Operational Excellence
A guide to success

A Theory Study

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Detta är en teoriundersökning över Operational Excellence.

Med i denna undersökning har tre olika företag som använder sig av Operational Excellence svarat på en enkät. Enkäten går ut på hur Operational Excellence tillämpas i deras företag.

Teoridelen behandlar olika typer av ledarskap för att förstå sig på i korta drag vad Operational Excellence innebär.

Språk: Engelska Nyckelord: Operational Excellence, Ledarskap
This is a theory study of Operational Excellence.

In this study, three different companies that uses Operational Excellence have responded to a Questionnaire. The Questionnaire is about how their company implements Operational Excellence.

The theory part of this study deals with different types of leadership in order to understand in short terms what Operational Excellence is about.
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1. Introduction

The concept of Operational Excellence is quite complex. Based on the theories of Lean and Six sigma, it has a lot to offer to the industry in the ways of management, control and increasing the overall value of the organization. In its nature, its goal is simply defined as going for constant improvements. It has ways to see the positive changes in performance, empowering the workers and maintaining customer satisfaction, as well as eliminating wastes and reducing risks, while completing deadlines and deliveries on time. But why hasn’t Operational Excellence become more known to what it is today?

1.1 Old version of Operational Excellence

The old version of Operational Excellence was called Centers of Excellence, and it was to be adapted everywhere. It focused on having leaders from each department; construction, manufacturing, selling department etc.; top talents so to say, to be the one with all the knowledge of the methods of Lean and Six Sigma. They would be the way to success. But when the organization left Center of Excellence team alone, it started to turn bad. Running on autopilot, each day became a repetition without a clear vision on what to strive for. And when it came to measure the result of them, it was clear they had failed to produce. In the end, even with the best leaders, it was a never going to succeed, without constant improvement in mind.

The problem was the culture and mindset hadn’t been adopted by the organization, as they were trying it out as a gesture for change. Not knowing what it meant to have Excellence and how to sustain it in the long run, was a recipe for failure.
1.2 My purpose
In my thesis, it is my purpose to bring forth the new concept of what Operational Excellence is and what it means for a company. I want to make the teaching of Operational Excellence understandable, showing its benefits and flaws if found and to focus on the leadership aspect of it.

1.3 Limitation
As the subject of Operational Excellence is built around a larger number of fields, I must limit the study to the core elements that it is built around. In short, I will focus on Lean and Six Sigma teachings, leadership theory and what Operational Excellence means to us today. I will not go into further details of what kind of historical revolutions have shaped our industries. I hope that the reader knows the basics of the industrialization and globalization. I will not go into further details about AI and automation, but to know that they exist as a challenge to work with in the future.

I will use e-books and sourced websites in my thesis. Operational Excellence has limited number of e-books available on the internet. The biggest setback of my thesis is that most of the books are custom-made for a specific organization. These I am not allowed to use.

1.4 My thesis
In my thesis I will be compiling research from books and journals available for me. The selection of books and journals are narrow, but the content of those available are well written and contains a lot of information. I will be doing a field-research on three companies regarding their Operational Excellence in practical use. I will study the differences in the answers to see how well they have taken to Operational Excellence in their companies, and
if there are any similarities when compared to each other. This will serve as a sample to describe the different usage of Operational Excellence in the work-field.

1.5 Confidentiality
This thesis handles sensitive information about companies and will not be sharing the names of them that has answered the Questionnaire. These answers serve as a view into the practical use of Operational Excellence, not as a definite answer of how Operational Excellence is. These answers can be viewed in the appendix.

1.6 Abbreviations and acronyms
OPEX, OE - Operational Excellences
HPLO - High-Performance Learning Organization
TPM - Total Productive Maintenance
Muda – Japanese for “wastefulness”
5S – Methodology
Poka Yoke – Mistake-proofing
PDCA – Plan-Do-Check-Act
JIT – Just-in-time
Kanban – Japanese manufacturing system
Kaizen – Continuous improvement philosophy
Value-stream Mapping – Lean management method
Continuous flow – production method
Andon – Visual control
1.7 Summary of chapters
Chapter 2 is about different Leadership behavior and styles, how to implement them and what kind of employees there are at work.
Chapter 3 is about High-Performance Learning Organization, how to learn as a leader and person and what to strive for in a workplace.
Chapter 4 is about Operational Excellence, Lean thinking and Six Sigma.
Chapter 5 is about a field-study of three companies, analyzing their answers on how they use Operational Excellence at work and if there are any similarities in their answers.
Chapter 6 is a summary of theory and practical usage of Operational Excellence.

