



# Achieving the next step change in operational excellence

The need for year-on-year productivity improvement and the ongoing strive for zero defects means operational excellence is consistently featured in the top 5 objectives for COO's and Supply Chain Leaders<sup>1</sup>.



# Where to from here?

For most, many years and significant financial investment has been made in building capability and deploying Lean and Six Sigma systems and tools. Yet there is a growing trend that existing operational excellence deployments have 'hit the wall'<sup>2</sup> in terms of actual performance improvement, which is slowing, stalled or in some cases regressing.

The reality is that there is still significant potential to drive improvement, but the focus on capability building and the approach to implementing the next stage of change needs to adjust to the maturity level of your organization and the phase of your deployment.

The definition of 'next step change in operational excellence' can be represented by the equation of best-practice tools, fully integrated performance management and enhanced leadership capabilities at all levels of the organization (shown below).

**Only when you implement these elements in full will you create a fully capable, agile and motivated organization, which will consistently meet performance objectives even in the most challenging environments.**

Traditional operational excellence focused on standardized tools and processes, often not paying enough attention

to both the people and performance management aspects of change. Achieving the next step change in operational excellence requires everybody to have a deep understanding of Lean thinking and a business performance management<sup>3</sup> system that has fully integrated the critical components of operational excellence. In addition, the need for productivity improvement has often led to detrimental effects on both the available leadership capacity to effectively coach and develop teams and the capacity of teams to deliver real continuous improvement over and above day-to-day problem solving.



**An understanding of Lean thinking and a fully integrated performance management system is needed.**

The desire to expand operational excellence into additional functional areas and the now global nature of most organizations has created new challenges. A standard way of working that is effective in one functional or cultural environment may not be directly suitable for another. The need to deploy relevant tools and processes to match both the context and language of a specific function, whilst adapting the approach to people and performance management to match the style of the culture and individual leaders is often overlooked or not fully thought through.

As a result many organizations are struggling to deploy operational excellence outside of manufacturing and into new regions, meeting increased resistance to change and the under delivery of expected results.

The practice of performance management and Lean leadership are not new, yet we come across consistent challenges in both areas. Lean leadership starts and stops with senior education, without the ongoing coaching to help leaders at all levels truly implement the new thinking into their business-as-usual lives.

The lack of end-to-end performance management leads to a focus on functional efficiency, which in turn can sub-optimize the impact on overall business and customer performance. The policy deployment process can become an immense administrative exercise but fails to gain cross-functional alignment at either the beginning or the end of the process, or in the worst cases both.

The resulting master plans of priorities and underlying resource needs and activities are no longer properly aligned to the overall improvement objectives. In many cases they are simply not achievable within the existing capacity of the organization leading to continual conflicts of interest for leaders and middle managers and subsequent delay or non-delivery of the required results.

The good news is that your efforts and investments have not been wasted and the move to the next step change in operational excellence requires smaller, but specific investments in capability development and process enhancement for both line management and internal change teams alike.

By aligning leaders and teams, streamlining performance management and removing hidden non-value added activity the additional organizational capacity can be created without the need to add additional resource.

