

Execution Success With an Operating Strategy

During the annual strategic planning process, a company typically outlines various strategic initiatives that lead the company towards its strategic goals and delivery of value. Unfortunately, many companies do not achieve these goals because they do not have a clear plan for delivery and execution. An Operating Strategy helps companies turn their strategy into action. The following items should be considered in developing your Operating Strategy.

1

Guiding Principles.

Guiding principles help set the framework for your overall operations. Is your company a fast follower or a leader? Do you look for breakthrough approaches or evolve continuously? Do you need scalability or flexibility (or both)? Do you need central control or more autonomous control distributed across your company? Answer these questions to help provide guidance in developing more detailed operating procedures.

2

Culture, Behaviors, Skills.

People drive the work in your company. What skills are required of your workforce? Evolve the current skillsets to match “where the puck is going”. Automation and new operating models demand new technical and knowledge worker skills. Cross functional, agile teams are becoming more prevalent as companies relentlessly pursue delivery of customer value. Enable and empower people to maximize performance.

3

Organization.

Organize to support your business strategy. Companies can organize vertically along business lines or geographies or can organize horizontally along functions like engineering, sales, and manufacturing. Some take a hybrid, matrixed approach. Defining the intersection points and how to interact across structures is critical for efficient operations. Flatten the organization and push decision making down as low as possible. Reduce friction across organizational boundaries to increase speed of execution.

4

High-level Business Processes.

Companies often get stuck thinking in terms of functions rather than on how they deliver value. High-level Business Processes outline the value streams. Decompose the High-level Business Processes to lower level steps that taken together deliver value to the customer (internal or external). Optimize for efficient operation and eliminate waste. Aligning business processes helps avoid gridlock and promotes collaboration across teams.

5

Business Systems and Technology.

Traditional business systems and technology have typically been rigid and require costly development and maintenance. Companies should rethink their systems strategy in order to drive more agility and speed. Cloud-based, public computing is a new systems paradigm that companies are beginning to adopt. The benefits they are seeking include lower capital investments, elasticity of computing for peak needs, faster deployment of new solutions, or lower development costs from SaaS (Solutions as a Service) providers.

6

Infrastructure.

What facilities/locations and equipment do you need to operate? Is it important for you to own your infrastructure or are there advantages to lease or outsource? What is your site strategy? Many companies are finding benefit by co-locating teams as much as possible for greater collaboration.

7

Metrics.

The old adage, “you get what you measure” applies to the Operating Strategy. Success measures should be set across each dimension of the Operating Strategy and tied to support the business goals. A balanced scorecard aligns the organization for operating excellence. A dashboard makes metrics visible and helps maintain focus. Reward mechanisms should be established to motivate the workforce for successful achievement.

About the Author

Brian Walker is a Senior Director at Kenny & Company. With 20+ years of business, technology, and consulting experience, Brian has led work with executives at Fortune 500 high technology, manufacturing, telecommunications, consumer products and hospitality companies to successfully realize value through large scale integration of people, processes, technology and strategy. Brian has led projects in Business Operations, Process Excellence, Lean/Agile, Program Management, Systems Integration, ERP, Change Management, Business & IT Strategy, Supply Chain Management, and Finance. Brian is a Certified SAFe® 4 Program Consultant (SPC), Certified Scrum Master (CSM) and Certified in Production and Inventory Management (CPIM).

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