability

Improvement Activities

Impact

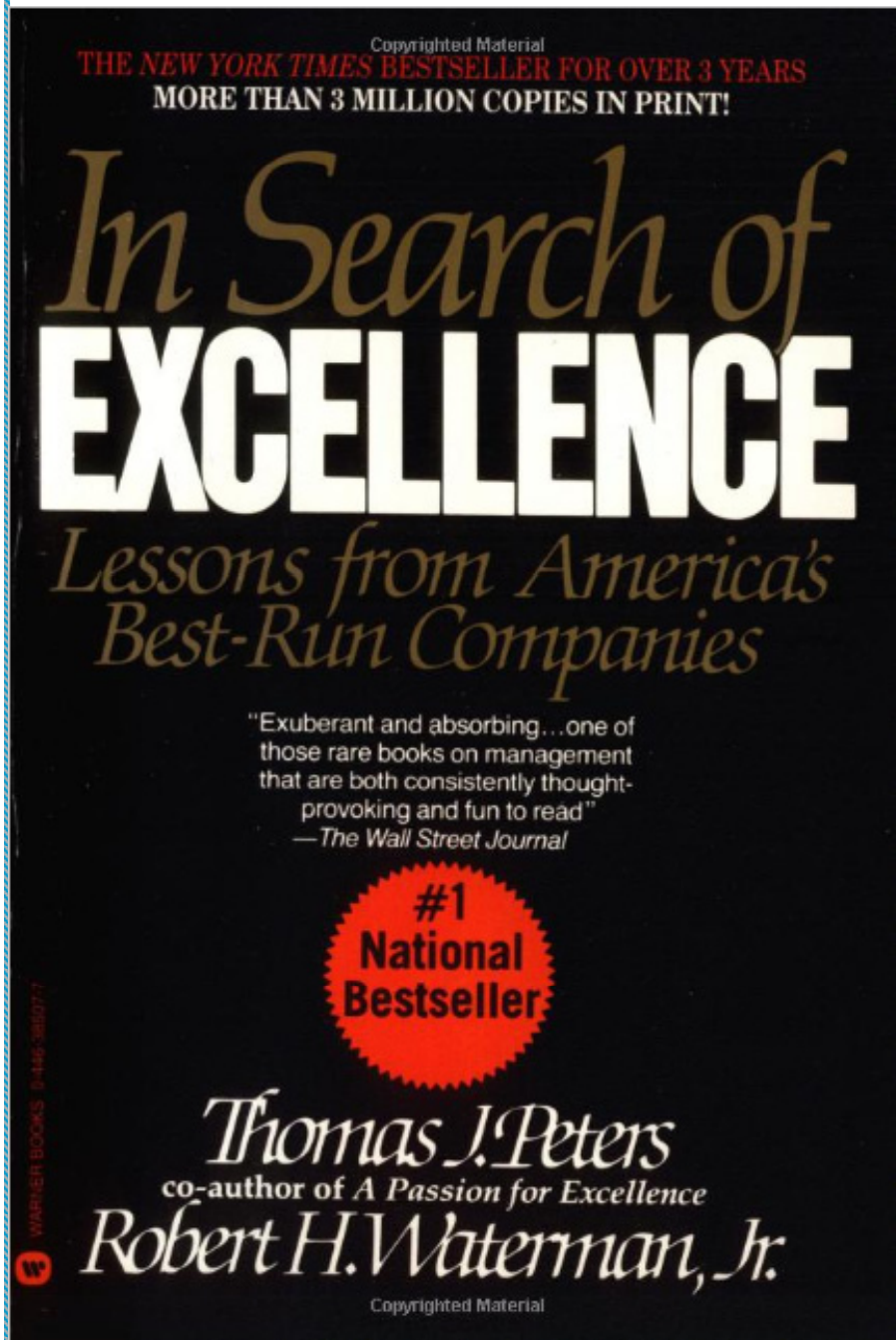
CTPM Framework for TPM & Lean (TPM³)

incorporating 10 Improvement Activities



P = Production Activities PS = Production Support Activities
CF = Customer Focus Activities