2. Theory
As the main focus of my thesis, I will be taking a closer look upon different theories of leadership, what kinds of employee mindsets there are to be notified of and combine them to the theory regarding Operational Excellence, of Lean thinking and Six Sigma.

2.1 Leadership
The key to success for an organization lies in the hands of its leaders and employees. A company’s goal is to be ahead of its competition and attain loyal customers, having a reliable and stable supply chain and great business partners backing the company. Hiring the right person however is not easy.
Management relies on reading CVs that contains previous job experience and education level. It does not reflect the persons own ambitions and goals, making the job they receive a mediocre position. It is here the team leader takes over to re-evaluate the decision, by investigating further into unlocking
the real potential of the employee.

2.2 Employee Attitude

In the theory by Bryan J. Dik and Ryan D. Duffy “Make Your Job A Calling”, there are three types of employee mindsets, and knowing which one describes you will help developing yourself into a better person at work.

**The first type** being the majority, working for the income and benefits that the work offers. They do their jobs as taught and are intended on working until retirement. In threat of losing their job, they will strike back with bad attitude and complaints at the workplace. Keeping them happy, both with the jobs they are doing and the payment they are receiving, is a way of preventing them from leaving the company when an opportunity arises.

**The second type** of employee mindset is the one wanting to get promotion, working to be assigned more responsibility and making their job a career. Passionate and ambitious, they work harder on getting recognized at the workplace. If the company cannot give promotions or offer higher positions, they are the first ones to leave.

**The third type** of mindset is a rarity. They work as if it was their calling in life. Happy and content to be doing the work they are ordered to do. Maybe they had imagined the work as a child and is now living the dream, or they worked hard with their studies to finally achieve the job they have always wanted. As if their job is their purpose in life, they will hold on to it as hard as they can.

With these three types of employee mindsets in mind, as a leader it is your task to manage and develop them. To listen to their worries and suggestions. For your organizations sake, to keep them would be the best way of conduct, keeping them away from the competition and building trust with them to
the company. **Trust once lost is hard to gain back.** And to do so, you will need to be the leader they need. But what kind of leader is that?

### 2.2 Leadership behavior theory

In the “Path-Goal Theory” by Martin G. Evans (1970), there are four types of unique leadership behavior, each having a different function regarding methods in use. Even though this theory is old, it still has an impact in the work we do today.

- The Achievement-Oriented leadership behavior
- The Directive leadership behavior
- The Participate leadership behavior
- The Supportive leadership behavior

**The achievement-oriented** leader set up challenges for his employees to work through, letting them show all their skills and knowledge to complete the tasks. This type of leader goes well with livening up a team that has been working on everyday tasks, to stimulate them and help them develop into efficient workers.

**The directive** clarifying leader is clear about what he is expecting out of his team and sets and example by demonstrating the task at hand. This type of direct leadership is regarded as the best one out of the four according to the theory. By showing an example how to clear a task, he encourages new ways of fulfilling the task using less step to achieve the same result. This type of
leadership behavior can be used in situations that need more inputs to achieve the result.

**The participative** leader invests his time in gathering suggestions from everyone in his team, before deciding on an action. His focus is on improving the communication skills of his team and wants everyone involved in the process. This type of leadership is recommended to existing teams that have had problems with choosing the right decision.

**The supportive** leader role is to make sure that everyone in the team is given support. He makes sure that the job is suited for them so they won’t become overburdened. This type of leader is helpful to newcomers of the organization, developing their confidence to move on to more demanding tasks.

To know which type of leader you are, is a way to help developing yourself to fit in with whichever team assigned to you. To be assigned to a team means being the right person to lead.

### 2.3 Leadership styles

There are styles regarding leadership behavior. The most common styles are Autocratic, Bureaucratic, Laissez-faire and Democratic. However, it is said each one has their flaws. When choosing a style, it is better knowing who you will be working with first before deciding on a leadership style.

**The Autocratic Leadership Style** is considered as the classical approach of leading. The leader has the most input in the decision-making. He doesn’t go around asking for opinion but states what needs to be done. This type of leadership is regarded as a harsh approach of leading, and is criticized as it steps on the workers’ suggestions. It works with a set of rewards and punishment, to keep up a good result. Even though it’s being disapproved, it
still has its places of use. Training new staff for doing tasks efficiently, to make quick decisions on a matter, to ensure the quota of the day being upheld. But when employees start to rebel and are becoming reluctant at work, only following orders made by the manager, this type of leadership isn’t any longer working.

