What is Operational Excellence?

Operational Excellence is a relatively simple phrase in English. A search for the keyword operational excellence in the online dictionaries should provide good definitions for it. However, the dictionary search resulted in no match! A further search for individual word of “operational” and “excellence” yields the followings:

“Operational”: 1) of or pertaining to operations 2) Fit or ready for service; available and in working condition;

“Excellence”: 1) the state, quality, or condition of excelling; superiority. 2) something in which one excels.

The merging the two definitions do not provide a better insight into the understanding of operational excellence; hence, it is necessary to expand the search to the internet. The internet search yields two results:

From “Wikipedia” - operational excellence is a philosophy of leadership, teamwork and problem solving resulting in continuous improvement throughout the organization by focusing on the needs of the customer, empowering employees, and optimizing existing activities in the process”.

From “Institute for Operational Excellence” - operational excellence is when each and every employee can see the flow of value to the customer, and fix that flow before it breaks down”.

These definitions provide additional emphasis on leadership, teamwork; customer needs, optimizing company capabilities, and continuous improvement that go beyond “do good works to achieve objectives”; however, they still do not inspire enough for one to feels as a part of them or link to them. More searches on the internet resulted in the following definitions:

Operational excellence is:

- The goal of conducting business in a manner that improves quality, obtains higher yields, faster throughput, and less waste.
• The state or condition of superiority in operations and execution of business processes

• The practice that smart companies apply by streamlining core operations to gain efficiency, by applying relevant performance indicators and looking to achieve an alignment with business strategy.

• Delivering what the customer wants at the price they want it, the quality they are prepared to pay for and with a margin to keep the business viable and staff happy

• Getting done what you said you would get done... better/quicker/bigger/stronger/faster than what is expected

• A business strategy in which a company provides products that are neither the best nor the worst on the market, but with the best price and the most convenience for customers.

• If a company's . . . sales are more than expenses, customer expectations are exceeded, employees are happy, . . . then a company is operating efficiently

• Operational Excellence is the result of applying the scientific method to achieve the goal of a business

• Performing similar activities, which outperform the competition. It is the optimization of the organization, structure, processes, resources and knowledge. To have a deep understanding of the process: its "customer related raison d'être" external benchmarks, key process steps, values, inputs and outputs together with the establishment of process control parameters - upper & lower control limits

• From Chevron company - The systematic management of safety, health, environment, reliability and efficiency to achieve world-class performance

• Operational excellence is demonstrated by results that reflect

• Sustained improvement over time

• Improvement in all areas of importance

• Performance at a level with ‘best in class’ organizations

Wow! That is a lot of words, it seems that these definitions described everything that one can possibly relate to operational excellence; however, they are still not very inspiring. So, with these definitions as reference, I came up with the following definition
for operational excellence that might work for most people, in most cases: operational excellence is:

“The state of achievement for the good work one does to fulfill the desired objectives in the delivery of products and services that satisfies customers and the ability to continuously improve the work”

“Good work” here means the use of effective processes/practices to get the expected results and the achievement of efficiency in execution. “Fulfilled the desired objectives” means the work provided results that meet all scope, schedule and resources requirements. “Customers” means the people who will receive the resulting products and services; this includes both the internal and external customers. “Continuously improve” means make the work faster, cheaper, better, and more productive.

In a nutshell, operational excellence is the achievement state for the work one does to achieve the desired objectives. For an example, if the objective is to have high product quality; operational excellence for the quality assurance activities is the achievement of high product quality due to the:

- Availability of a clearly defined quality objective,
- Communication and the alignment of all stakeholders around it,
- Executive support for the fulfillment of it,
- Mastering of the necessary quality assurance activities,
- Effectiveness and the efficiency of the execution of the activities,
- Ability to track, to control, and to continuously improve the quality assurance activities, and
- Ability to sustain the achievement of high product quality.

Summary

Operational excellence is the achievement state for the works one does to achieve the desired objectives. Operational excellence concept can be applied for any of the types of work we do: engineering, planning, accounting, marketing, etc. The achievement of operational excellence for the work one does is the necessary requirement for success; once the company has achieved the operational excellence objectives; from the company level, to the team and to individual level; operational excellence will enable and drive the achievement of the desired objectives and set the foundation for sustaining success into the future.
Based upon the lifelong learning in helping people making improvements or doing better in the works to achieve their objectives, the operational excellence framework and its associated methodology were developed to provide the necessary implementation guidelines and practices to enable the achievement of the desired objectives at work.