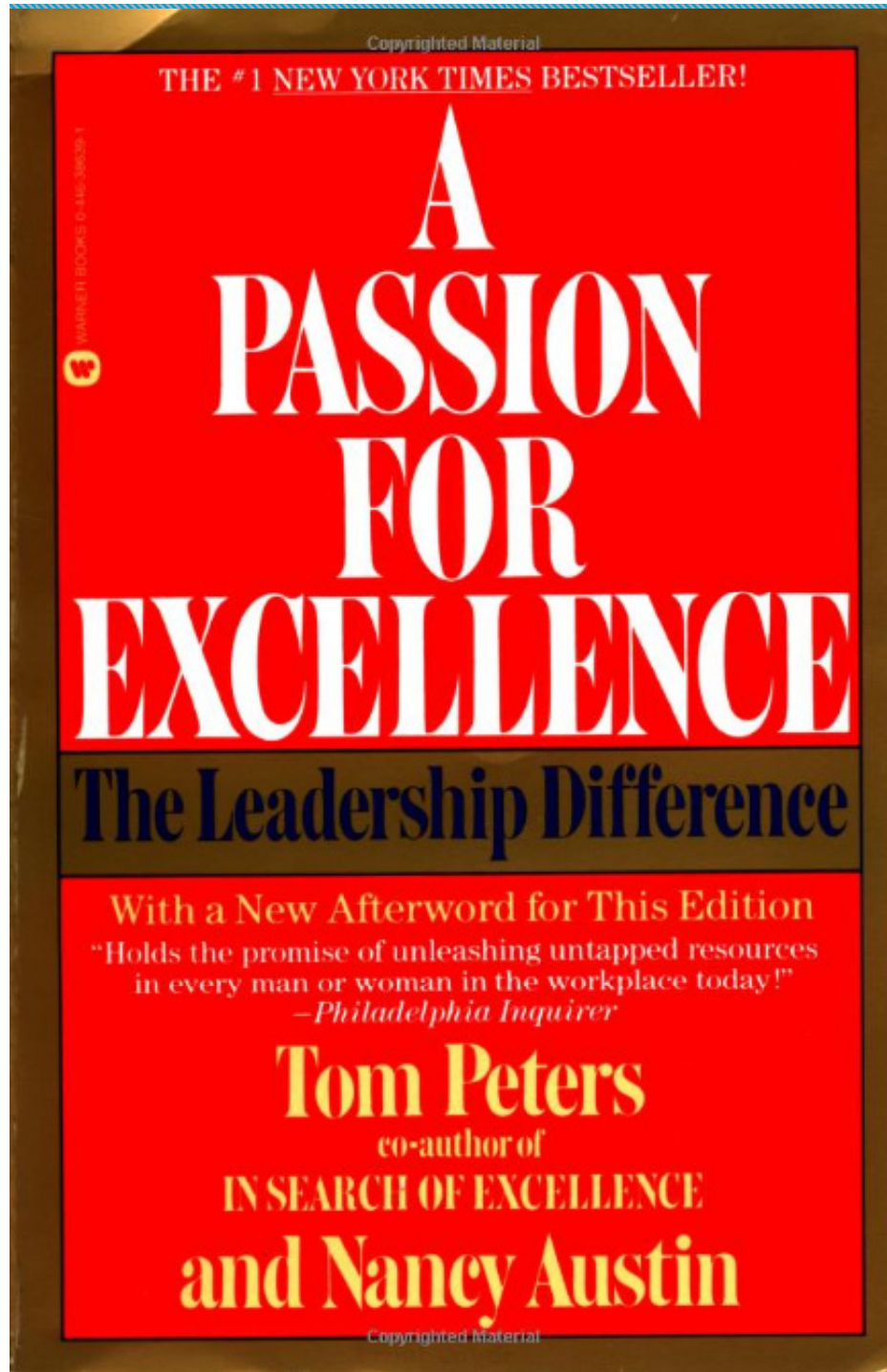




1982

Back to Basics

- A Bias for Action
- Close to the Customer
- Productivity through People
- Hands-on, Value-Driven
- Stick to the Knitting

