



The Global State of Operational Excellence: Critical Challenges & Future Trends

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An Exclusive
BTOES insights
Report

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World Summit

A **Proqis** Company

Introduction	3
Key Findings	4
Our Respondents	5
The Scale of OpEx	8
Where are you utilizing OpEx?	9
Critical Challenges	11
Your OpEx Focus	18
Measures of Success	21
OpEx: The Global State	24
The Greatest Developments	25
Key Industry Drivers	27
Thought Leaders & Influencers	31
Pressing Issues – What would you most like to hear about from an OpEx Expert?	33
Your OpEx Solutions	36
Conclusion	40

We are publishing a full abridged version of this survey, with additional observations and inference on this research report from leading industry figures. Want to feature in this year's Global Industry Survey? Contact content@proqis.com.

Speed, and the ability to adapt to changing market conditions are a significant challenge for business. **New technologies and innovation acceleration are disrupting all traditional industries and markets.**

Half of all major corporations have disappeared over the last 20 years. Start-ups no longer have major barriers to entry, computing powering is accelerating, and business models are being disrupted in just a few months, causing massive pressure on margins. Robotics, AI, Robotic Process Automation, Machine Learning, IOT and the ability to analyze Big Data as just some of the big disruptors.

Whether it be the need to keep up with new technologies, the pressures of implementing and sustaining a fully-fledged **culture of Operational Excellence** in the organization, or encouraging the allocation of resources and buy-in for Operational Excellence projects, it is clear that OpEx practitioners are facing a period of incredible change and upheaval.

In this time of continuous disruption and innovation **The Global State of Operational Excellence: Critical Challenges & Future Trends** seeks to understand the most crucial issues, priorities and successes faced by OpEx Practitioners in 2017. We've compiled the responses of hundreds of Operational Excellence practitioners to offer key insights into the state of Operational Excellence, including **measures of success, the greatest developments, and much more** in the following report.

Key Findings this year include:

- The #1 most pressing challenge faced by OpEx teams
- The top industry thought-leaders leading by example
- Your #1 measure of success for Operational Excellence
- Why Operational Excellence is still gaining momentum in 2017
- The Greatest Developments in OpEx over the past 5 years
- Key Industry Drivers shaping Operational Excellence in 2017

Enjoy!

Vijay Bajaj
CEO

BTOES insights

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Key Findings

Improving Company Culture is the most critical challenge facing OpEx Practitioners for the 2nd year in a row

12% of respondents are **unsure of the solutions they wish to invest in next year**

Customer Satisfaction & Happiness is the most common “Measure of Success” for our practitioners

54% of respondents believe that wider understanding of **Operational Excellence Methodologies is on the rise**

The Threat of New Competition is the #1 Key Driver of Change in the OpEx ecosystem

Sustaining a Continuous Improvement Culture is the most prominent OpEx focus for organizations in the next 12-18 months.

37.5% of respondents claim their Operational Excellence program is **now 6+ years old**

Almost half of our respondents have an Enterprise-wide OpEx Program (**45.33%**)

Customer Services is the most popular individual business unit for utilizing Operational Excellence

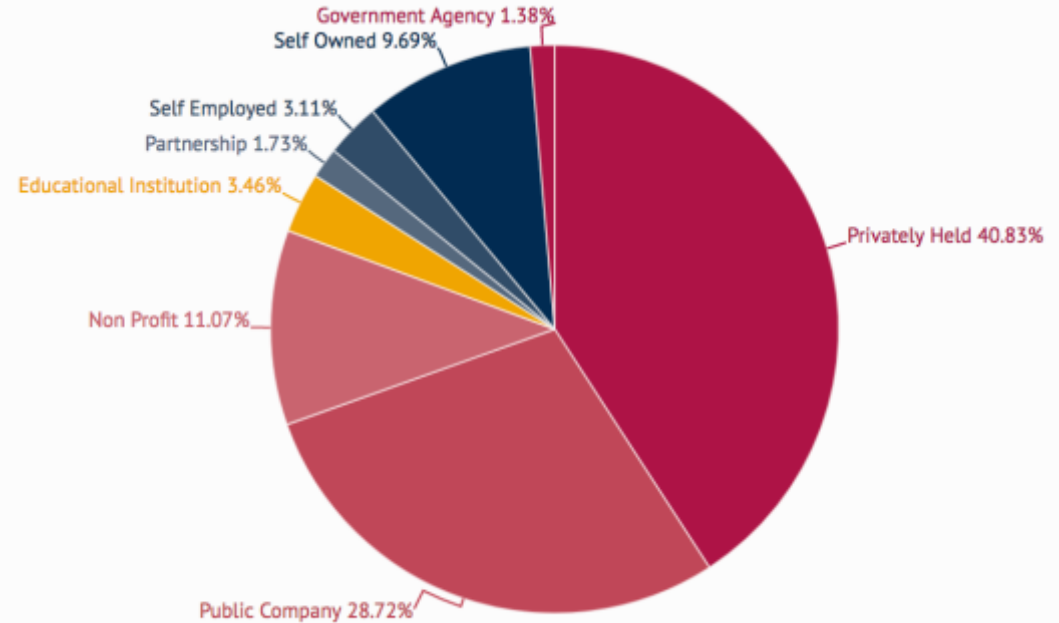
Only **8.6%** of respondents **utilize any kind of Operational Excellence methodology** in their Legal Department

