Operational Execution Guide

Executive Summary from Strategic Momentum

Once you have declared the performance breakthrough in accordance with The Strategic Momentum Three-Phase Breakthrough Process™, you have to execute flawlessly. This means you need to create the **structure for fulfillment** necessary to support and be in alignment with the declared and committed strategy. A strategy is only as good as your commitment to executing it!

Every successful business has a strategic and operational component to its long-term success. If you do not focus on both and integrate them, you will have significant breakdowns sooner or later. The strategic conversation focuses on creating new possibilities for revenue growth, customer acquisition and satisfaction. Our guide to creating a Strategic Breakthrough offers a process to take care of the strategic side of the equation.

The operational conversation focuses on creating opportunities to increase profitability, customer retention, employee satisfaction and cash flow. This guide offers a process to take care of the operational side of the equation. In very simple terms strategy is about growing revenue and operations is about making a profit while producing high levels of customer and employee satisfaction. The alignment of these two domains is critical to creating a performance breakthrough.

The operational execution of the strategy occurs through the design of a new structure for fulfillment. This structure for fulfillment becomes the ongoing processes of the company. This supports and brings forth the performance breakthrough in accordance with the strategic commitment. The effectiveness of the new structure for fulfillment can be measured by the following metrics:

- Support the strategy
- Shorten cycle times
- Minimize waste
- Limit the amount of variation and defects
- Produce a high level of customer satisfaction
- Produce a high level of employee satisfaction
- Produce an above average profit margin

Before going further, you should answer the following questions. If you are satisfied with your answers, there is no need to continue. But, if you are not satisfied with your answers, you may need to take bold action. You need to create

a compelling and powerful structure for fulfillment in order to realize the performance breakthrough. Waiting too long to take the necessary action to fix cash flow pressures, loss of market share, high turnover, higher cost structures or flagging reputation can be deadly.

1. Are you struggling to achieve the profitability you should be achieving and your stakeholders expect?

2. Does continued underperformance in profitability keep you from making the investments you know you need to make to remain competitive?

3. Are your on-time shipments less then 100%?

4. Is your customer satisfaction rating less than 100%?

5. Is your employee satisfaction rating less than 100%?

6. Are you losing customers/market share due to operationally related breakdowns?

7. Will the current infrastructure support your growth?

8. Have you had problems taking corrective action because the organization is unwilling or does not know how to have the authentic, honest conversations needed to gain the insight necessary to change the situation?

9. Do you have recurring quality problems?

10. Do you feel that you have the high performance teams that can support this structure of fulfillment?

An Operational Execution Approach That Works

Much of our work is based on the research and work of Rummler & Brache. They are operational experts and authors on the subject. We also believe operational excellence begins and ends with ongoing, authentic conversations about important questions. To create a new way of looking at operational excellence, we use a biological, linguistic and philosophical perspective to help companies learn how to have the authentic conversations needed to produce dramatic change. Our work is based on the teachings of the world-renowned language scholars Martin Heidegger, one of the most influential philosophers of the 20th century, Humberto Maturana, Fernando Flores, and John Searle.

This approach looks at organizations as a network of conversations. The key to creating operational excellence lies in understanding and embodying the language-action relationship which occur within the conversational dynamics of the organization. This approach:

- Creates an action focused, commitment based organization

- Improves the ability of organization to collaborate, build relationships and trust, innovate, align, and manage the commitments necessary to achieve the breakthrough results they declared

- Allows the organization to achieve these results in light of the inevitable breakdowns

Our proprietary process for operational excellence helps unleash executive team innovation and trains them to embed the methodology as part of the company's standard operating procedure. In addition, we help companies learn how to have the authentic dialogue needed to achieve breakthroughs.

The Strategic Momentum Operational Execution Process^{TM}

This process starts after the performance breakthrough is declared and the executive team agrees to the strategy to achieve the breakthrough.   Now the executive team has to **invent a structure for fulfillment** they believe will support and manifest the declared breakthrough.

The success of the Operational Execution Process requires the ongoing conversations for possibility, opportunity and action until an effective structure for fulfillment is invented, evaluated and deployed. These conversations have to focus on developing and maintaining a superior operational capability in a constantly changing environment. When we talk about operational execution, we are talking about creating the structure for fulfillment that will allow the organization to achieve the declared performance breakthrough.

The Operational Execution Process has five steps as summarized in Figure 1.

Operational Execution Process

Step 1 Discovery		Step 2 Definition	Step 3 Invention	Step 4 Deployment	Step 5 Management
What's So High Level	What's So Detailed Level	Define Project(s)	Redesign System	Implement Changes	Manage New Process
Business Model	Map The "IS" Process	Identify Critical Business & Process Issues	Map The "SHOULD" Process	Develop Recommendations	Establish Process Management Infrastructure
Functional Relationship Map	Identify Disconnects	Select Critical Process	Develop New Metrics	Develop Implementation Strategy & Action Plan	Manage Process Performance
Process Relationship Map	Identify The Critical Tasks & Responsibilities	**Set the Breakthrough Goals**	Summarize Process Changes & Performance Improvements	Establish Implementation Team & Team Leader	Certify Process Meets Process Objectives
Identify Critical Success Factors & Critical Business Factors	Identify Current Metrics & Performance Levels	Determine Project Support Requirements	Determine New Tasks & Responsibilities	Implement Changes	Continuously Improve Process
		Define Project Constraints	Summarize Changes in Responsibilities	Monitor & Refine Process	
		Develop Project Plan			
		Initiate Project			

Figure 1

Step 1: Define: "What's So!"