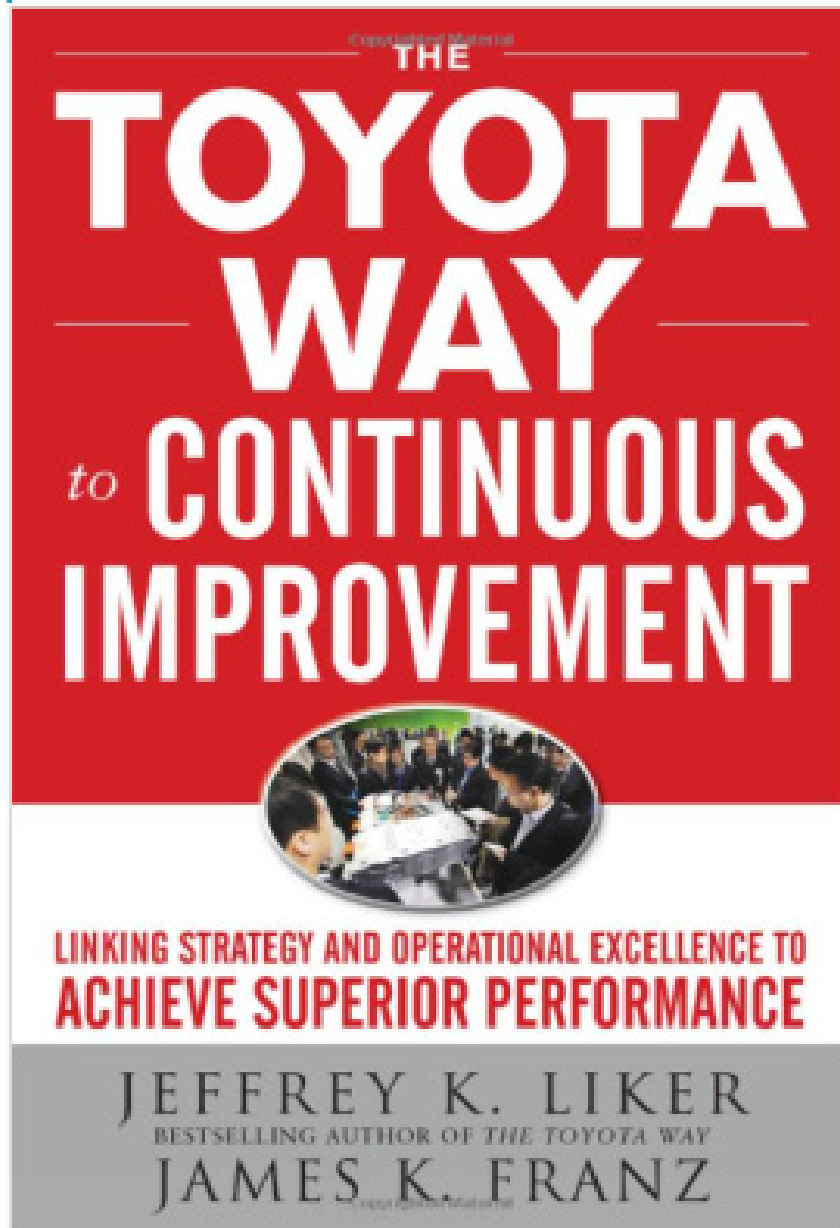


1985

A desire to be the best, to never be anything less than excellent, not just because you love competition but because you love your work.

