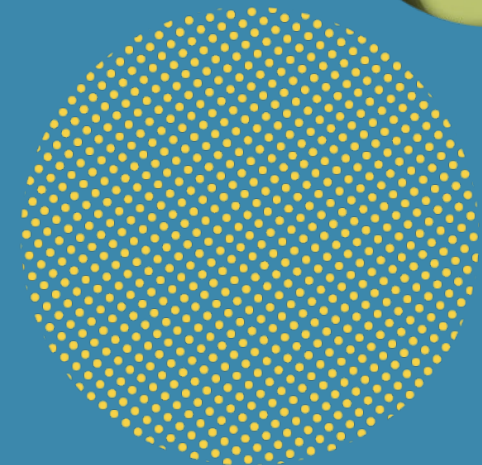


UHY Executive Briefing: Operational Excellence

June 15, 2022

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Agenda

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Defining Operational Excellence

2

Current Business Challenges

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Leveraging Operational Excellence

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What is Operational Excellence?

Operational Excellence is a mindset that leverages principles and tools to create sustainable improvement in an organization

The end goal of Operational Excellence is to **ensure customer expectations are met** on an ongoing basis by **continuously improving the processes** by which a business operates



Current Business Challenges



Current Business Challenges

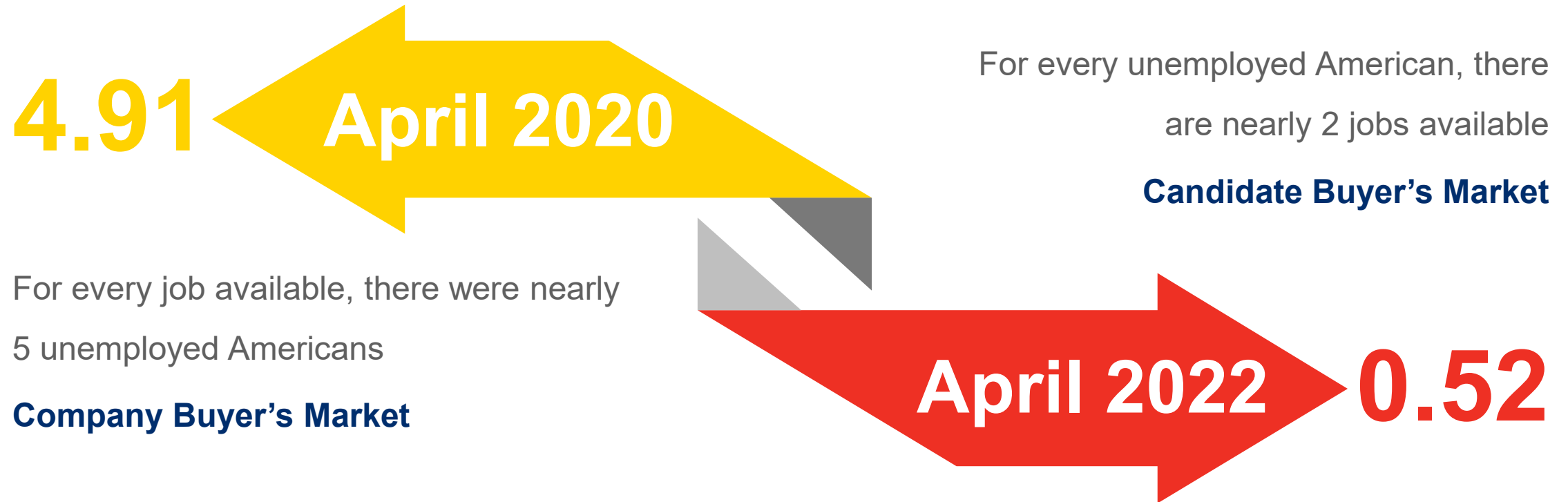
Labor Market Volatility	<ul style="list-style-type: none"> • U.S. companies struggling to attract and retain talent with more open jobs than job seekers • Growth opportunities and poor work-life balance are leading causes for departures
Changing Workplace Flexibility Expectations	<ul style="list-style-type: none"> • With the increase of remote/hybrid working arrangements, employees expect more flexibility
Lagging Process Improvement	<ul style="list-style-type: none"> • Companies utilized quick-change solutions and hard work for inefficient processes in 2020 • Employees' stress and work-life imbalances are taking their toll and costing real dollars
Digital & Technology Gaps	<ul style="list-style-type: none"> • Digital transformation strategies were planned in years • Changing environments have compressed those plans into months
Hypercompetition & Uncertainty	<ul style="list-style-type: none"> • Businesses re-evaluated strategies and realizing new revenue opportunities with COVID • Rapid transformation brought prosperity to agile companies and heartburn to slow movers

POLL:

What is the greatest challenge for your company today?

