

- Business Excellence Maturity Timeline Explained.
- The 3P: Purpose, People, Process.
- Our Passion In Action.



In Search of Business Competitiveness

In the early 1970s, Dr. Joseph M. Juran was one of the few experts at the time who was teaching Japanese business leaders how to improve quality. As more companies adopted the methods of Juran, W. Edwards Deming and others, Toyota's operational excellence movement grew. Today, many manufacturing and service companies use operational excellence strategies as their sole purpose to create lean operations and be extremely competitive.

Apple launched their first computer in the late 70s; IBM followed in the early 80s. Bandwidth has doubled in speed and reduce its cost every nine months. A smart phone has more computing power and storage than the entire planet when back in the late 70s. General Electric, once the shining star of Six Sigma, has fallen into trouble. Motorola fell from grace in the cell phone market to be replaced by iPhones and Galaxies.

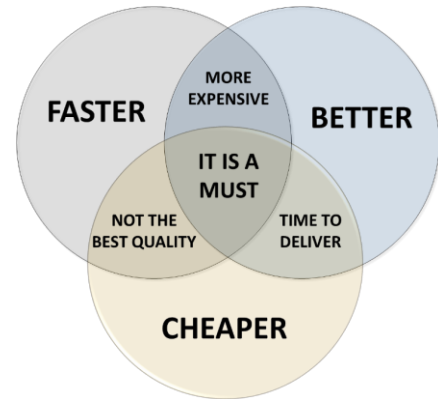
Yesterday...



We cannot longer say that quality is about getting better, faster and cheaper, and picking two of the three, because the paradigm has shifted. Google, Amazon and Apple have taught people you can get whatever you want free, perfect and now.

The old trial-and-error, gut-feeling approaches to improving performance are too slow and error-prone to deliver anything close to free, perfect and now. The only hope for any business has been to adopt the methods and tools to simplify, streamline, and optimize performance.

Today...



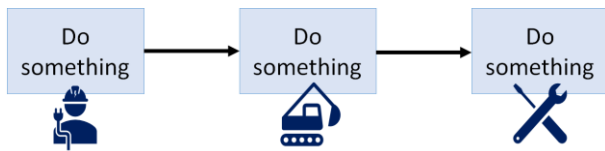
Businesses must learn how to eliminate the thieves of productivity and profitability: **delays, defects and deviations**, and look for processes that can be measurable, repeatable and predictable.

When we eliminate delays, it makes a product or service now. When we eliminate defects and deviation, products and services become perfect and reduces costs so that products and services become more affordable, sometimes even free.

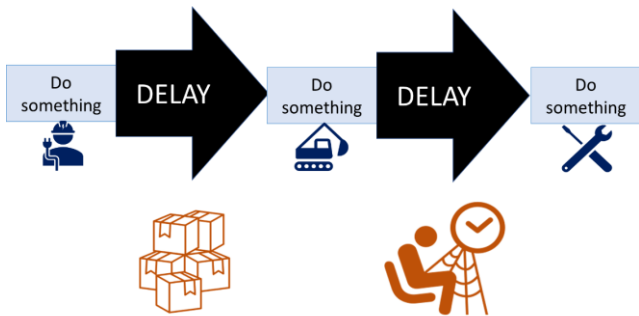
The Agile Business Excellence

A Deloitte survey from 2017 found that 79% of global executives rated agile performance management as a high organizational priority. Also, in 2017 a Harvard Business Review article on problem solving found that 85% of C-suite executives say their companies struggle with problem diagnosis, not problem solving, and that this comes with a significant cost. Joseph Juran often said that companies spend 25-33% of costs on waste and rework. This is the hidden cost of problems.

Businesses need to stop managing activities (number of teams started) and start managing for outcomes. When we look at a process flow, we see a flowchart that looks like this:



When we give a closer a closer look, there are delays, piles of products, work in process, inventories, people wondering around in between processes:



To maximize returns and minimize costs, we should target the few crucial areas that are inducing most of the defects, delays, and deviations that lead to the **loss of profit** and **productivity**.