Wiki Answers.com

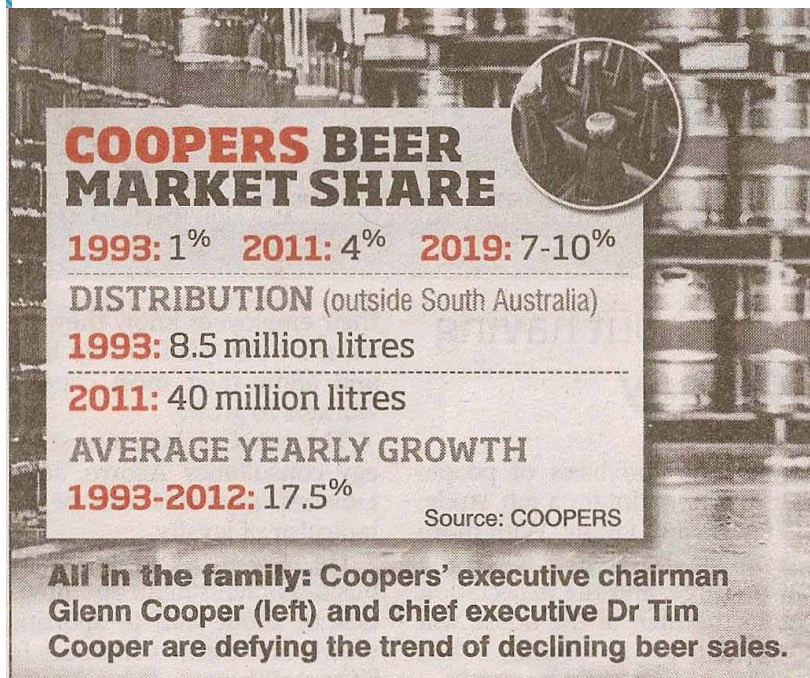
2011



Characteristics of companies that are consistently high performers:

1. A passion for excellence
2. An obsession with satisfying customers
3. Striving for perfection
4. Driven by core values
5. Highly self-critical leaders who are humble and leave their egos at home
6. A desire to build something that will endure forever
7. Complete faith that investing in people is the only way to succeed

1. A Passion for Excellence
2. An Obsession with Satisfying Customers
3. Striving for Perfection



Glenn Cooper & Dr Tim Cooper

13 August 2012: Herald Sun

4. Driven by Core Values

BANPU *Spirit*



Innovation



Care

Banpu's success to date is attributable first and foremost to the skills, character and energy of its human resources - its people. Likewise, the Company's ability to profit from the future opportunities, sustain the company's competitive advantages, create shareholder value and deal with future challenges will also primarily depend on the quality and spirit of its people.



Integrity



Synergy

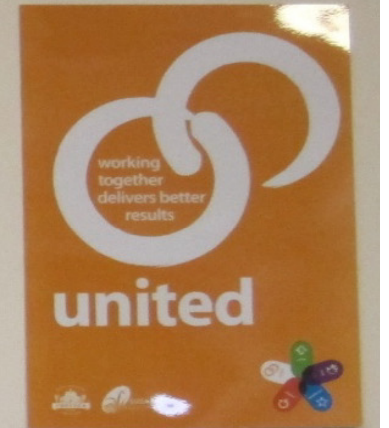
The **Banpu Spirit** is a Code of Conduct as well as a source of unity, motivation and pride for Banpu's thousands of people.

Sathidpong Wattanuchit, Ph.D.

Group Senior Vice President - Corporate Services, Banpu Plc.

18 September 2007

4. Driven by Core Values

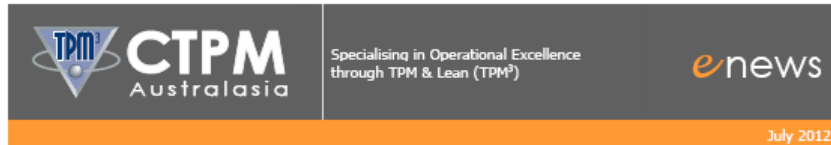


5. Highly self-critical leaders who are humble and leave their egos at home

Does this sound like your boss?

6. A desire to build something that will endure forever

Cedenco Foods – SK Foods: January 2008



"Keeping the Kettle Boiling" at Sugar Australia

The well proven 2nd Law of Thermodynamic, as referenced in Jeffrey K Liker's recent book *The Toyota Way for Continuous Improvement*, states that *without the input of energy, things will naturally decay to disorder*.

Boiling a kettle is a great example – take the heat away and the kettle will naturally cool down. With improvement, the same rule applies, take away the focus of on-going improvement activities and you will decay back to the old ways.

Sugar Australia's Glebe Island site clearly understands the importance of "Keeping the Kettle Boiling" when you are on the journey to Operational Excellence.

Figure 1 – An On-going Improvement Approach



The latest on the sites list of achievements is the successful completion of the nationally recognised qualification, Certificate III and IV in Competitive Manufacturing by key personnel on site.

CTPM's improvement training material, progressively developed since 1996, has been aligned with the Units of Competency within the Competitive Manufacturing qualification to create assessments specifically focused on work place activities delivered on-site by a CTPM Navigator.