- A. Volatility in the labor market
- B. Changing expectations for workplace flexibility
- C. Process improvements that are lagging
- D. Gaps in digital technology
- E. Hypercompetition and uncertainty

Ratio of Unemployed Workers to Job Openings

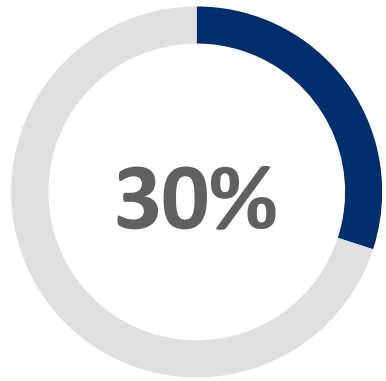


Labor Market Volatility

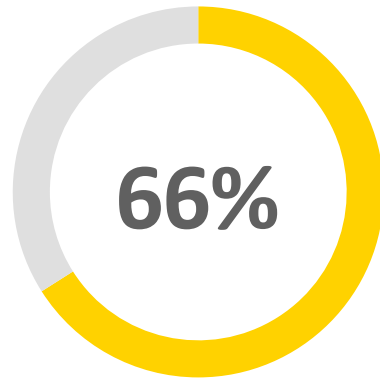


- May 2021 – Labor shortages returned
- April 2022
 - **11.4 million job openings**
 - **5.9 million people actively looking for work**

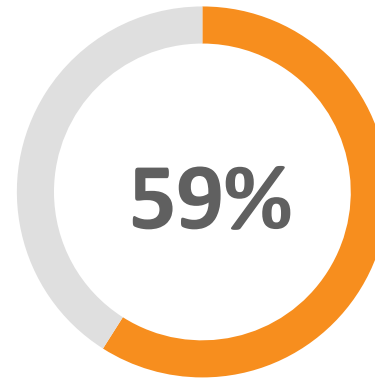
Why are employees leaving?



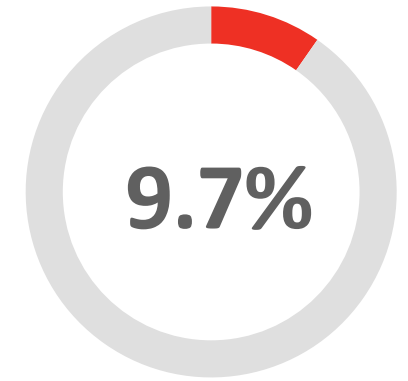
Voluntarily left jobs
in the US in 2021



Plan to search
for a new role at a new
company in the next 12
months



**Perceived
misalignment**
between company values and
their own values

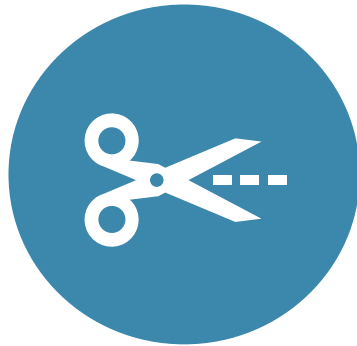


Cited higher pay
as the primary reason for
leaving jobs

Are your mission, vision, and values clear and understandable?

