

# Introduction to the Principles of Operational Excellence

## Part One: Engagement

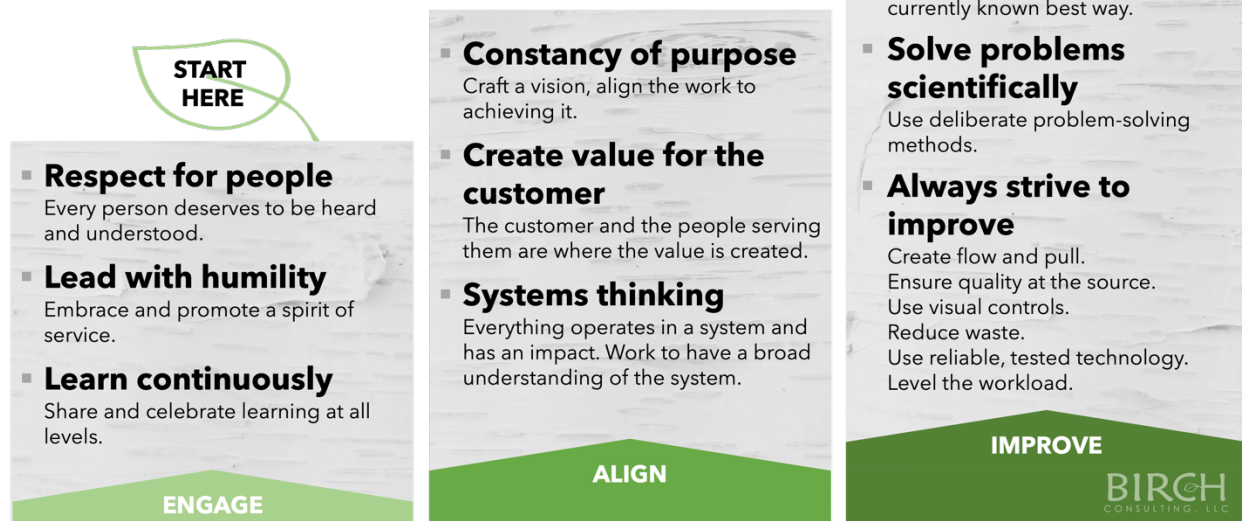
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Most organizations these days have implemented some sort of enterprise-wide improvement effort. The experience for most people is usually a series of tools (or programs) rather than a pursuit of a philosophy of continuous improvement.

Use of tools and techniques is not wrong; they are important components of any improvement effort. In fact, the *initial* use of tools and methods may be needed to reverse a negative trend (stop the bleeding). The problem occurs with the introduction of tools (solutions) without a good understanding of the problems that are being solved with those tools. Without this understanding, use of the technique will not lead to sustained improvement.

Organizations who go beyond the “tool based” and “program” approaches of improvement will discover that sustaining a philosophy of continuous improvement requires learning a whole new set of business principles.

**Principles** *Universal truths that have been deemed necessary for organizational success. These inform the behaviors practiced, systems developed, and methods used at all levels.*



One of the most difficult steps will be “unlearning” many of the conventional beliefs and assumptions that have been taught in school and in the workplace. The world view that drives most of our way of thinking about business, education, government and most everything is slowly being replaced over the past decades, most clearly evident by studying the phenomenon of sustained improvement over time shown by companies like Toyota, Honda, and others in the use of what is being called “lean.”

Here are some key points about these guiding principles:

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1. Principles are not the same as “values.” Every individual develops their values early on in life. They are personal, subjective and govern the individual’s behavior.
2. Principles are universal truths that govern everyone and govern consequences.
3. Not understanding or ignoring these guiding principles will put a company out of business (some faster than others).
4. Understanding these principles will help to identify ideal behaviors or key behavior indicators (KBI’s).
5. Understanding these principles guides the adjustment of systems and selection appropriate tools, which helps to deliver better results
6. Learning these principles (and unlearning existing beliefs and principles) is a challenging and life-long task.
7. Understanding how our minds work, including our mental maps, and the distinction between hard-wire and working memory will be critical.