**The Bureaucratic Leadership Style** follows the book on every matter. If it isn’t stated in the book, the matter will be forwarded to someone with decision-making authority. A bureaucratic leader is more of an enforcer than a leader, making sure rules are being followed at work. In a work that performs same tasks daily, where they need to follow a standard, and where employees are being monitored closely, this type works well in a bigger industry that handles delicate and confidential matters. But when tasks become too monotone and the employees do only what they have been asked to do, this form of leadership style grows dull and innovations aren’t being made to better the result of the company, cannot move forward with the time.

**The Laissez-Faire Leadership Style** is all about giving freedom to the employees, offering less input or none whatsoever to do tasks with. This “hand-off” style is very effective with a crew of highly skilled, experienced and well-educated people, as they get to determine their own goals, decisions and resolve problems with their own wits. They are trusted to perform tasks and are given opportunities to learn from outside experts to develop themselves better. This type of leadership can be harsh on the employees that relies on praises for a well-done job. With no one keeping scores, you won’t be thanked for your job, or helped to decide the next action in a project. All decision that you do are on you and cannot be held accountable by your leader if it turns out to be a failure.
The Democratic Leadership Style also known as the participative style, encourages employees to be a part of the decision-making group. This type of leader is a coach who has the final say, but makes sure to have gathered information from each member of the team to solve a task. Employees are being trusted by the leader and are in a high spirit compared to the other styles. The democratic leader promotes problem-solving and cooperation. Employees are recognized and thanked for their achievements. It gives plenty of opportunity to the employee to work on developing themselves.

On the downside, this style of leadership hasn’t got much time to go through everyone’s decision on the action. The company cannot afford mistakes, making the leader feel threatened by using up his time on collecting answers from each one on the team.

**Deciding** on what style you are going for is important. As stated in “2.2 Employee Attitudes”, keeping employees onboard with the company is important as they are the way of achieving the vision. Without alignment to the company vision, we cannot move forward. And being the wrong kind of leader will result in a gloomy setting that discourages others to perform well at work.

2.3.1 Example of Behavior with Style

Another theory I want to mention is called “**Theory X and Y**” by Douglas McGregor (1957). It describes of two types of managers that has full control over their workforce, but their leadership style differs from each other. **Theory X** is about a manager that keeps his employees under his control. For him, none of them are to be trusted with a bigger task, as they lack ambition and attitude to complete it. He believes them to be there only for the pay and are therefore easy to replace. As a manager he speaks to his workers...
with a raised voice, making sure they know who is in charge of the company. **Theory Y** tells about a manager that instead of giving out orders and stating his opinion on things, encouraged his employees to take on tasks with their best knowledge. He is still in charge of the company, but wishes for the best for his workers as they are there to work for the company goal, and not just for him.

Both theories tell about the autocratic behavior of leadership, but their style of implementing it differs from each other. Let this serve as an example on how to add behavior with style to become a better leader for you workers.

### 2.4 Intermission

There are plenty of leadership styles and behaviors to learn from, not just the ones I have mentioned. The best way of leading doesn’t however come from a distinct set of methods but has been developed time leading others.

Knowing the individuals, knowing the vision the organization is going for and having a plan to carry out to achieve that vision. Leadership is about gaining trust and aligning minds for the same vision. As an example; bringing automation to an industry, the is a challenge to get everyone aligned with the idea of having machines to take care of production, and to do so, is to know who you are working with.

### 3. Continuous learning

In the book “Learn or Die” by Edward D. Heiss (2014), tells about the importance of learning as a leader. Many organizations keep on hiring consultants and experts to teach their leaders how to keep on adapting, learning and improving. If not, they would be at risk on falling behind by having underdeveloped staff running the company. The organization can
only learn as much as its employees are willing to learn. Too keep on innovating, to have a lean mindset to not waste knowledge, they must keep on learning. The global world is dynamic, everchanging, requiring continuous improvement to keep with the times. Technology advancements are being made and more unique services are being born.

To keep up with that, “Learn or Die” encourages you to learn and become a High-Performance Learning Organization (HPLO), to develop person with improved reaction time, critical thinking, critical conversation and an eye for innovation.