The True Cost of Employee Turnover

Losing an employee typically costs approximately 33% of their base pay



**Separation
Costs**



**Replacement
Costs**



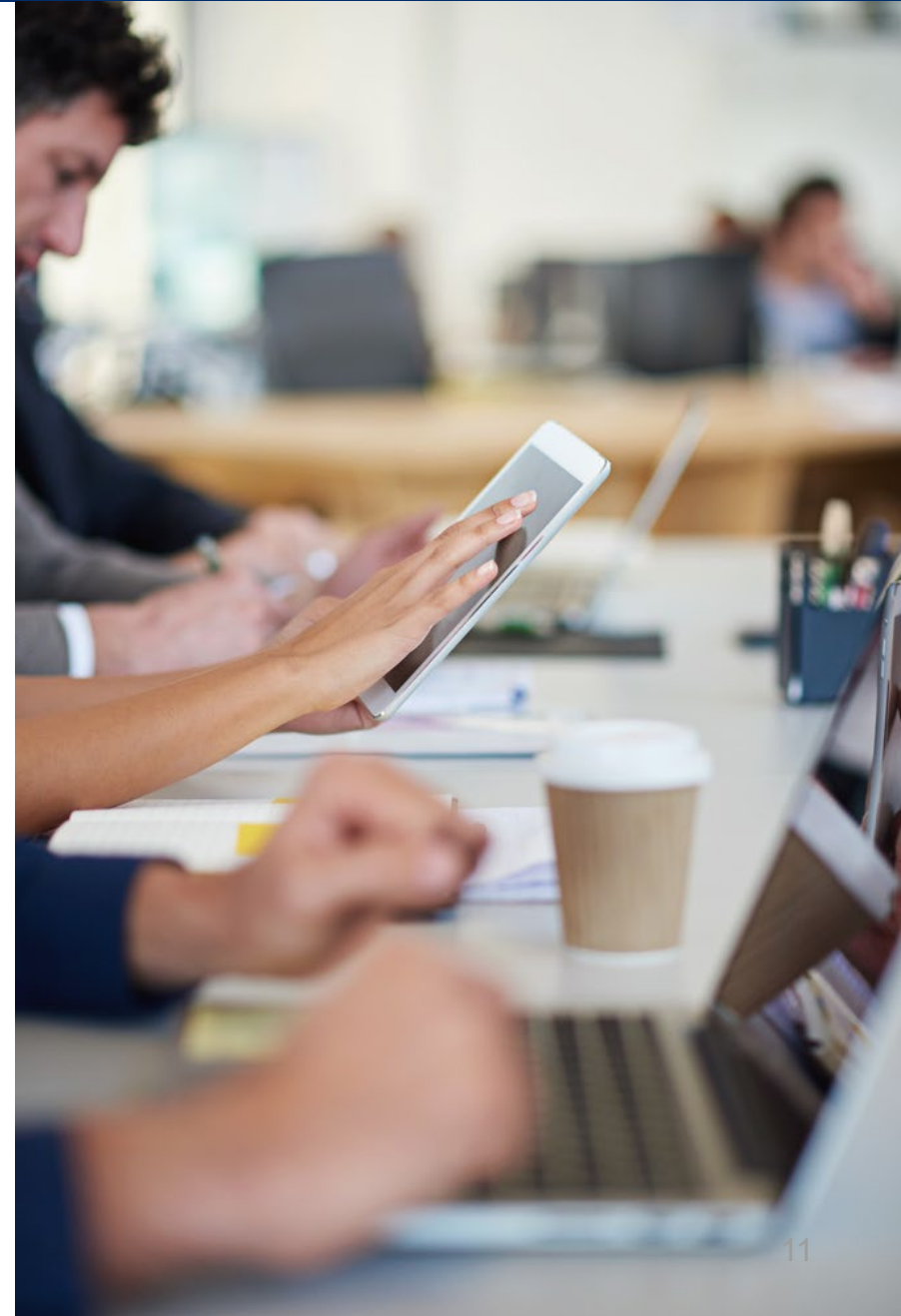
**Training
Costs**



**Lost
Productivity**

Changing Workplace Flexibility Expectations: **The Table Stakes**

Employees expect **processes** that don't require brute force and **technology** that enables, not prevents, efficient work.



Lagging Process Improvements

2007-2008:

The mortgage crisis changed the economy

- Change in consumer spending

2020:

Pandemic accelerated the changes in the economy **AND** how businesses needed to function

- Change in consumer spending
- Supply chain snarls
- Move to working remotely from home



Business Continuity: an organization's ability to maintain essential functions **during** and **after** a disaster has occurred.

Digital & Technology Gaps

In 2021, organizations **wasted nearly 10%** (\$94 million for every \$1 billion invested) in new technology solutions due to poor project performance.

The Project Management Institute (PMI) reported that **47% of all technology implementations were cancelled or delayed** due to poor project management discipline.



Hypercompetition & Uncertainty

2020

2022



- Full shelves of summertime goods
- Consumers buying food and fuel
- Supply chain uncertainty – no contingency plans
- Downstream impact

POLL:

Which best describes your readiness for process improvement?