However, here comes the tricky part: **Change**.

The Culture of Change

Most companies and business owners can understand the above statements, but to accept the chance to actually do it, it is a new whole challenge.

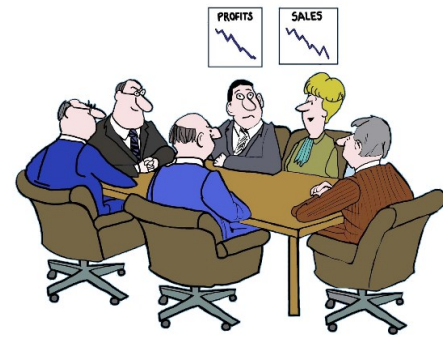
It has been our experience that almost all successful Business Excellence initiatives are driven by one of two motivating factors. The first factor is obvious when the company is **looking for survival** and is on the verge of going broke. Under these circumstances, it is easy to get people's attention.

However, another common factor occurs when our customer says we must implement an outstanding management system in the company; they say, *"If you wish to continue doing business with us, you must be more competitive, never fail, deliver in a shorter time and offer a lower price."* In the end, both are about the same issue: **survival**.

Thus, the one thing that is consistent in life is change. We can either manage the changes or we can let them manage us. Business Excellence focuses on continuous improvement or managed change.

Nonetheless, a lot of the business willing to change has to do with **Culture**. **Culture is like the wind**. It is invisible, yet it is the effect

we can see and feel. When it is blowing in our direction, it makes for smooth sailing. When it is blowing against us, everything is more difficult.



What if we don't change at all...
And something magical just happens ?

For organizations seeking to become more adaptive, competitive, and innovative, culture of change is often the most challenging part of the transformation. Innovation demands new behaviours from leaders and employees that are often antithetical to corporate cultures, which are historically focused on operational excellence and efficiency.

But we cannot achieve a culture of change through top-down mandate. It lives in the collective hearts and habits of people and their shared perception of **"how things are done around here."** Someone with authority can demand compliance, but they cannot dictate optimism, trust, conviction, or creativity.

Culture of change only happens when people **act**. While articulating a mission and changing company structures are important, it is often a more successful approach to tackle those sorts of issues after we have been able to show people the change we want to see.