3.1 High-Performance Learning Organization

In the theory of High-Performance Learning Organization, there are three core component it is built around. “The Right People, The Right Environment, The Right Processes”. Understanding what these three means is a key to see why learning will help you forward, not just in the terms of employment, but as a person. From the Boss to the simple worker, conveying information is important, be it looking through the measurement result or by the opinions from the workers. Learning to understand the psychology behind every action we make has its uses. In a harsh work environment, we are unlikely to be accepting new teachings and methods, as it isn’t regarded as a priority. And if the leader is making you unhappy, then learning is an impossibility. Learning should be done willingly, not forced by new regulations or methods.

What is it a leader must learn first? Knowing the psychology of decision-making is a good place to start. We all have two minds that helps us reacting to different situations, the emotional part and the logical mind. We react daily with the emotional part of our brain, wired to use the same solution for a familiar situation. This may result in small outburst of emotions is viewed
as a bad case of self-control. Example would be swearing after a mistake has been made. In HPLO, to be the **right person** is to learn how to control emotions, to use critical thinking before deciding on an action. But emotions aren’t always bad, during critical conversations you need to be able to show emotions to gain trust with your business partner. **The Right Environment** in HPLO isn’t just about adapting lean culture, but also having the right type of leadership in place, a policy that is fair, having the right kind of measurements with the right kind of rewards, and a place that promotes learning. To be able to ask questions without fear of a backlash or suspension, an environment that promotes autonomy. Where “each learner plays the main character”, and there isn’t a hierarchy that rules over each other. Having a humble and serving leader, this is an environment where you can find individuals with hidden talents to develop. **The Right Processes** in HPLO is about learning how to slow down and analyze before taking an action. To learn how to visualize different consequences an action can have, to be ready for a failure and know what to do after, to minimize losses. By thinking out loud, you learn more ways to solve a task by listening to your employees’ suggestions. It isn’t regarded as a weakness to ask for help, as it shows the trust you have for them.

### 3.1.1 An unexpected tool

Now that we have brought up the learning aspect of leadership, we need to understand our employees better. And to do so, there is an easy tool to use called **rounding**. **Rounding** is when you make questions, be it about production, safety or problems, and you give them out to your employee before you invite them to a face-to-face meeting discussing the answers. These questions are vital, as the reveal issues that hasn’t been dealt with
yet. Personalizing questions to fit the person, you can learn a lot about the person working in your team. Rounding should be a weekly thing, as the fresher the information is, the faster it can be dealt with. To develop a relationship between you and your employees is deeply appreciated, as it means that they can trust you with their problems. If there is a person experiencing dissatisfaction at work, you have a chance to amend their situation before they do something drastic and decides to leave the company. Being a listener is a part of the leader’s duty.

4. Operational Excellence

Using the book called “Redefining Operational Excellence” by Andrew Miller, 2014, to explain what all things you should consider when taking on Operational Excellence in your company.

It is a journey, not just a set of goals but a strive for the future vision. By choosing the right tools and methods that are custom-made to fit your company’s vision is the starting point of OPEX. This theory consists of using lean as a mind-set to eliminate all waste, to improve the flow of information, and using six sigma to remove variation in processes and standardizing a production way to maintain the batch-to-batch quality. However, if your company starts to undermine the benefits of employee interaction and stop listening to their suggestions, the way of reaching OPEX has failed.

As a term, Operational Excellence is about continuous improvement that uses the aspects of lean and six sigma to adapt to the changes of the industry, to maintain the vision everyone has in mind to achieve the organizations vision and future goals. To do so is to have focused people around you.
4.1 Lean and Six Sigma

Lean thinking in a company is a good thing. Lean will help re-attain the value lost in waste and can revive a business. This mindset consists of four parts.

- Lean Culture
- Lean Concept
- Lean Tools
- Lean Planning

Having all four implemented is considered a success.

Lean Concept is about the elimination of the 8 wastes, to improve the working conditions. To follow this concept can help you increase the speed of the production and the overall flow, adding value to the processes.

<table>
<thead>
<tr>
<th>1. Defects</th>
<th>5. Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Transportation</td>
<td>6. Over Production</td>
</tr>
<tr>
<td>3. Associated Motion</td>
<td>7. Under Production</td>
</tr>
<tr>
<td>4. Delay Time</td>
<td>8. Under Utilization of People</td>
</tr>
</tbody>
</table>

Lean has many tools to choose from. Here are some of the most popular tools (figure 4) used in companies. Each company can choose to tailor make tools to suit their company.
**Lean Planning** is about aligning the lean tools, combining them with the tool Kaizen Event to go with the goals of the Organization. (See figure 5)

Kaizen Event:
1. Gather the owners, managers and operators to a single meeting
2. Mapping the existing processes
3. Improving the existing processes
4. Gaining the ownership of the related processes

**Six Sigma** is about process-control, to remove variation and to standardize existing processes. It optimizes each work method and uses measurements to ensure the quality of the production. The purpose of Six Sigma is to make the work-environment a defect-free area. To be a problem-solver.