As commented by Glebe's Site Manager, Grant Kaczorowski:

"providing evidence and answers required to complete the modules (units) of the certificate was painless – the students had numerous examples from all the improvement activity they were doing or had done."

Figure 2 – Employees receiving their Certificates



L to R: Kyaw Hlaing, John Ryan, Faranak Mirzaei and Grant Kaczorowski

Seen as a win / win for all, the Glebe site has benefited greatly with workplace improvements such as *improved Line Performance; higher Equipment Reliability; and enhanced Problem Solving Capabilities*.

At the same time, students have developed a deeper understanding of the improvement activities undertaken to achieve the sites



Introducing Cedenco Foods New Zealand Ltd

February 2011

February 2011



7. Complete faith that investing in people is the only way to succeed



Robin Gommers:

Operational Excellence is a culture that puts the talent of the staff in the driving seat and tests the real willingness of the management.

When Toyota helped out several health care companies they stated it very nicely "developing nurses before delivering care".

Do we focus on identifying the development needs of our people, then identify the most suitable teams, or

Do we just select teams based on business needs and use those people who have the required experience?

7. Complete faith that investing in people is the only way to succeed



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Japan Institute of Plant Maintenance

Versus



CTPM
Australasia

Mechanistic Vs Organic approaches to Operational Excellence

Mechanistic is a linear view of the workplace

Treating the workplace like a machine that requires tools to fix

Organic is a systemic view of the workplace

Treating the workplace like a living organism that requires nurturing

Key Learning:

Mechanistic approaches do not sustain

**Professor Jeffrey K Liker – University of Michigan
The Toyota Way for Continuous Improvement**

Organic thinking is like Thermodynamics and Entropy

Entropy can be viewed as the amount of energy in a physical system that is not available to do work.

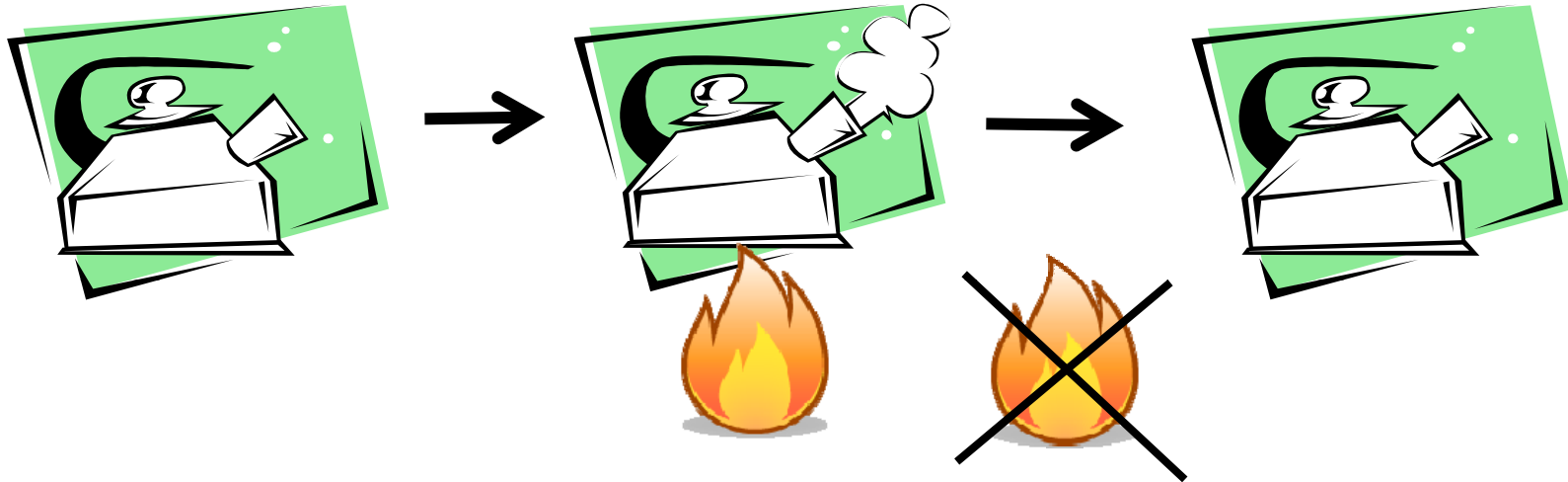
2nd Law of Thermodynamics

Entropy, or disorder, will naturally increase over time

Ice melting in a warm room is a common example of increasing entropy - the water molecules in the ice increase in randomness: order leading to disorder