This year, BTOES Insights saw **Operational Excellence practitioners**, from across **many industries and job roles**, present their thoughts and perspectives.

Our professionals come from a range of job functions & seniority level - a select few of the arguments behind their choices are shown throughout this report; to provide further insight into our data.

This report has a **global reach**, with practitioners from around the world taking part and sharing their views.

Respondents by Company Type



Respondents by Region

#1 NORTH AMERICA



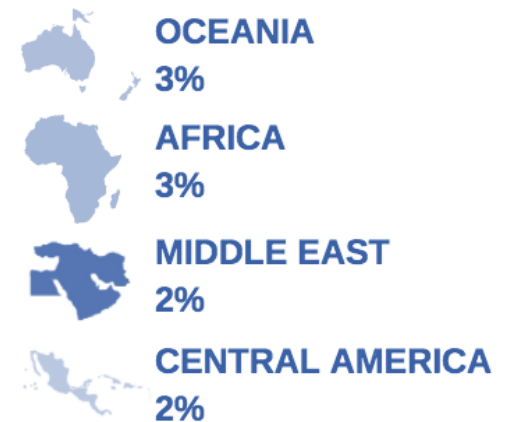
#2 EUROPE



#3 ASIA



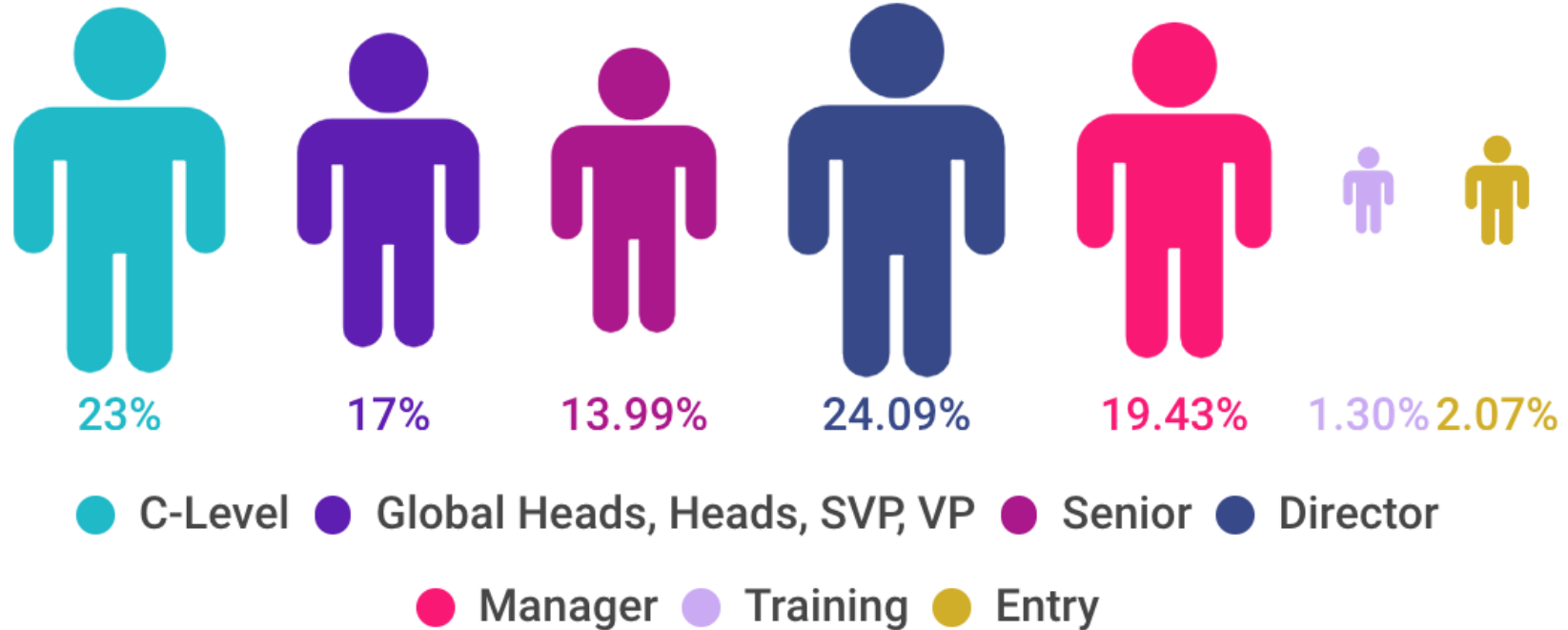
#4 SOUTH AMERICA



Our Respondents

Respondents by Seniority

We've received responses and insights from numerous High-Level Executives this year - their additional insights & thoughts have been added to the report.

