

# Applied Operational Excellence

## The Discipline of Execution in Service and Knowledge Worker Organisations

At Tandem Consulting we have identified 3 core processes at which an organisation needs to excel if it wants to be truly excellent. These are:

1. **The Strategy Process:** Developing a strategy that is in synch with the realities of the marketplace, the economy, the competition, and the company's resources.
2. **The People Process:** Selecting, appraising, developing, coaching and asking people to move on (where necessary).
3. **The Operations Process:** A realistic operating plan with specific programs and actions with clear accountability for long-term goals and short-term targets that forces hard decisions to be made across the organisation.

In general, strong organisations from the industrial sectors tend to have a reasonable degree of strength across all these core processes and those that are acclaimed as being excellent are strong across all dimensions. An advantage that industrial sector organisations have over organisations from other sectors, such as the service and knowledge worker sectors, is that they have a much higher degree of embedded competence in the Operations Process.

### Engineering /Non-Engineering Cultures

Organisations from the industrial sectors tend to have a strong engineering culture which in turn means that "the scientific method" is engrained in the bulk of the employee population from their training as engineers or technicians. Defined as "a body of techniques for investigating phenomena, acquiring new knowledge or correcting and integrating previous knowledge", the scientific method is based on gathering observable, empirical and measurable evidence subject to specific principles of reasoning.

Given that these disciplines are inherent in an engineering culture, it's no surprise to learn that all the major branches of operational excellence (Lean, Six Sigma, SPC, TQM etc) have their foundation in the industrial/engineering sectors. Indeed it could be argued that operational excellence is the application of the scientific method to organisation level problems.



The failure to recognise this difference is one of the many reasons why operational excellence, in any of its guises, has not been embraced by organisations (or functions) whose culture does not have a moderate to strong engineering culture or sub-culture.

### Our Unique Blend of Expertise and Experience

Tandem Consulting's unique blend of expertise and experience has targeted this weakness and developed a proven solution that has helped organisations with no significant engineering culture or sub-culture embrace the disciplines of what we call "Applied Operational Excellence" and in doing so, to dramatically improve the organisations performance in relatively short time frames.

### Applied Operational Excellence in Action

A leading financial services organisation had embarked on an automation program replacing many key manual operating processes with automated or semi-automated systems. While they initially achieved significant efficiencies in a number of key areas, enabling them to take on more business, they became perplexed when the overall performance of the business actually deteriorated over time and they found themselves close to the bottom of the industry league table for service and customer satisfaction.

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## The Problem

An initial investigation driven by the CEO identified the "ABC" area as being the key bottleneck in the business and while other areas of the business had benefitted from the investment in automation, this crucial part of the business was still heavily manual and dependent on the skill of a core group of knowledge workers. After much frustration the CEO contacted a member of the Tandem team and posed the question "Is there anything that can be done to dramatically improve the productivity of the "ABC" area? He went to explain that "there is a shortage of experienced staff in this area and it's killing my business".

Two of the Tandem team spent a couple of weeks with the "ABC" team immersing themselves in what the team was doing and how they were doing it. It soon became evident that, while the "ABC" team were highly skilled in their particular technical discipline, there was a serious deficit in the team's skills in the disciplines of execution / operational excellence.

## The Analyses

Using the Applied Operational Excellence framework, the teams were coached in applying some of the disciplines of operational excellence to analyse their processes & work practices and to use data gleaned from this analysis to construct a picture of how the team were processing their cases. In summary the picture showed that the team, through their own analysis, had identified that a typical case took 14 minutes to process properly and while there were some exceptions, over 80% of cases fitted this profile. By implication this suggested that team member could process a maximum of 28 cases a day given an effective 7 hour working day. As there were 25 trained staff available this implied a daily capability of 700 cases a day. When the team examined their daily output for the preceding month, they were bemused to see that their best days output had been just less than 300 cases and their average day was more typically delivering 200 cases. It was also clear that every team member was working exceptionally hard to reduce the backlog of cases that was by now running at 10 days.

Having accepted that the picture created through the structured analyses did indeed reflect their "current reality", the team were then coached in the Applied Operational Excellence frameworks "structured problem solving" approach and they identified 2 significant "root causes" of this output deficit. The team however, while accepting the raw data and its implications, felt that changing the process to overcome these 2 issues would cause even greater problems. The Piloted Solution To overcome this problem the team agreed to a try a limited pilot of the alternative method on alternative weeks over

a 4 week period. To their surprise they doubled their case output during the piloted alternative weeks and the issues that they felt would get worse actually got better (one of the solutions required the routing of cases to suit the skill level of the individual team member and this varied based on their seniority and experience.

The concern was that less experienced people would never get exposed to the learning associated with managing a complex case. It turned out that the staff members were happier being able to fully complete cases within their own level of competence without the need to seek out a more experienced person to help them finish the case off. A separate training program was put in place to allow staff tackle more complex cases in a structured manner and thereby develop their competences without negatively impacting the overall performance of the team creating a win-win for the staff and the organisation)

## The Results

The impact on the business of the effective doubling of the throughput capability was profound. Not only did the business double its volume of business but the volume of calls to the customer service centre reduced by over 25% as fewer people called to chase their cases. Within 6 weeks the "ABC" team were able to turn around an application on the same day it arrived, a feat never achieved in the organisation before. In doing so they created a significant competitive advantage for the organisation which moved them to number one in the industry league table for service and customer satisfaction. They have since held that position every year since then bar one, when they slipped to number 2 before recovering again to retain their number one slot over the last 2 years.

## Standardising and Sustaining Best Practice

The "ABC" team unanimously adopted the new approach as "the way we do it" and developed a set of procedures and training material that ensured that it was rolled out across all of the team members.

## Continuous Improvement

The team had initially selected just two of the underlying root causes that were negatively impacting on their performance. Over the following years they continued to improve their performance, continuously setting new industry benchmarks for "ABC" type performance.

## Whole Organisational Improvement

The achievements of the "ABC" team became the envy of many other parts of the business and within the following 2 years the organisation had implemented the Applied Operational Excellence framework throughout their entire back office operations of the group, covering some 500 staff where improvements of a similar scale have been achieved.

For a confidential discussion about your future plans  
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