

# Aligning the Organization for Superior Execution



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# Introduction

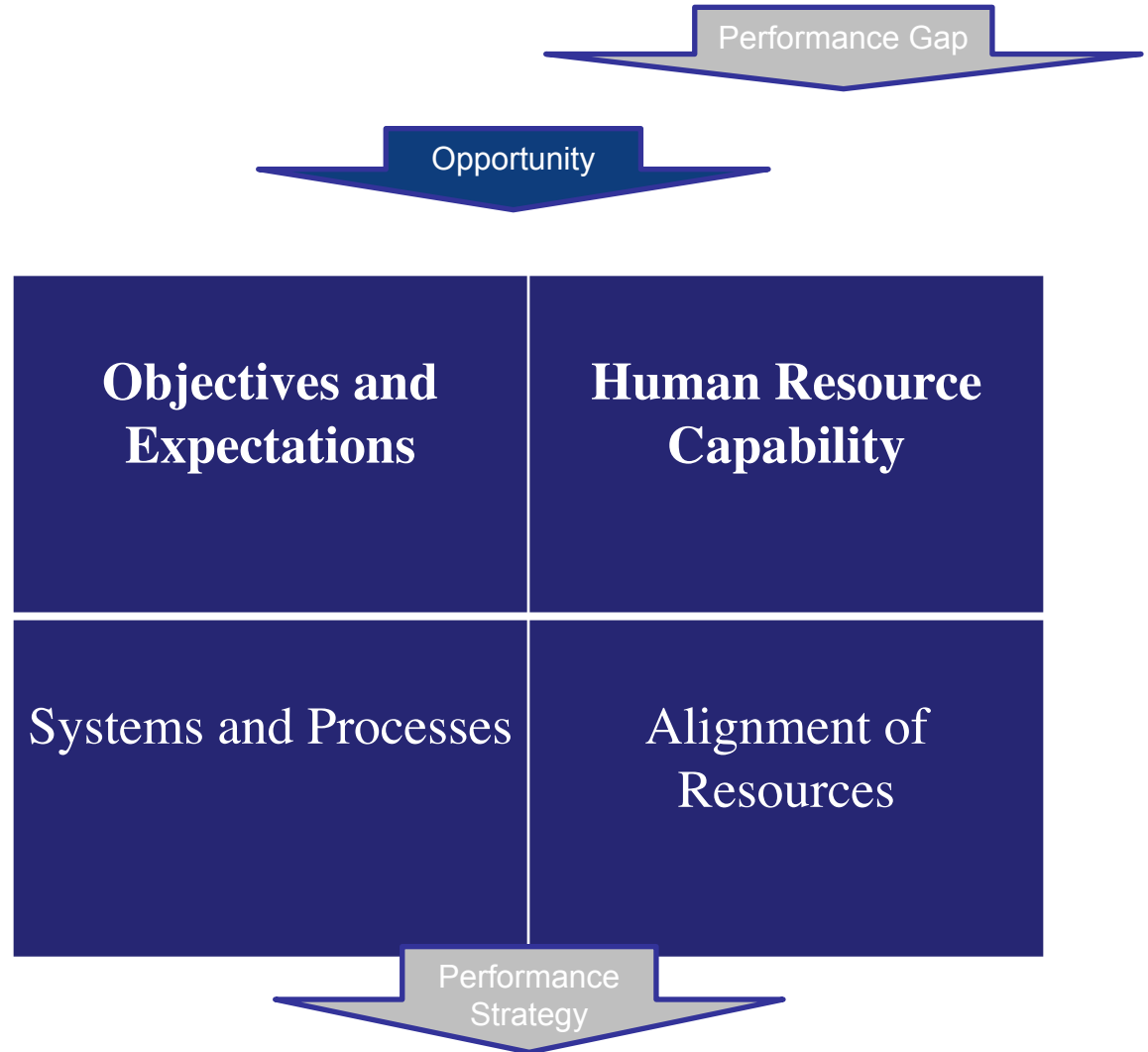
Operations is all about how work is organized and performed

- The goal is execution: getting work done
- It's about the details, but also the high-level organizing structure

Operations is focused on *business processes*

Operations uses resources to transform inputs into outputs

*The  
Integrated  
Performance  
Development  
Model<sup>®</sup>  
(IPDM<sup>®</sup>)*



# Outline

Build an Operations Strategy Framework

See the framework in action at Southwest Airlines

Apply the framework to your organizations

Wrap-up & Summary

# Operations Strategy

A strategy is a well coordinated set of objectives, policies and plans aimed at securing a long-term competitive advantage. It provides vision for the organization.



Corporate

What business are we in?



Divisional

How do we compete in a given business?



Functional

What is the role of operations in the business?

# Operations Strategy – Three Components

**Mission**

Operations Objectives

Management Levers

# Mission of Operations

- States a purpose for operations and priority among objectives. It specifies the primary task which must be achieved for operations to succeed. It is derived from the business strategy, objectives, and the particular business situation.
  - » Corporate mission statement:  
what you do, who you are
  - » Operations mission statement:  
focused on the operations function

# Social Grilling



**Purpose:** We strengthen community by bringing families and friends together.

**Mission:** With Social Grilling, iBBQ is committed to rekindling the tradition of families and friends coming together in the evening to have dinner – *together*. ***We bring people together!*** <sup>TM</sup>

**Vision:** To transform the family and community *al fresco* dining experience.



# Mission Statements

## Company

To provide customers with the best high-temperature metal cutting products and services in the world and to provide for the development and well-being of our Associates.

## T&C Team



**Hypertherm**<sup>®</sup>



Provide torches and consumables, which exceed our customers' expectations for quality, delivery, performance and value at the lowest possible cost. Provide for the development and well being of our associates.

# Operations Strategy – Three Components

Mission

**Operations Objectives**

Management Levers

# Operations Objectives

Cost

Quality

Delivery

- Speed
- Reliability

Flexibility

- New Product/Service Introduction
- Volume
- Product/Service Mix



# Winners vs. Qualifiers

Qualifier: must have to enter market

Winner: feature that leads the customer to choose your product or service

Consider the “3 C’s” when ranking objectives:

- Customers
- Competitors
- Capabilities

# Dimensions of Quality for Physical Goods

- Performance
  - » Primary product characteristics
- Conformance
  - » Meeting specifications
- Reliability
  - » Frequency of field failures
- Durability
  - » Length of product lifetime
- Features
  - » “Bells and whistles”
- Serviceability
  - » Speed, courtesy, or competence of repair
- Aesthetics
- Perceived Quality



# Dimensions of Quality for Services

## Tangibles

Physical facilities, equipment, appearance of personnel

## Reliability

Ability to perform the promised service dependably and accurately

## Responsiveness

Willingness to help customers and provide prompt service

## Assurance

Knowledge and courtesy and ability to convey trust and confidence

## Empathy

Caring, individualized attention

# Operations Strategy – Three Components

Mission

Operations Objectives

**Management Levers**

# Management Levers

- Facilities
- Capacity Management
- Vertical Integration
- Human Resources
- New Products / New Services
- Process and Technology
- Quality Management
- Inventory Management
- Production Planning & Scheduling
- Supply Chain Management



# Summary

Establish a framework for an operations strategy

- Operations mission statement
- Operations objectives
- Operations levers

Goal: define a consistent direction and establish how to get there