4.1.1 The Limitations of Lean and Six Sigma

Even as good as Lean thinking and Six Sigma is, they have their weaknesses. The can only help to improve the existing processes, to reinstate the original value of production, not make innovation that could create value to the company.

4.2 The components of Operational Excellence

The next step to adapt OPEX is to align the four components of it to fit with the direction your company is headed at. The components are the following:

- Attract and Maintain Top Talents
- Innovate and Collaborate
- Align Strategies and Tactics
- Acquire and keep customers you want
Of a scale 1-4 is to priorities these topic with the way your organization is heading for. Be it innovating and developing new products, to have a strong team of ambitious persons aligned with the vision, adapting new tools and strategies to achieve goals and milestones, to attain customers that you want. By knowing where you are headed, you can use this to optimize the speed of development and maximize the profits. This mind-set helps you set your path and adapts with time. Knowing when to slow down and speed up, to grow with the customers and acquiring new markets. To strive for excellence means that every field in the company goes with the flow of change. Continuous improvement is the key for success.

Finding top talent has been discussed in Chapter 2 Leadership, not only to find the employees dedicated to work, but also to develop them into more efficient workers, aligning them with the company vision. Accomplishing that can help innovating new products and services. Going for innovation and collaboration as the main priority is also a way to go forward. Focusing on research teams, you dedicate your time to solve problems and finding innovation. By using new technologies and tools to achieve a result, your company will be known for good solutions. To collaborate with your key suppliers, to look for opportunities to combine forces and develop something new together. To hear from your customers of their wants and researching it, making it happen. Aligning Strategy and Tactics is to gain the trust of the employees and have the same vision of the company. As in Chapter 2 Leadership, gaining trust depends on how well your employees, the work environment and the processes (HPLO) work together to view the company vision as an important thing to achieve. You can only go as far with the vision as the workers understand and believe in it.
Acquiring and keeping the customer that you want, means knowing who you want to attract and have them as a part of your company in the long run. In this theory, there are three types of customers in the business world. **The first type**, the key customers, who spends the most and who you want to keep around, making sure a key account manager is managing them and tending to their needs. **The second type** is a company that orders in bulk from you now and then. **The third type**, a regular person who buys a small number of products or services, from your company and wants to have the same customer service experience as everyone else who buys from you. **Customer service** is important, but you should priorities who you want to keep. Maintaining large customers is where the focus is on, but making sure everyone is being listened to is as important, as information of issues is being notified and are to be rectified and improved, as soon as possible. It’s allowed to “fire” customers that are bringing in more trouble than profit to the company, to choose who you want to work for is a choice you can make in OPEX.

Combining these four components is the start of achieving Operational Excellence.

4.3 The five keys elements of Operational Excellence

Even if your company has adopted the OPEX culture and has made effort to learn its mind-set and methodologies, there is still more to do to sustain OPEX. Without having all key elements in place, the implementation of OPEX is incomplete.
**Speed**
Finding the optimized production speed for your company and knowing when it's fine to slow down for the best result.

**Effective Communication**
To be able to speak about goals with everyone, the employees, the stakeholders, contractors, customers and business partners, to gain trust from them and gain a mutual understanding on where you are headed, what things are still to be done. To know where your company stands on topics.

**Applied Wisdom**
Internal learning, sharing knowledge across the organization. Sharing knowledge is important, as it helps others to see the bigger picture.

**Leadership**
Identifying key leaders and developing them. Finding hidden talents in the workforce, knowing what type of person you are looking for.

**Performance**
Ensuring that the organization's strategy has a good tactic of achieving it. If a process doesn't go towards the vision, it isn't worth doing.

### 4.4 Four phases of Operational Excellence
These phases are about knowing where your company is heading at, to be aware of the vision. **The first phase** is not knowing where you are heading and what kind of tools you are using. Not everyone starts on this phase, but knowing that there is a lack of focus helps seeing how far ahead you have come. **The second phase** is the lack of awareness of issues holding the company back. Not following a culture and being against change, being comfortable with what you have and not wanting to go forward. **The third phase** has started to implement the teachings of Operational Excellence. The
commitment to the vision is there, but not knowing where to go to achieve it. There is a possibility to lose what you have done so far, as if you got no internal drive to take you forward, you roll back to the old ways of doing business. The fourth phase is the mastery phase. Knowing that you cannot truly master Operational Excellence, continuous improvements needs to be made to move forward with the company vision. You have great leaders amongst the organization, you can manage innovation, recruiting to fill key positions and are working with optimized speed, you are on the right track using Operational Excellence.