### **Behavior-based Approach**

The principles are a wonderful intellectual exercise but must be put into practice through a lifetime of study and demonstrated behaviors. The following is a very shallow summary of the principles, an initial short definition, and some example behaviors. As people start on their learning journey with the principles, a lifetime activity, the principles become deeper and more meaningful, and the behaviors become more nuanced. In other words, this document is not the final word on the topic and should just be considered an introduction.

There can be confusion about what constitutes a behavior. A behavior is an activity or action that can be captured on video. This means feeling a certain way, or sensing something are not behaviors. Saying “good morning,” or scheduling regular growth and development meetings with your staff are behaviors.

### **Part 1 The “Engage” Principles**

The first three principles in the domain of “engagement” provide the basic elements for psychological safety in the workplace. This allows people to start feeling comfortable pointing out issues, bringing forth ideas and feeling real ownership in their work. When these elements are established, people can feel safe to start improving the work. These are also the principles that must be first understood and honestly modeled by the strategic management and supervisory management employees if the transformation effort is to be successful. Skipping these principles, or skipping the most senior leaders is one of the most common causes of improvement efforts failing.

#### **Definitions:**

Strategic Leadership Employees: examples include most everyone with a title like “Chief something or other,” most people who are board members, most people with “President” in their title (President, VP, EVP, AVP, ETC), most people with “Executive” in their title, most directors. Anyone who has a strategic leadership role, responsible (in part) for the direction of the company.

Supervisory & Management Employees: examples include most people with “manager,” “supervisor,” or “lead,” in their title. These are the people leaders, responsible for the development of their direct reporting employees.

Customer Facing Employees: These are people who work with the internal or external customers. This is where the value creating process happens.



## RESPECT FOR PEOPLE

Respecting every individual is more than “being nice to people.” This principle asks us to see every person as a human being who has a unique viewpoint that deserves to be heard and understood. It also means helping every person achieve their full potential. Respecting people means listening to them, understanding the real nature of their problems along with them; understanding what may be causing the problems, and allowing people to reveal and test countermeasures.

Every human seeks recognition and their importance in the enterprise deserves to be clearly acknowledged through actions by management.

*“A manager of people understands that people are different from each other. [They try] to create for everybody interest and challenge, and joy in the work. [They try] to optimize the family background, education, skills, hopes, and abilities of everyone.”*

*- Dr. W. Edwards Deming*

Continuous improvement efforts often fail when there isn’t a deep commitment by leaders and managers to the principle of respect for every individual.

Ideal Behaviors Based on Respect for People		
<b>Strategic Leadership employees:</b> <ul style="list-style-type: none"><li>• Routinely provide employees with opportunities to grow in their jobs.</li><li>• Proactively resolve issues that affect health, safety and the environment.</li><li>• Encourage and reward safety issues (including psychological safety) that are brought forward.</li><li>• When in the gemba*, leaders seek to understand patterns of barriers and problems that impede achieving the goals of the organization.</li></ul>	<b>Supervisory &amp; Management employees:</b> <ul style="list-style-type: none"><li>• Involve customer-facing employees in improving the work, especially in their area.</li><li>• Provide coaching for problem solving, by first listening to understand.</li><li>• Proactively identify and resolve issues that affect health, safety and the environment.</li><li>• Encourage and reward safety issues (including psychological safety) that are brought forward.</li></ul>	<b>Customer-Facing employees:</b> <ul style="list-style-type: none"><li>• Proactively identify and resolve issues that affect health, safety and the environment.</li><li>• Engage in active listening to better understand and show respect.</li><li>• Help develop and document current best processes (standards) that represent the agreement about the current best way to do the work today, and use this as a basis for improvement.</li></ul>

\*Gemba is a Japanese word meaning “where the value-creating work happens.”