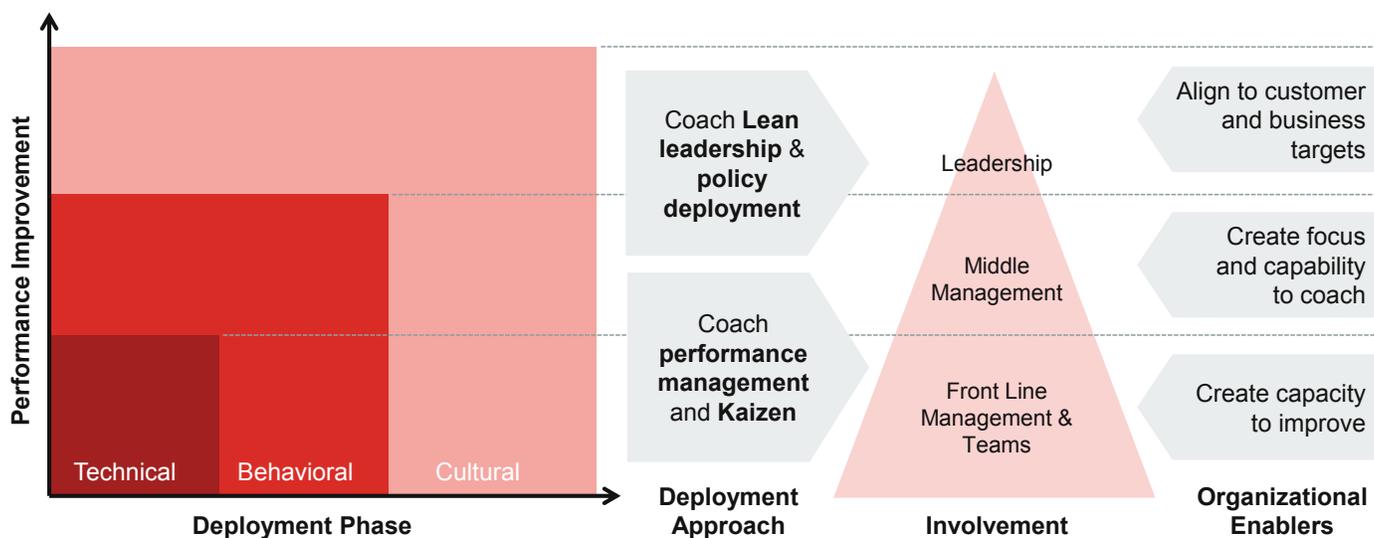
The need for targeted subject matter expertise can also be required to help tackle the more challenging improvement

**Additional organizational capacity can be created without the need to add additional resources.**

initiatives, providing new insight and challenge to the traditional thinking of your existing organization.

Based on Hitachi Consulting's (formerly Celerant Consulting) experience from over 25 years of helping businesses implement operational excellence, we have been able to define cost effective, high-impact engagement approaches to help our clients to achieve the next step change in operational excellence.

Hitachi Consulting provides a highly leveraged consulting model, focused on Lean leadership, performance management & Kaizen support through the method of 'situational coaching'<sup>4</sup>. This approach increases the ratio of external support to organizational change and as such delivers the highest possible return on investment. It also secures full accountability and ownership of your organization from day 1, and as a result sustainability is achieved over a very short time frame.





## Situational coaching delivers the highest possible return on investment

Our case study<sup>5</sup> proves the potential of this additional investment to achieve the next step change in operational excellence, which has now reached over 10,000 people and delivered breakthrough results. In addition to the performance results, a true cultural change is taking place. The impact on the organization at all levels has created even better, motivated and customer orientated leaders and teams. A real demonstration of what commitment to fundamental, positive change can achieve.

### REFERENCES

1. "Reader Research: Driving more out of less," ICIS Chemical Business, December 8, 2014.
2. "Thought Leadership: Have you hit the wall in your Lean journey," Hitachi Consulting, July 2014.
3. "Misconceived. Misdirected. Mismatched. Why too many companies miss the real value of Lean," Hitachi Consulting, September 2014.
4. "Breaking through the Lean situational coaching," Hitachi Consulting, September 2014.
5. "Case Study: Sustaining Operational Excellence through Lean Leadership," Hitachi Consulting.

### About Hitachi Consulting

Hitachi Consulting is the global solutions and professional services organization within Hitachi Ltd., a global innovation leader in industrial and information technology solutions and an early pioneer of the Internet of Things. Hitachi Consulting is a business integrator for the IoT era and a catalyst for digital transformation. Using our deep domain knowledge, we collaborate with clients to help them innovate faster, maximize operational efficiency and realize measurable, sustainable business and societal value. As a consulting-led solutions company, we can help you leverage data as a strategic asset to drive competitive differentiation, customer loyalty and growth. To learn more, visit [www.hitachiconsulting.com](http://www.hitachiconsulting.com).