Once you find ways of stopping from sliding back to lower phases, can you move on to the next step in the pursuit of OPEX.

4.5 Right measurements

Companies tend to use the same metrics they always done before. Productivity, Efficiency, Employee Morale, Customer Satisfaction and Profitability, not bad measurements, but they do not follow the way of Operational Excellence. Redefining their meanings can boost the company, adding a drive to workforce to go with. Instead of measuring Efficiency, we measure Effectiveness of the organization. (see figure 6)

4.6 Leadership in Operational Excellence

How does leadership differ from the theories mentioned in Chapter 2 with OPEX style? In a way, it doesn’t differ that much from theories stated before.
The principles are the same; communication, inspiration, determination and accountability are valued. In OPEX there are four attributes defining a leader; adaptability, perceptiveness, decisiveness and humility. These have been brought up in the theory already. To be a great leader according to OPEX is all about learning as you lead your team. Watch what other leaders are doing, how do they make decision? How do they treat others and their team? Observe and learn, see what differs from a poor leader from a good one. Be True to yourself, if you aren’t comfortable with a leadership style, choose the one suited for you and your personality. Not everyone is meant to lead a team using the same ways. Focus on Strengths, great leaders surround themselves people that are doing the best with their skills and knowledge. Recognizing your own strengths is also a way of helping other potential leaders to grow into their roles.

4.6.1 Attracting the best

Having focused employees that are being encouraged to work and innovate, being respected and empowered to take decision, will do their best at work. These are the people you want in your teams. Using rewards to uplift good performance, giving them new challenges to try and creating roles for them, this is a good way of keeping them in your workforce. Majority of them respects their leaders, as they don’t feel discouraged at work, allowed to learn and develop themselves to be better.

As a leader, finding hidden talents is a part of your job. And when you find them, apply them into the fitting position, and if there isn’t a position available, create a new one. Know where to look, how did your most successful people join the company? Is there a place to find more talents? Another tip is to ask them if they know someone fitting for the position,
talent attracts more talent. **Know what to offer**, offering money can only attract so much, but it isn’t the only factor to use. To attract the best people, you need to know what motivates them. Is it status, being recognized across the organization, being part of important projects? Knowing that will help you attract the best people. **Recruit.** There is a difference between hiring and recruiting. Hiring is when there is an open position that anyone can fill, but recruiting is when there is a strategic role that needs a certain person to fill it. Usually a high-profile person who is familiar with handling responsibility.

Once you have attracted and maintained the top talent, it is time to develop their attributes. Having the right mix of **attitude**, **competence** and **mind-set**, is the way of **maximizing profitability**. If one of these attributes is lacking, the person might not last long with the organization. Looking at (figure 7) you can see the pitfalls 1-3 that can lead to the end of the employee career. Employees should be developed to balance their attributes to get to number 4, representing **profit maximization**, that adds value to the company. If not, they may lack the right mind-set, focusing only on themselves or having no loyalty or passion for the company or can’t add value to the company, even if they are enthusiastic and have the right mind-set in place but their result is low.

![Figure 7 Key attributes and its pitfalls](image-url)
4.6.2 Letting go underperforming employees

It is a part of a leaders work to take the decision and let go of people. But doesn’t it go against the lessons that OPEX is teaching us? No, it is fine to let someone go, it is a way to grow. Sending employees to classes, hiring personal coaches or getting them mentors, yet they underperform at work. It could be that they aren’t suitable for the position they are recruited for, or that they truly aren’t the person the company needs right now. They are suffering, they know that they are underperforming and that stress can cause an avalanche of worries throughout the organization. Frustration leads to bad mood that can alter others results. Letting go is a choice to be made. As a leader, you must react. Give compassion, as the one being fired he needs that boost of knowing that he is let go with respect and dignity, not just thrown away. Be candid, let them know that they aren’t bringing in value to the organization anymore. Be concise and give a summary, move to the point and tell him the reasons why he is let go. Provide options, work with them and ask if they can consider working in another department, or setting up interviews with other organizations that can be a better fit for them. Recognize this as a growing opportunity. No one benefits of being underperforming, make the other employees understand the expectation the company has for them.