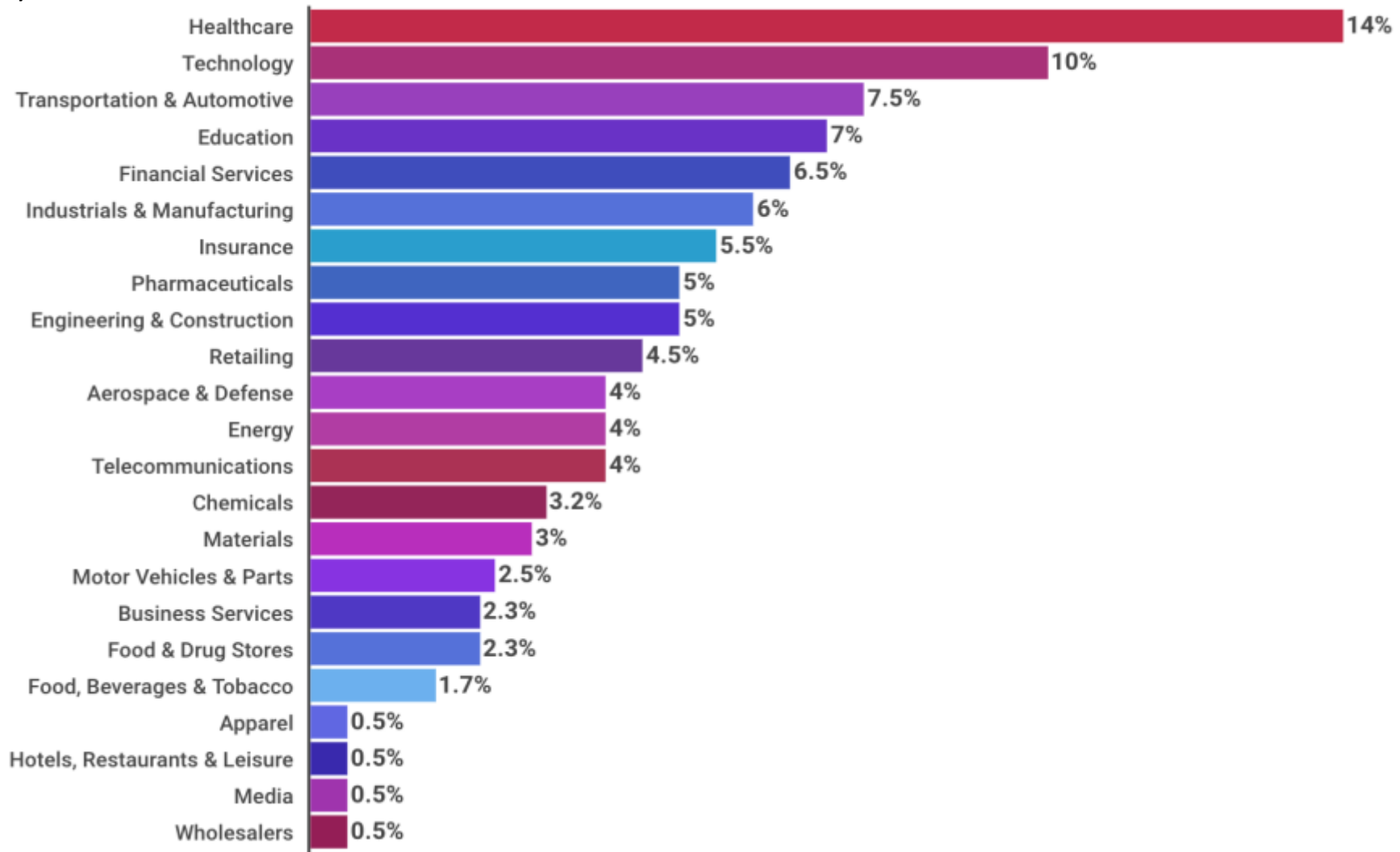


Key OpEx Leadership Titles

CEOs, COOs, Global Heads, Heads of, VPs, Principals, Directors of Continuous Improvement, Corporate Services, Operations, Operational Excellence, Process, Quality, Plant Safety, Supply Chain, Change Management, Lean Champions, Advisors

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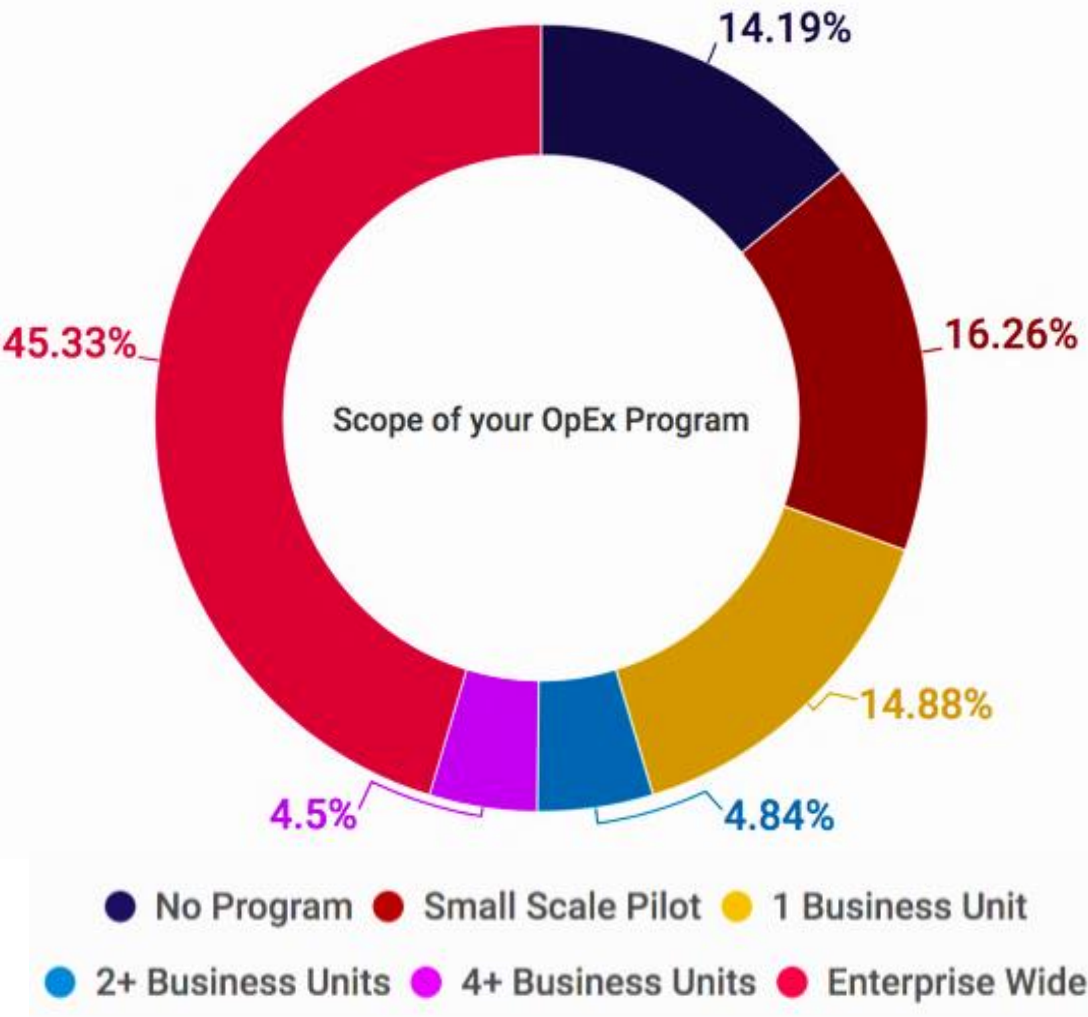
Out of 52 specific Industry Sectors, the most prominent were **Healthcare: Medical Facilities, Information Technology, Pharmaceuticals, Education, and Aerospace and Defense**. Take a look below for the full list of industries that contributed into more broad sectors of the ecosystem. Our top areas for respondents were **Healthcare (15%), Technology (11%), Transportation & Automotive (7.5%), and Education (7%)**.