Thermodynamics and Entropy in Action

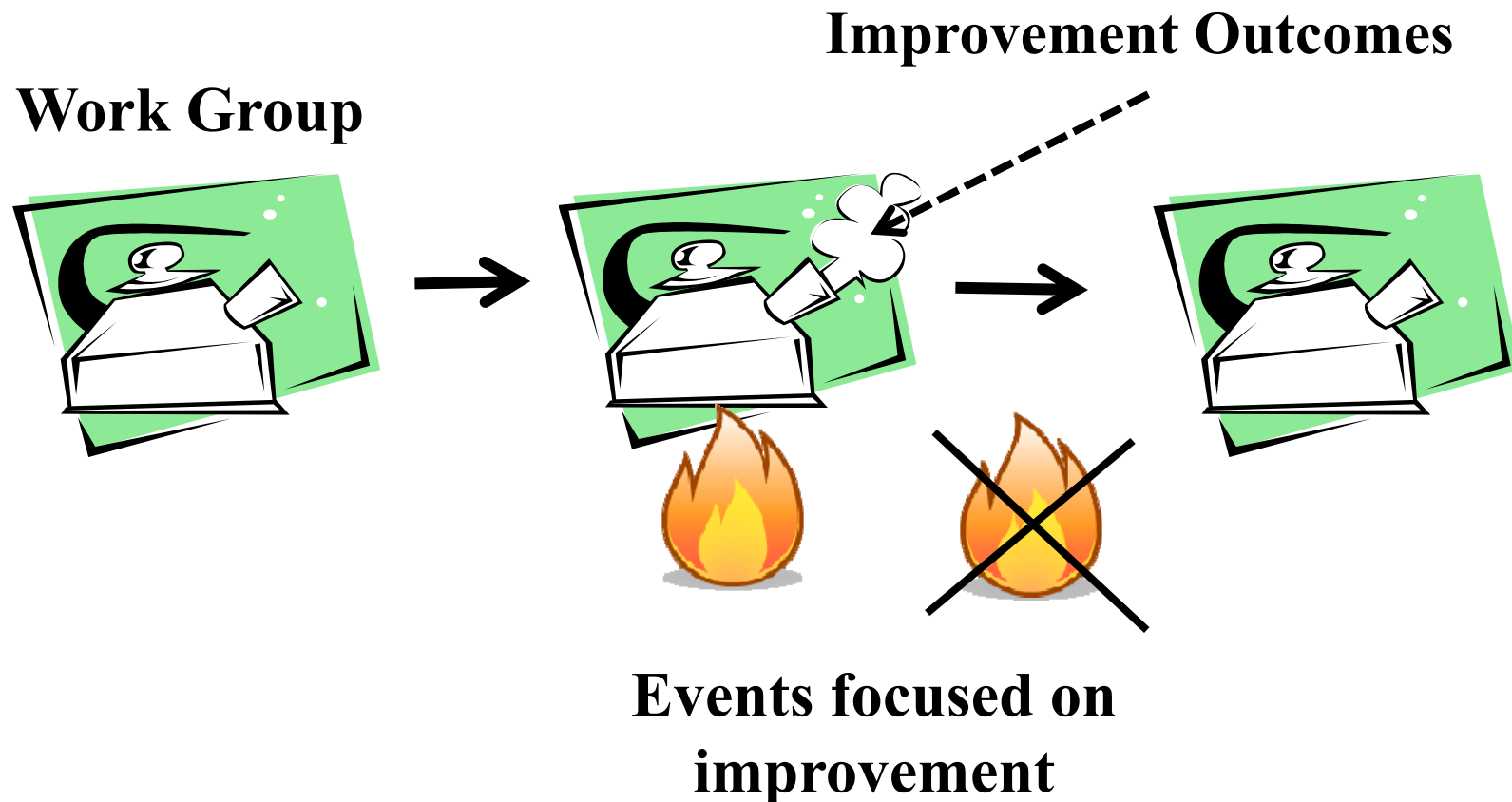


When we stop applying sufficient energy, the heat in the water dissipates into the surrounding environment, and the water cools down – entropy increases.

