Presenter,

Welcome to:

Operational Productivity Improvement

Presented by
Lighthouse Consulting Services, LLC

Featured Guest:
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Roadmap

A top-down approach focuses on achieving business results. It provides specific, 'bite-sized' efforts that allow for quick deployment.

- Identify obstacles to achieving business goals
- Identify current processes related to obstacle
d  - Identify decision points
d  - Find the 'Blind Spots' for decision-making
d    - Who makes the decisions
d    - What drives their decision-making
d      - Triggers
      - What are they measured on (what’s a win for them)
- Establish changes to decision processes
- Determine deployment requirements
Example

Situation

- Executives of large customers calling to complain about service levels
  - Downtime cost for one customer: $100,000 per day
- 'Nothing we've tried has worked'

Objectives

- Convince customers we're fixing the problem – stop the calls!
Find the Blind Spots

Current decision-making processes were not working effectively - something was missing.

- Identified 'blind spots' in current process
  - Interviewed top 20 customers to determine:
    - What's driving demand
- What is driving demand
  - Replacement of worn-out product:
    - Predict product life-expectancy based on job position and work environment characteristics
  - New hires:
    - Determine best fit, based on job position and work environment characteristics

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Crawl, Walk, Run

Keep-It-Simple

- Pilot effort – Top 20 Customers
  - 5 customers offered to pay \( \frac{1}{2} \) cost of new process
  - Started gathering data with Excel
- 'What could fall through the cracks'
  - Simple monitoring: # Excel documents to receive every Monday by 9:00am
- Increase in sales: $30 million
  - Customers ‘locked-in’ with new process
The Toughest Blind Spot
Oddly, one of the biggest Blind Spots within a company is accountability.

- Not clear who is accountable
- What they are measured on conflicts with process objective

Effective accountability covers several factors. These need to be aligned with the process objectives.

- Ownership/Authority
- Span of control
- Performance measurements
- Reward/recognition system

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Accountability Assessment
Map accountability to current processes and related business goals.

- Process level: Divide and conquer
  - Transaction characteristics
  - Single owner vs people doing tasks
  - Span of control and authority
- Performance measurements
  - What measurements currently made
  - How are measurements made
  - Are measurements tied directly to business goals
  - Is reward/recognition tied directly to these measurements? How?
- Potential conflicts and 'hand-off' problems
Who's Accountable?

When things aren't performing effectively it's usually because no one is accountable for the performance.

- 'That's not a problem here. Everyone understands what they’re accountable for. But, can you give me an example?'
- 'Companies with inventory problems often find no one is accountable for inventory accuracy.'
- 'That's not an issue for us. Dave, tell him who's accountable for inventory accuracy.'
- 'No one. Maybe that's why we have a $14 million inventory discrepancy.'
Thank you for attending Operational Productivity Improvement

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