Understanding why people are leaving. If they haven’t had a bad performance in their career, it could be something else on their minds causing them to leave. Using the tool stated in Chapter 3.1.1, rounding would be the first way of preventing them from leave. With it, you can reduce the chance of a walking out, or soften the blow as they hand in their resignation letter. Being a leader is to be strong, in the right place.
5. A field-study of three firms

In this field-study, I have sent out and Questionnaire to three different companies with ties to OPEX. Going through the answer, not all of the questions were answered but you can still get a glimpse of OPEX in practical use. These answers will remain anonymous, and so I will call these cases; Company A, Company B and Company C. If there are any similarities, that would be interesting as all of these three are dealing with different services.

5.1 Case: Company A

The person answering the Questionnaire wasn’t employed during the time OPEX was implemented and cannot say what kind of methodologies, tools and mind-sets were in place before OPEX, or how the implementation took place and what kind of budget was planned for it.

These ratings are on the OPEX principles, and shows what the company is going for. 1 is the most prioritized and 4 the lowest.

| Attract and Maintain Top Talents | 4 |
| Innove and Collaborate          | 2 |
| Align Strategies and Tactics   | 1 |
| Acquire and keep the customers you want | 3 |

These are the ratings on what the company rank the different styles of training.

| Individual studies at work     | 2 |
| Group studies at work          | 1 |
| Individual studies on a financed program | 4 |
| Group studies on a financed program | 3 |

As a side note for training, this company has their own OPEX program for OPEX managers and those who are involved in operations.
Their feedback on OPEX hasn’t been negative from the employee view, as they have had more time to settle down and understand its importance. They do follow-up on OPEX and has all the reviews on the internal system, that can be viewed by everyone in the organization. They also keep their monthly and yearly goals stored on the internal system to be seen.

Innovation is being encouraged and rewarded. Finding possible improvements are being noted and looked over if they can be implemented.

They use the internal tool for storing measurement-results. In their organization, they have a team dedicated to work on them and to also provide support all units. This team track OPEX activities and do follow-ups, using Key Performance Indicators to evaluate the success. These activities are mainly recorded by using Six Sigma standards.

His experience of OPEX is positive, and he recommends OPEX for everyone. Though he remarks that communication is the key to make others understand what it is about, and that they all can be a part of the company’s success. And lastly, he recommends that you need to take time when implementing OPEX, not rushing through the process.

5.2 Case: Company B
The person answering the Questionnaire has been taught that OPEX cannot be achieved as improvements can always be made. His company has partially adapted OPEX. The methodologies, tools and mind-set previously used has been just-in-time, one-piece flow, Kaizen and other lean tools, as well as used Six Sigma methodology. They had already started thinking about
continuous improvement before implementing OPEX.

These ratings are on the OPEX principles, and shows what the company is going for. 1 is the most prioritized and 4 the lowest.

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These are the ratings on what the company rank the different styles of training.

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<tr>
<td>Group studies on a financed program</td>
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They cannot make a budget for OPEX implementation as they do not know if the change will have a cost. If a process needs investment, they will work out the pros and cons, before investing.

The feedback from the employees about the implementation of OPEX has been varied. Some doesn’t like to change their work-methods, others want more clearer directives on how to implement them. Most feedback has been positive about OPEX.

In this company, they review OPEX as a whole, meaning they take time to gather information from a process or during a company audit. The result shows how well they know about OPEX.

To highlight innovation, they believe in encouraging the employees to find new ways of conduct. To have them see the processes, the responsibility in a task and the expectations, they want to help expanding their knowledge of the company. By learning they can act faster and make better decisions that
could improve the customers opinion of the company.

He brings up a quote they use for defining OPEX:

“Operational Excellence is when each and every employee can see the flow of value to the customer, and fix that flow when it breaks down. It’s that simple. What this means is that each employee knows that the product moves from process A to process B in a specific quantity, at a specific time, to a specific location; otherwise, something is wrong.”

He recommends OPEX, as it is a smart way of working.

5.3 Case: Company C

This company is on its way to implement OPEX to their organization with their client. This case offers more information on how long the training period is estimated to be.

Workshops are being organized for them, showing off different tools to be used. As a one-day exercise, they used as an example, their own project apply a value-stream mapping tool.