- A. “We revise, validate, and certify our processes annually”
- B. “All processes are documented, but no one uses them”
- C. “We documented all of our processes a while back”
- D. “We know the important processes; the ones that make money”
- E. “We fly by the seat of our pants, and we like it!”



Leveraging Operational Excellence



Questions to ask Yourself...

Can I implement and achieve:

- Waste identification & reduction?
- Process design / redesign?
- Continuous improvement?

This **three-lens framework** can guide your business through the Operational Excellence components.



Identifying and Addressing Waste Increases Value

WASTE is anything that disrupts the continuous flow of value

<p>STAGNATION</p>  <p>Idle work product, employees, and customer cases</p> <p>STANDING AROUND</p>	<p>OVERPROCESSING</p>  <p>Performing process steps in excess of customer requirement</p> <p>BUSY WORK</p>	<p>DEFECTS</p>  <p>Rework or audits to compensate for potential process failures</p> <p>POOR QUALITY</p>	<p>UNTAPPED POTENTIAL</p>  <p>Underutilized employee creativity and knowledge</p> <p>WASTED TALENT</p>
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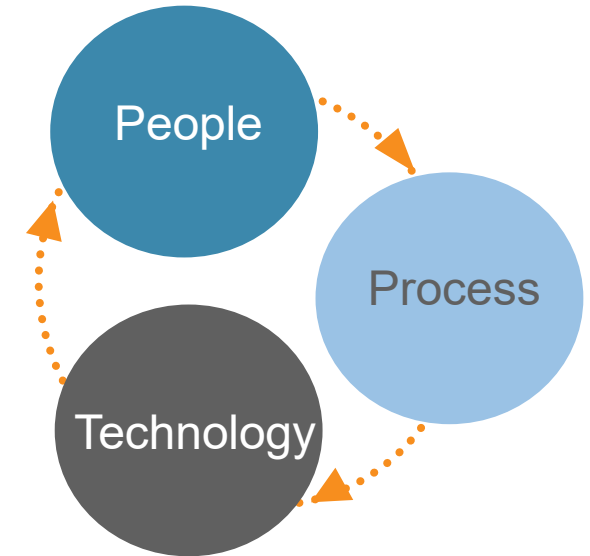
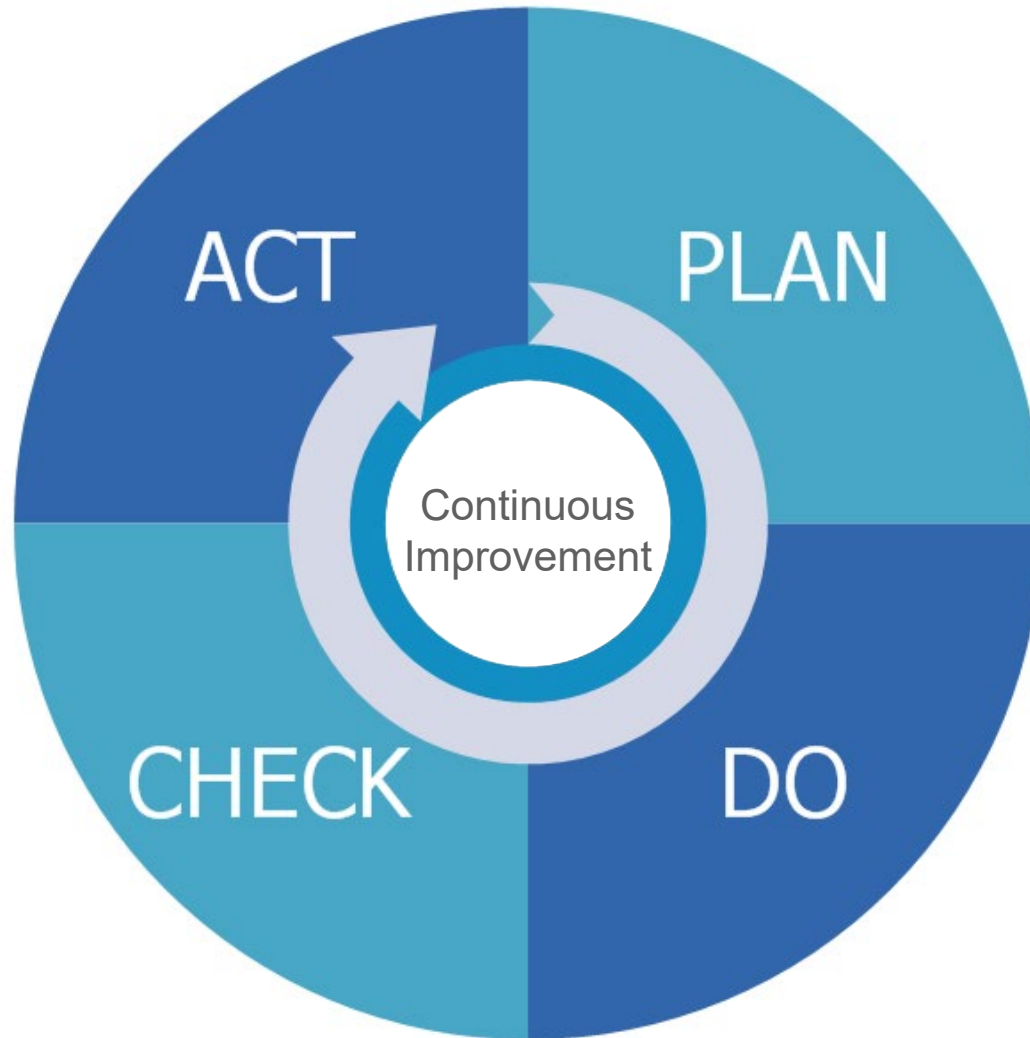
Process Design/Redesign Can Help You Identify Waste