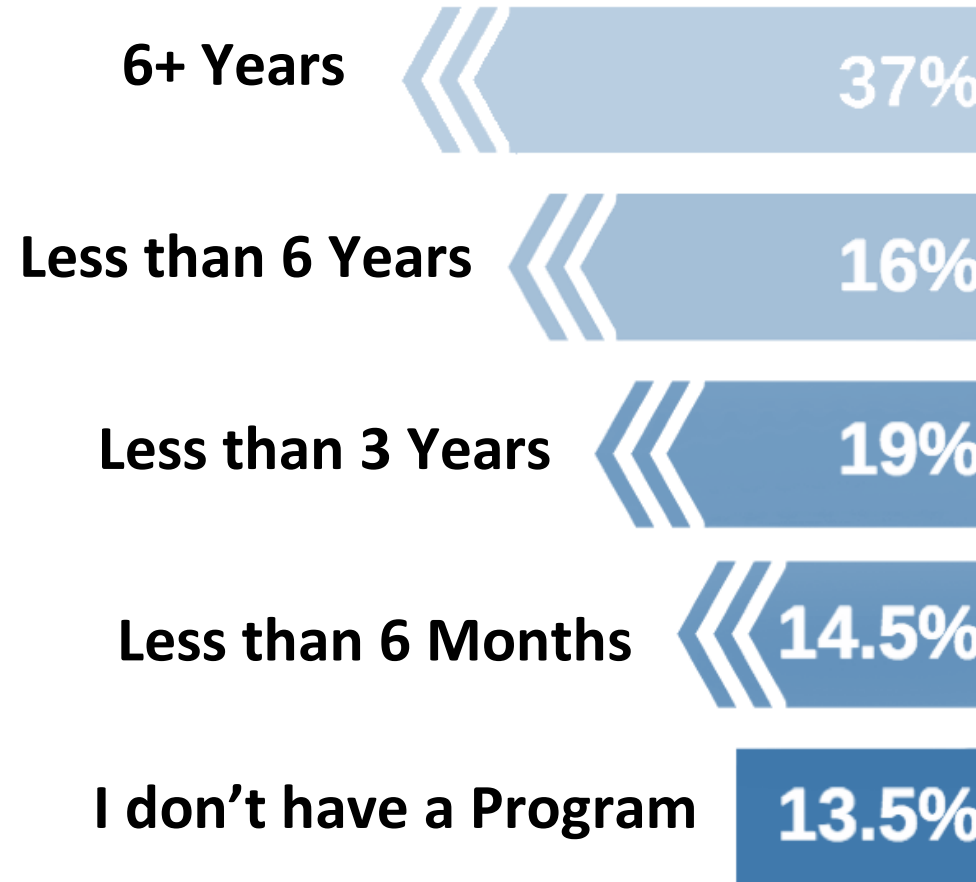
Full listing of Industry Sectors by segment