How does the organization work today? The first part analyzes and documents the high-level operational process as they occur in the current environment. This is a discovery process where the operational execution team gathers the facts in order to prepare and document the following high-level maps and critical business factors:

- **Business Model Map:** It is important that everyone understands and agrees on the relationship between the different components that make the business successful. These include the following:

    - Environmental influences such as regulation, economy and culture

    - Resources such as capital market, labor, and suppliers

    - Competitors and/or substitutes

    - Markets and customers

    - Stakeholders

  The Business Map outlines the main components of the business such as finance, HR, management, R&D, production, marketing and sales. It identifies the relationships between these departments and creates the context in which the team can create the structure for fulfillment.

- **Functional Relationship Map:** This map shows the interaction between the different departments. This will determine the starting point of where the current organization is in order to help understand how to create the operational excellence necessary to support the performance breakthrough.

- **Process Relationship Map:** The next level is to create relationships between the most important processes of the company to understand the existing network of process. This will help to show how other processes are affected as the team starts building the structure for fulfillment.

- **Critical Business Factors (CBFs):** The team will identify and highlight the critical business factors that the structure for fulfillment has to take into account.

The next step analyzes and documents the detailed operational process as they occur in the current environment. In this final part of the discovery process the operational execution team gathers the facts in order to prepare and document the following:

- **The IS Process Map:** The purpose of the IS process map is to create an understanding and image of how the current process works based on information of the individuals who currently participate in the process.

- **The Disconnects:** Based on the IS process map, the team will identify all the breakdowns within the current process. These breakdowns will then be grouped by category to help them identify the root causes of the breakdowns.

- **The critical tasks & responsibilities:** It is important that the team maps out the critical tasks of the process and the responsibilities of those involved in the process.

- **The current metrics & performance levels:** It is important that the team understands the current performance metrics as well as how the current performance levels are measured against the metrics. This will give an indication and validation of the breakdowns that have to be resolved to get to the breakthrough.

Step 2: Define the Breakthrough Projects for the identified opportunities.

Now that the team has identified the current capabilities (What's So) they have to deal with the 'energetic gap' between what's so and the declared performance breakthrough. They have to invent and create ways of closing the gap. The team has to do the following:

- **Identify the Critical Business Issues (CBIs):** The purpose of this first step is to identify the critical issues facing the business that have the largest impact on creating the organizational breakthrough.

- **Identify the Critical Process Issues (CPIs) and Select Critical Process:** As the team is mapping out the structure for fulfillment, they will further pull apart the critical business concerns into the different issues that affect the structure for fulfillment. This will help the team select the critical processes that have to support the performance breakthrough. These processes will be the foundation for building the structure for fulfillment.

- **Set Process Breakthrough Goals:** With the energetic gap refined, the team will commit to the breakthrough process goals.

- **Determine project support requirements:** Based on the breakthrough process goals and the critical processes identified, the team will generate new processes that will have the greatest influence on creating the structure for fulfillment.

- **Develop project plan(s) and initiate project(s):** Based on these project support requirements, the team will identify a project plan including the conditions for a successful implementation as well as lessons learned from past implementation.

After review and approval of the project plan(s), it will then be used to initiate the breakthrough project(s) as described in the following step.

Step 3: Redesign the System and build alignment, commitment and responsibility.

The structure for fulfillment will be finalized in this step, so that the team can start implementing all the changes. In this step the following documentation is created:

- **The SHOULD Process Map:** Based on the performance breakthrough goals, the process will have a certain output. In this step, the team will create an outline of what has to be accomplished in the process map. The SHOULD process map is developed from the declared performance breakthrough. This requires the team to be innovative and creative.

- **Develop new metrics & performance improvements:** As part of the design of the new process, the team will have to identify new metrics that will help the company achieve their performance breakthrough. These metrics should be with an outside-in perspective and allow the team to measure the process and identify new breakdowns. The team will make sure that when these new metrics are developed that they are flawlessly connected to the performance breakthrough goals.

- **The new tasks & responsibilities:** The team will create a cross-functional road map that outlines how, when and by whom these new tasks will be performed. The team will then create a roles and accountabilities matrix to outline how the functional roles are defined. These roles might be very different than how the company previously did business.

Step 5: Implement the Changes

With the structure for fulfillment and the specific actions and changes identified, it is time to implement the structure:

- **Develop recommendations, implementation strategy and action plan:** The team will develop a detailed implementation road map, including the recommendations of how to implement the new structure for fulfillment. At this time, the team will re-commit to the performance breakthrough goals. Based on the critical issues and the different root causes, the implementation plan will set the priorities to make sure that the team immediately resolves issues that can add the greatest value.

   As part of the re-design phase, the team focuses on an implementation strategy and action plans. During this part of the process the team enrolls the organization in the specific implementation strategy and action plans.

- **Establish implementation team:** The implementation team has the specific task of bringing the performance breakthrough into existence. They will lead and support the organization in dealing with the various breakdowns.

   At the same time, the team will have to make sure that the organization is in a position to do a good job by making sure that they understand the performance specifications, remove task interference, communicate breakdowns, provide feedback on how breakdowns were resolved, and ensure the right knowledge and skills are applied to the process.

Step 5: Manage the New Process

In this step the team hands over the process management to the process owner(s). The process owner(s) is responsible for managing the process effectively and starting a culture of continuous improvement.

The team will monitor system performance. They will identify and resolve current and potential breakdowns in the process. These will be matched against the breakthrough goals to allow the team to identify new issues that have not been handled by the implementation. These issues are in effect new breakdowns but when flawlessly resolved lead to continuous breakthroughs. In handling these breakdowns, the team has to re-commit to the breakthrough goals resolve the breakdowns in accordance with the goals. These new identified issues will then be addressed in an updated action and implementation plan, and that is how we can ensure that there is continuous improvement.