Processes can be classified as:

- **Value-Added Activities:** activities a customer is willing to pay for
 - Example: Producing a product or delivering a service
- **Non-Value-Added:** activities a customer is not willing to pay for
 - Example: Resolving errors from previous steps in the process
- **Non-Value Added Essential:** activities a customer is not willing to pay for but that are required to operate
 - Example: Preparing and Filing taxes



Blending the Lenses for Continuous Improvement



POLL:

Where do you feel your company has the greatest improvement opportunity?

- A. People: Optimizing our organizational structure for success.
- B. Process: Aligning our processes with our objectives.
- C. Technology: Supporting our people and processes with technology.
- D. None – We're rock solid in all areas!

Do these objections sound familiar to you?

“We know what we need to do to improve; we just don’t have the time or resources to do it yet.”

“Employees here don’t like change. If we make them change, they’ll quit.”

“Software and consultants are expensive. We just can’t afford that right now.”

“Implementing process changes and new software is time consuming and right now we need to focus on keeping up with customer demand.”



“If you dislike change, you're going to dislike irrelevance even more.”

– *General Eric Shinseki*

Taking Action



How to move from Ideas to Action



Clarifying Actions & Tactics

Technology Assessments

Evaluate your current technology for intended vs actual results, fit, accuracy, and utilization.

Create a visual guide of all the components necessary to deliver your products/services.

Process and Value Stream Maps

Master Data Analysis

Examine master and key data used within your company for operations and decision-making.

Clarifying Actions & Tactics

Process Evaluation/Redesign

Compare your intended vs. actual results for a process and then identify waste and improvement opportunities.

Document your organization's technology initiatives, products, services, and strategies.

Digital Technology Roadmap

Change Champion

Identify an advocate who engages with your teams to increase awareness and adoption of change.

A young woman with long brown hair and black-rimmed glasses is sitting at a yellow desk. She is wearing a white sleeveless top and is focused on writing in a spiral notebook with a black marker. The background is a bright yellow wall with a printer and a laptop on a desk behind her. The text '10 Questions to Ask' is overlaid in white on the right side of the image.

10 Questions to Ask

10 Questions to ask Your Team about Operational Excellence

People

1. How do our customers feel about the speed and quality of our service? Are we hitting our deadlines/delivery dates?
2. Are exit interviews conducted when talent leaves? What insights are we obtaining?
3. Are we actively soliciting feedback from our employees? What actions are we taking to evaluate and act on feedback?

Process

4. How easy is it for our customers to do business with us?
5. What production or service delivery processes differentiate us from our competition?
6. Are our processes and data flows well-documented and understood?
7. What process metrics do we use?
 - Service Level Agreements (SLAs)
 - Key Result Indicators (KRIs)
 - Key Performance Indicators (KPIs)

Technology

8. Does our technology support our processes and employees? Are our systems integrated?
9. Have we paid for or purchased software or functionality that we have implemented and then not used or underutilized?
10. Have we identified areas that could benefit from automation and allow our employees to focus on more value-added activities?

Presentation Questions?



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