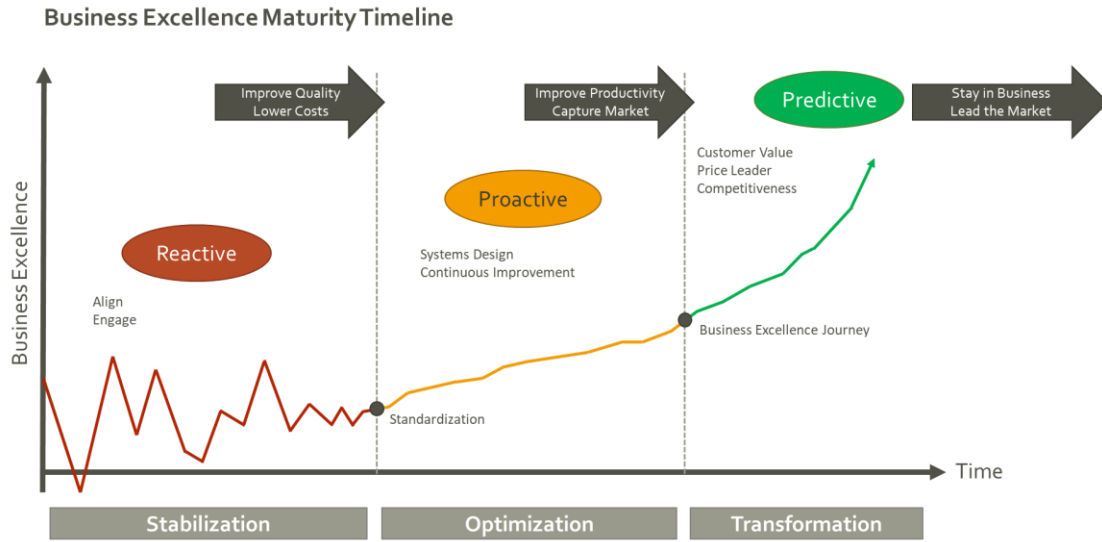
The PathStone Group Strategy

Many consultants, or such called business coaches would like us to believe that Lean management and Business Excellence (BE) strategies are a mystical state of mind, something which takes years of experience and astute business know-how to understand or implement. The evidence shows that Lean and BE are a natural way of working, not something we have to study and practice devoutly for decades to understand. It is the common belief that Lean and BE are magic, the biggest blocker to progress. We have heard time and time again, *"It can't be that simple"* but yes, it is, really, it is.

The business leaders or business owners just need to understand in which stage the business is standing, this is the **Business Excellence Maturity Timeline**.

Once we know if the business is in **Reactive**, **Proactive** or **Predictive** stage, we must frame a strategy aligned to its **Vision** and **Mission** considering the company's **Purpose**, their **People** (culture) and the core **Processes** to improve.

The timeframe will depend on the current business culture, the 3P's connection, and the size of the business. In our experience, that Stabilization takes from 8 months to 1 year, another 2 to 4 years to achieve Optimization, and additional 3 to 6 years to live the Transformation. It all really depends on the top leadership,



When a business is still in a Reactive stage, **Stabilization** methods are necessary. Some of these methods or tools are the focus of the 3D's previously mentioned (Defects, Delays and Deviations). We also initiate a Data-Driven culture, implement KPIs aligned with the business Mission among other tactics. The goal at this stage is to **Improve Quality** and **Lower Costs**. The result is Standardization for the core business processes.

The Proactive stage will require the **Optimization** methods. We use focused training for Directors, Managers, and front-line team members. We also need to review and improve the Quality Management System, build SWAT teams, and form management into world-class problem solvers. The goal here is to **Improve Productivity** and allow the company to capture or recover **Market**. At the end of this stage, the business should be ready to commence a Business Excellence Journey.

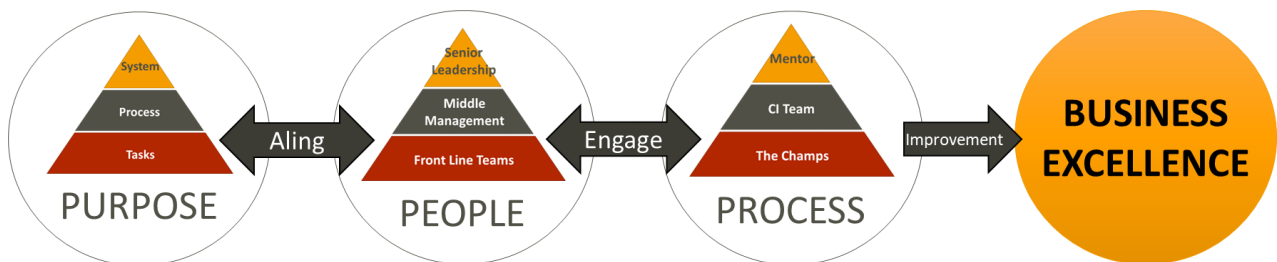
their engagement, support, and involvement from the beginning all the way through the transformation journey.

Purpose needs to be aligned with the People. People need to be engaged to the Processes, and the Processes must Improve, the result: **Business Excellence**.

PURPOSE

The Purpose is the **Fuel**. The strategic systems required to be positioned across the business.

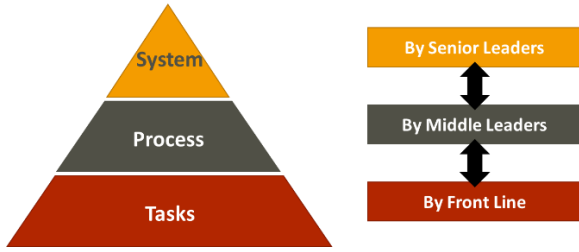
Bottom up and Top down. Achieving progressive results requires the precise integration of systems, procedures, and tasks among all operational teams. The Systems are led by Senior Leaders and aligned with the Mission and Vision. They need to provide timely communication to their managers.