## LEAD WITH HUMILITY

We need only look at a traditional org chart to see the prevailing messages of nearly every organization:

1. There are a few people at the top of the organization, and many at the bottom
2. The people at the top are different from – even better than – the people at the bottom
3. The people at the top do the thinking (and have the answers), the people at the bottom do the work (and do as they are told)
4. The primary purpose of the structure is “command and control”
5. When asked “who is your customer?” any person in the structure would logically answer “my boss”

This view of the organization is not based on the principle of “lead with humility” but rather “lead with arrogance.” How can misunderstanding (or ignoring) this principle put your company out of business? The answer to this can be found in the 2009 book *How The Mighty Fall* written by Jim Collins as a sequel to his best-selling 2001 book *From Good To Great*. In the original book, Collins researched eleven companies that demonstrated the ability to move from merely good to great (as defined primarily by financial performance in the stock market). Collins (and the rest of the world) noticed that all eleven of these “great” companies plummeted from their previous stellar performance starting in 2008. Several factors for this dramatic change were identified. The number one cause was “arrogance” – the belief that they had all the answers and that past success meant continued success in the future.

Leading with humility includes viewing the organization differently. If the traditional org chart was put on its side, what messages might it send?

1. Value is defined by the customer and value creation occurs closest to the customer.
2. Management is not about “command and control” but rather “communication and coaching.”
3. People in the organization are no different (or better) than others, they simply have different roles.
4. Management needs to go to where the value is added to understand the current state and to make it possible for the value creators to do their job more effectively.

Ideal Behaviors Based on Lead with Humility		
<b>Strategic Leadership employees:</b> <ul style="list-style-type: none"><li>• Maintain open and honest two-way communication with everyone throughout the organization.</li><li>• Treat all ideas as equal in value, no matter whose idea it is.</li><li>• Ask supportive questions rather than giving answers or solutions.</li><li>• Actively seek input from everyone to encourage solutions that are built by collaboration.</li></ul>	<b>Supervisory &amp; Management employees:</b> <ul style="list-style-type: none"><li>• Maintain open and honest two-way communication with everyone throughout the organization.</li><li>• Treat all ideas as equal in value, no matter whose idea it is.</li><li>• Ask supportive questions rather than giving answers or solutions.</li><li>• Identify and communicate trends about what is working and what is not.</li></ul>	<b>Customer-Facing employees:</b> <ul style="list-style-type: none"><li>• Listen to and communicate feedback from the customers, fellow colleagues, and stakeholders that may impede the value-creation process.</li></ul>

## Learn Continuously

Learning – continuously – is not something that can be isolated to our time in school or college, and it is not a luxury that we devote time and resources to “when we have some extra resources.”

*“Learning is the work... Survival is not compulsory. Improvement is not compulsory, but improvement is necessary for survival.” -Dr. W. Edwards Deming*

By the time we enter the workforce, most of what we have been taught in school is outdated or incorrect, and the rate of change required to understand and work in the world today is accelerating every day. In this rapidly advancing age of technology and advancement, learning must be a principle embraced by every person in every organization if nothing than purely for survival.

Training has it's uses, but tends to be one of the least effective methods of learning. (think about how excited you are to attend your next mandatory online training learning!) When we embrace the entire enterprise as an engine for learning, we unlock a powerful tool of continuous improvement.

Ideal Behaviors Based on Learn Continuously		
<b>Strategic Leadership employees:</b> <ul style="list-style-type: none"><li>• Ask “what did you learn?” when interacting with colleagues, Managers, and customer-facing employees.</li><li>• Embrace continuous learning by asking questions and listening emphatically to understand.</li><li>• Learn and then teach managers on how to better engage and support their areas of responsibility in achieving the goals of the organization.</li></ul>	<b>Supervisory &amp; Management employees:</b> <ul style="list-style-type: none"><li>• Emphasize what they and others are learning on a daily basis, about experiments that failed, and especially learning about experiments that succeed.</li><li>• Identify learning as ongoing and actively seek ways to help the customer-facing employees develop their talents and skills.</li></ul>	<b>Customer-Facing employees:</b> <ul style="list-style-type: none"><li>• Discuss what they learn in their experiments for testing ideas for improvement.</li><li>• Engage in peer to peer idea sharing on a routine basis.</li></ul>

## THANK YOU!

I hope you enjoyed this introduction to the Principles of Operational Excellence. Starting with the Engage principles is a great way to begin, or to re-start, your journey. Many organizations have found tremendous success with just these three principles!

There is SO MUCH MORE fun and joy and excitement available in learning and transforming using all of the principles! I would be happy to share more, please just drop me an email any time! Jim Barker: [jim@thedivinehand.com](mailto:jim@thedivinehand.com)