The energy level of the water decreases naturally if we do nothing.

Thermodynamics and Entropy in Action

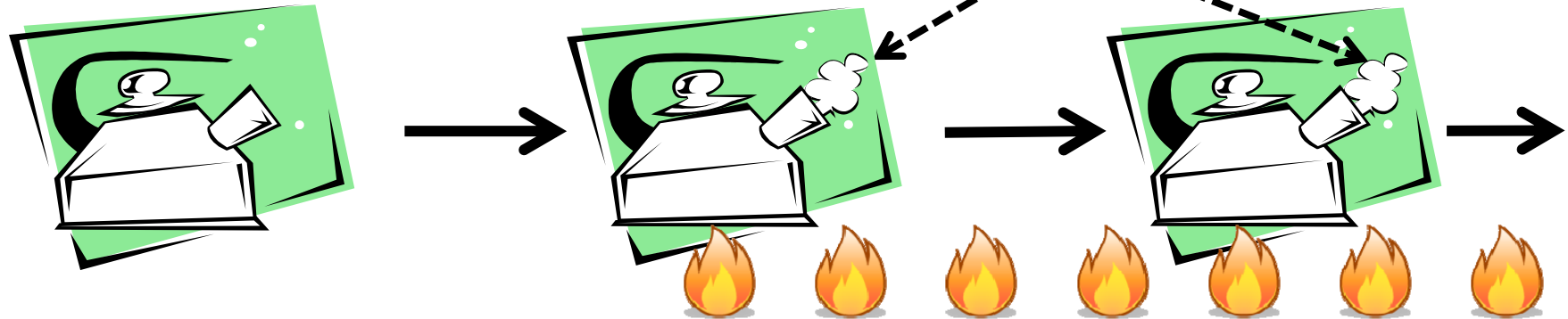
Mechanistic approach to Operational Excellence