The Predictive stage is where the **Transformation** begins. Continuous learning, automation (Industry 4.0), and a solid **Leading Change Framework** are implemented. The goal is to stay in business and thrive, **lead the market** becoming **price leader**, providing **customer value** and be **amazingly competitive**.

Managers oversee the processes and communicate and engage with the front-line team members to perform the task, the tactics. Thus, at every level, everyone knows their purpose and the why of doing things. This builds engagement and business culture with direction.

PURPOSE



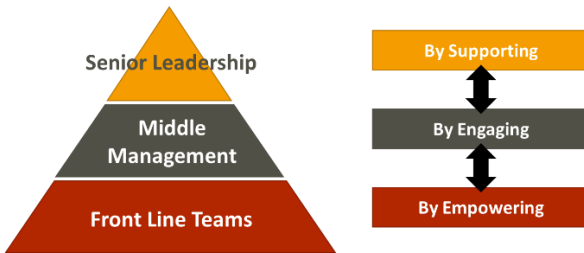
PEOPLE

People are the **Drivers**. Assessing and improving the culture and its impact to build a transformation journey.

Leaders at all levels must have a thorough self-awareness and the proper tools of delegation, coaching, mentoring and instruction to maximize their capabilities.

Senior leadership engages in supporting their managers; and managers must engage in empowering their front-line teams. The front-line teams become strong problem solvers, and champions in their own areas. It is essential to ensure the ongoing education and instruction in particular fields as the company advances through its maturity timeline.

PEOPLE



PROCESS

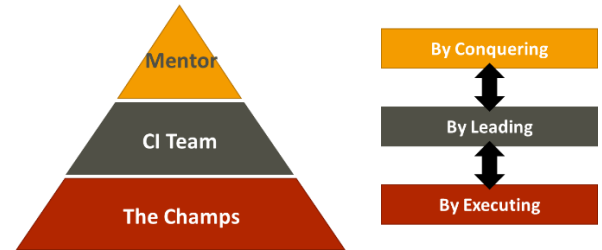
Process is the **Engine**. Assessing the core processes required to operate effectively.

Developing skills and experience is critical for delivering improvement and sustain the gains. Applying suitable lean tools is essential to facilitate learning and implementation.

The senior leadership team act as a mentor at the strategic level to promote the Continuous Improvement initiatives through a dedicated team. The CI Team leads the projects that were previously aligned with the company's mission. The front-line teams and their managers become the Champions to execute the improvements. They are, of course, the process owners and as

owners they embrace the improvements. This solidifies the sustainability. Also, the team can implement robust process optimizations because they are involved since the beginning, the "buy-in" is seamless. Again, this approach will build strong business culture and more adaptability to change, thus business competitiveness.

PROCESS



What is Next?

Boasting over forty years of accrued experience, the PSG Team have come from the battlefield, and have experienced first-hand the challenges of manufacturing and services industry. We are not a conventional consulting firm that recruits inexperienced university graduates and relies on highly priced mentors. We are battlefield consultants, hands-on and deployers of robust solutions for business competitiveness. More than consultants we are "**Resultants**".

Our first recommendation is to invest in the **Business Excellence Maturity Assessment**. We walk the processes end-to-end together with the business key stakeholders. We assess people, processes, and purpose. We will connect and approach to all levels in your organisation, from senior leadership to front line employees.

The result will provide the stage in where your business is currently standing. Then, we propose a strategy with different levels of commitments to adjust to the company requirements.

The Journey begins...

Let's Work Together

Bring PathStone Group to support your Business Excellence journey in your Organization

Contact Us

"We are what we repeatedly do. Excellence, then, is not an act, but a habit."

Aristotle.

