Five operational strategies for sustained business performance

By David Hand

"Operations" in many organisations tends to be the poor relation compared to more prestigious areas such as Marketing, I.T., Finance or Sales. It tends to be an area that people aspire to be promoted away from to more glamorous and higher rewarding roles elsewhere in the business. This is unfortunate because operations tend to be the heart of what the business does. The following operational strategies enable any organisation to sustain high levels of operational excellence.

1. **Clear unambiguous operating standards**

   Operating standards are the vital basis for improved performance because they provide the expectation or performance target required for success. Performance standards must however be demanding, only achievable if nothing goes wrong. This is where budgets are completely unsatisfactory. Budgets are financial tools that enable a business to operate profitably and as such, have contingency built into them. So when your manager says, "We met budget", he means, "we achieved the performance level with the stuff ups and missed schedules that we allowed for." A decent operating standard should have no contingency built in at all. This means that if you don't meet it, something went wrong. This is what we call a variance.

2. **Active management**

   Any operating problem that busts into your office and finds you will generally be far more costly, disruptive and be harder to solve than if you go out and find it. Active management simply means going and having a look at progress. At senior levels, operating reports with decent indicators give early signs that things need to be looked at. At the front line, and first level manager or team leader who does not know how his or her team is progressing during the day is not in control of the process.

3. **No fear of variance**

   In managing any process, variance is the sign that improvement is possible and as such should not be feared. Most fear of variance occurs when managers mix up the needs of the business to perform well and their personal need to be successful. If the plan is 10 and you get 8, it is much more comfortable for the manager to reduce the goal to 8. Thereby, the manager is now successful by meeting plan even though the organisation is missing an opportunity to operate 25% better. A much more effective performance is achieved by confronting the variance and exploring its root cause. Most operating problems are not caused by people who are negatively affected by them.

4. **A management operating system**

   Any process requires management tools ahead of the event for forecasting workloads and planning the execution of it. At the point of execution, the plan needs to be adhered to as much as possible. In far too many processes, the day's work is disrupted in order to meet a needed outcome which results in a cascading impact onto other outcomes and a vicious cycle of high stress firefighting becomes the norm. After the event, clear operating indicators delivered within hours of the work period are vital to maintain control. Prevention is the watchword of an effective management operating system. Stopping things happening is not a glamorous as making things happen but it is far more significant to sustained operational performance.

5. **A no blame culture**

   It is a very difficult thing for any manager to separate his or her own career performance aspirations from their accountability towards the performance of their business unit or team. When something goes wrong, the temptation to invest time and effort in shifting blame rather than focusing on the root cause of the issue is almost overwhelming. The fact is that when a problem occurs, particularly a disruptive one, it is almost certain to have complex, multidimensional causes. Finding a person to blame is then almost impossible. The best organisations don't do this. They say, "Human error is inevitable so we must change something here to eliminate the possibility of human error causing this problem again".

In most cases, operations management is where businesses succeed or fail. Bad strategy can destroy a business but a good strategy executed poorly can be just as damaging to customers, suppliers and profitability.