These ratings are on the OPEX principles, and shows what the company is going for. 1 is the most prioritized and 4 the lowest.

| Attract and Maintain Top Talents | 4 |
| Innovate and Collaborate         | 3 |
| Align Strategies and Tactics     | 2 |
| Acquire and keep the customers you want | 1 |

These are the ratings on what the company rank the different styles of training.

| Individual studies at work      | 2 |
| Group studies at work           | 1 |
| Individual studies on a financed program | 4 |
| Group studies on a financed program | 3 |
Their knowledge of OPEX is insufficient, but they do follow-ups weekly and the learning period is 100 days. They are being taught the different metrics for measurements in OPEX.

5.4 Analyzing the answers

Company A has implemented OPEX and knows what they are going it for, by ranking the OPEX principle “Align Strategies and Tactics” as number one. They learn in groups at work what OPEX is, and has their own OPEX program for their managers and operators. The feedback hasn’t been negative. Innovating is being rewarded. In their company they have a team that does the follow-ups of OPEX.

In my opinion, this company have had time to implement OPEX to their company.

Company B has partially implemented OPEX, and plans for the next step. Their priority is to innovate and collaborate. The main way of teaching OPEX is through groups at work, second way is individual financed program, meaning they do invest in lessons for persons. These persons are either interested or on a higher position who needs the knowledge of OPEX. The company analyzes the methods of improvement, to make sure that the investment is worth it. Their workforce has opinions regarding OPEX and that is fine, as they haven’t fully taken on OPEX yet. The company values innovation. They want to expand the workers view of the organization, to have them see the flow of value, to know why they are there and that their inputs bring value to the company.

In my opinion, this type of working environment suits well as the starting point of before taken on Operational Excellence in the future.
Company C is starting to learn about OPEX. They are being taught the different tools that are available for use. Even though they do not fully know about OPEX, they are on the way to find out. The ratings on both parts might not truly reflect upon the company’s own vision. They are very new to OPEX, but it does serve as a starting point.

In my opinion, this Case is very different, as it does answer the duration of teaching period of OPEX, yet 100 days doesn’t sound enough to truly go into details of what Operational Excellence is about.

The similarities with Company A, B and C is that they all have OPEX in their company, but their aim and focus differs from each other.

5.5 Things to ponder upon

Here are five questions to consider before taking on OPEX.

- Is the benefit of OPEX worth implementing it?
- Are the risks worth going through for the reward that is OPEX?
- Can your company sustain OPEX?
- Does your company’s alignment strengthen when using OPEX?
- Is OPEX easy to implement for your company?

6. Conclusion

In my thesis, I want to show how Operational Excellence can be used in companies. By using leadership theories, lean thinking and six sigma, I want to bring forth Operational Excellence methods to help companies to develop their leaders and employees. I believe in Operational Excellence and its guide to success. The companies answering the Questionnaire were into Operational Excellence and are interested in developing it in their company.
More and more industries and companies are taking on Operational Excellence in their organization. Multi international companies such as Tesla, Disney and IBM are using Operational Excellence.

I have in my thesis explained the meaning of the leader in Operational Excellence. Operational Excellence is large, I encourage further studies on this interesting subject.
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APPENDIX

Bachelor Thesis Questionnaire

Hello, my name is Johanna Kouri and I´m studying Industrial management and engineering at Novia, Vaasa. My bachelor thesis is about Operational Excellence. It is crucial to get a glimpse into the work-field on how the implementation of OE has taken place.

Below you will find questions to which answers are not found in the literature. Therefore, I would be grateful if you as a practitioner could take a few minutes to answer them. Your answers will be used as anonymous input to my bachelor´s Thesis.

Could You please answer the following questions before 15.4.2018.

Questions

1. Have you implemented Operational Excellence in your organization?

2. What kind of methodologies, tools and mindset did your company have before taking on Operational Excellence?

3. Rate the following OE principles from a scale 1-4, where 1 is the highest priority while 4 is the lowest

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4. How long did the process of adapting OE take?
5. Was the cost of OE known before adapting it? Did the budget hold?

6. How have you trained the personnel in OE? (on a scale 1-4 of importance)

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Other?

7. What is the feedback from your employees from implementing and using OE?

8. How often is OE being reviewed? How do you do it?

9. Six Sigma, Kaizen, Lean thinking etc.; these methods and mindsets are the backbone to what Operational Excellence is built around. Yet they can also be restricting in the continuous improvement of that of OE.

   What have your company for example done, to highlight innovation and voices from the work-field and market?

10. Is your company using a OE program to measure success? Which?

11. What are your experiences until now from Operational Excellence? Do you recommend OE?

Thank You for your answers!