

Introduction

The Return on Your Investment

You are about to make an investment, an investment of your valuable time. As a leader, you could spend your time on many different activities in order to grow the business that you work for. At this time, you have chosen to read this book. Like any good businessperson, you are looking for a return on your investment, an ROI. Here, the return is knowledge, but it is not historical knowledge of what other companies have done and what they believed in that led them to achieve their success, it is not management knowledge concerning leadership and other traits that have helped companies turn the tide and grow, and it is not academic insights that provide basic concepts along with simple examples. The return you will receive from reading this book is knowledge about how to *design the operation* of a company, not just to continuously improve the organization, but to create perpetual business growth.

For a minute, think about how an engineer designs a bridge, a building, an aircraft, or any other product so that it will perform properly and carry out its function. He uses the laws of physics, design criteria, and design principles to create something that, when brought to life, will function as intended. This design is given in detail in a blueprint, which provides the physical dimensions and tolerances for the product. It may also provide assembly instructions and notes on how to put the product together. Perhaps the design gets modified after testing, but the basic fundamentals—the laws of physics, the design criteria, and the design principles—do not change. Once the bridge, building, or aircraft is built, the people who operate and maintain it use it in the way in which it was designed to be used in order to achieve optimum performance.

Contrast the engineer's work and the resulting process with the way we design and run our business operations. We look for good people, leaders, and managers with knowledge and experience. Then we let them adapt their expertise to our specific corporate culture and the tasks that we carry out. Once we have hired them, we trust these new employees to redirect and reorganize our operations and make the changes that they see fit based on their knowledge and their previous experience.

Imagine what would happen if we hired engineers and allowed each one of them to design a bridge, building, or aircraft as she saw fit, ignoring the laws of physics, design criteria, and design principles. Then we let these engineers build these objects without a blueprint that shows the final product, its exact dimensions, and the construction notes. Suppose we hired these engineers because they interviewed well and their résumés stated that they had designed bridges in the past. We then let them design a bridge that they *thought* or *believed* could support eight lanes of traffic. Or maybe we let them design a building that they *thought* could be 20 stories high, or a jumbo jet that they *believed* could fly with only two engines, and we allowed them to build these designs because they were created based on the engineers' personal knowledge and experience.

Let's not forget the day-to-day operation of these devices, either. Without any design parameters governing how these items were to be built, each individual manager who worked with them would simply seek to improve his specific area the best way he knew how. If these items were not engineered to support the correct loads and were not operated as designed, would we want to drive on that bridge, live in that building, or fly in that aircraft?

The answer, of course, is no, and yet something similar happens when it comes to designing our business operations; there are no "laws of physics," design criteria, design principles, or blueprint to follow that enable business growth. In the past, there has been only the knowledge and experience of the people that we hire—until now.

In this book, we provide the laws of physics, design criteria, design principles, and, most important, the blueprint to follow in order to achieve Operational Excellence. When these are implemented, the result will be an operation that will drive overall business growth. We also provide the operator's manual explaining how to prepare people to jump to Operational Excellence and how to work in an environment of Operational Excellence in order to perpetually grow the business. As you can see in the case studies, the net result of designing operations using principles and teaching the employees how to work the operation as designed is quite powerful. Businesses have gone beyond continuous improvement and leapfrogged their performance (and their competition) by designing their operations to achieve Operational Excellence, and they have done so in a relatively short amount of time.

While we primarily discuss achieving Operational Excellence in companies that have manufacturing operations and office environments, the design principles can be applied to just about any business. This includes hospitals, banks, financial investment companies, service organizations, mining companies, process industries, insurance companies, logistics companies, universities, and even governments.

While we may use some engineering language to describe the content in the following chapters, the knowledge isn't technical; it's practical, and just about any company can use it. The information provided is a step-by-step process to follow, a methodology that enables a company to improve farther and faster, while creating a structure that perpetually enables growth. This methodology also provides substantial business results, which include

- ◆ A significant jump to true Operational Excellence in a short amount of time. Small companies can do this in months. Larger, multisite companies can do it in one or two years.
- ◆ For those of us who have embarked on a continuous improvement journey, the knowledge that programs that target waste

elimination and cost reduction are a by-product of achieving Operational Excellence and creating *business growth*.

- ◆ An operation that will “start” every time it receives an order from the customer and will run smoothly from the time it receives the order to the time it delivers that order to the customer.
- ◆ A business that can adapt to changing markets and customer needs rather than react to them.
- ◆ A new concept and a new business growth model that is teachable to every (and we mean *every*) employee.
- ◆ A significant competitive advantage. As you can see in the case studies, it will be hard to compete with a company that has achieved Operational Excellence.

It may seem difficult to believe that there is knowledge that can deliver these results and more. Maybe it is hard to be convinced that by following a step-by-step methodology and implementing a design for business operations a company can achieve Operational Excellence and thrive in a short amount of time. It is possible to think that it is unlikely that business operations can be designed to enable business growth, but they can.

To help put the way we can design our operations to enable business growth into perspective, let’s start by providing the four major concepts behind the process. The concepts are not difficult to understand. In fact, you’ll probably agree that these ideas just intuitively make sense:

1. Continuous improvement is *not* about eliminating waste. It’s about setting up an operation that will enable perpetual business growth. The process is *not* about creating a vision, then driving improvements toward that vision. It’s about setting a *destination* and reaching it. Instead of continuously improving the company in the direction of a vision, we want to move the company from point A to point B in one large, quick jump. For those of you who know about lean concepts, you

may wish to think of it this way: *there is a destination to the lean journey, and that destination is Operational Excellence.*

2. There is a road map for getting to the destination. The road map comes with a compass that tells us whether we are heading in the right direction. There are also signposts along the way that let us know whether we are going in the right direction or whether we have gone off track. We simply have to know where to look for these signposts and how to read them.
3. Operational Excellence is not a myth. There is a clear-cut, practical definition of Operational Excellence, and there is also an “acid test” to let us know when we have achieved it. We will learn this practical definition and how to achieve it throughout the text.
4. The fourth and final concept is simple—if we know exactly where we are going and have a road map and directions that tell us how to get there, *we will get there a lot faster.*

With all this having been said, what’s the true return on your investment? The true ROI for the time spent reading this book comes from implementing a design for business operations that results in increased market share, competitive advantage, business growth, and shareholder value. How do you get this return? By learning the operational design to grow your business presented in these pages.