Thermodynamics and Entropy in Action

Organic approach to Operational Excellence

Work Group



**Weekly Improvement
Activities focusing on
developing people**

**Resulting in
on-going improvement
and sustained results**

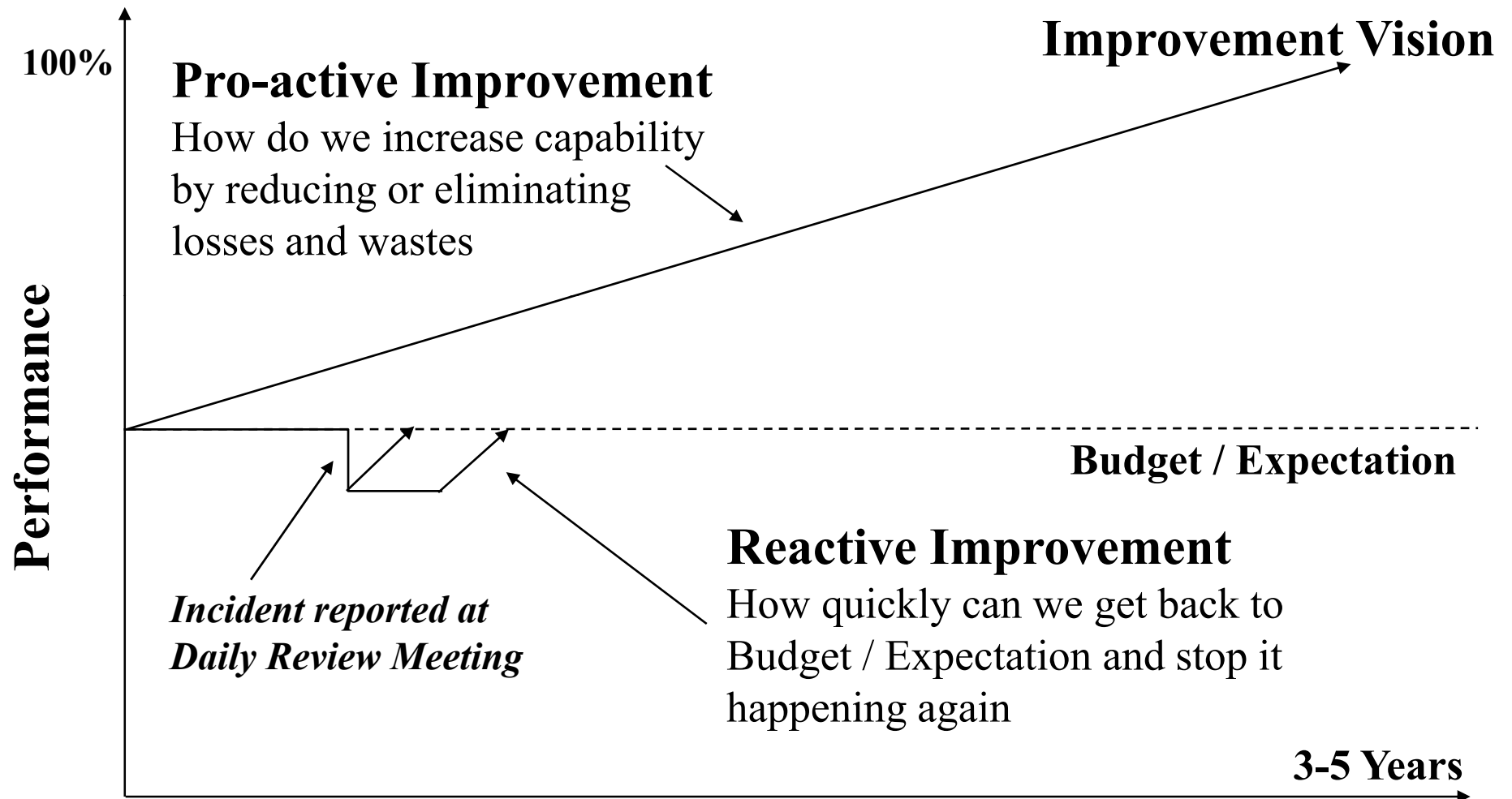
To Sustain Operational Excellence

**Need to ultimately having everyone engaged
at least 10% of their normal work time in
On-going Improvement activities**

Cross-functional Teams	Area Based Teams
5%	5%
Problem Solving	Prevention at Source

Where 5% = approx 2 hrs / week

The Need to Balance the 2 Types of Improvement



Note: When Pro-active Improvement is successful, then the need for Reactive Improvement should significantly reduce

What's needed to achieve Operations / Operational Excellence?

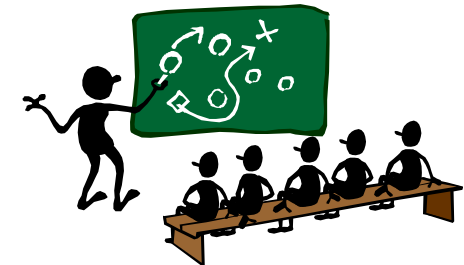
Gold Medal to strive for (Improvement Vision)

- Internationally recognised
- Externally awarded
- Clearly defined milestones



Great Coach with Proven Training Plan

- 5 year outlook
- Progressively engages all
- Quarterly reviewed and adjusted



Discipline to follow the Training Plan

- Team supported with lots of fun
- Weekly reflection and review
- 12–14 week cycles with good recognition



What should be your Improvement Vision?

Vision: What do we want to achieve and by when?

What is your site's 'Gold Medal' and when do you want it?

Within 5 years be a site that has achieved:

- Our World Class targets for all our Key Success Factors / Goal Aligned Performance Measures and Ratings (Operations, Maintenance, Culture)
- All employees engaged at least 10% of their normal working time in On-going Improvement activities (5% Cross-functional Team and 5% Area Based Team)
- Recognition as World Class in On-going Improvement by gaining Level 5 of the 5 Level Milestone TPM³ Excellence Award



R&D Tax Incentive

- a 45 per cent refundable tax offset (**equivalent to a 150 per cent deduction**) to eligible entities with an aggregated turnover of less than \$20 million per annum
- a non-refundable 40 per cent tax offset (**equivalent to 133 per cent deduction**) to all other eligible entities.

Questions / Comments