The Scale of OpEx

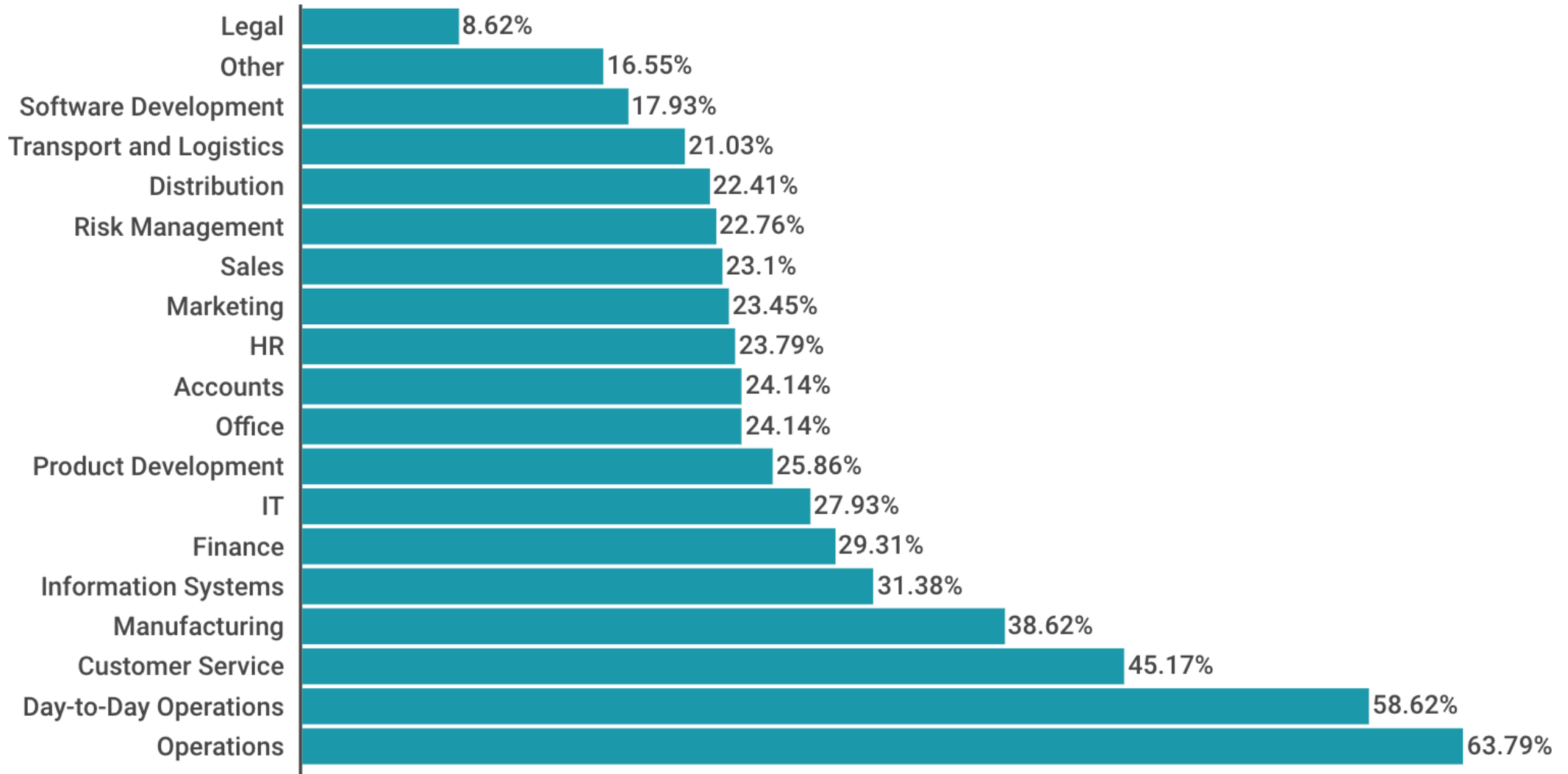
This year, 45%+ of our respondents stated that their company's Operational Excellence Program was **Enterprise-wide**. Further to this, **37%+ of our professionals claimed an Operational Excellence Team had been in place within their organization for more than 6 years.**



What is the Maturity of your OpEx Program?



It's no surprise that **Operational Excellence is being most often utilized in the Operations departments of organizations!** However, OpEx programs are also commonly found in Customer Service Departments, Manufacturing and IT Departments, as well as Finance.



Where are you utilizing OpEx?

Which department is responsible for Operational Excellence?

#1 Center of Excellence Leadership Team at HQ	32.87%
#2 Operations Department	25.26%
#3 Dedicated Quality/ CI Team	24.22%
#4 Strategy Team at HQ	20.76%
#5 Other	15.57%
#6 Individual Business Units	13.15%
#7 Production Team	9.34%
#8 Engineering	6.23%
#9 IT Department	5.88%
#10 Research and Development	4.84%
#11 Marketing	4.50%
#12 Human Resource Management	4.15%
#13 Purchasing	3.11%
#14 Sales	3.11%
#15 Accounting and Finance	3.11%

In line with our results on page 7, the majority of respondents cited specific OpEx-focused teams as being most responsible for their Operational Excellence Programs. However, alongside these teams, respondents also named departments including **Production, Engineering, the IT Department** (in line with the recent convergence we have seen between OpEx & Digital Transformation), and even Marketing.

Listed in the 'Other' selections are:

- Outside Consultants (Long-term engagement)
- The COO
- No single department – business-wide
- Units have their own dedicated CI teams
- Lean Six Sigma Training

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What are the most critical challenges facing your OpEx program?



Challenges within the Organizational Culture remain prevalent for the second year in a row. Key issues noted here also focus on **sustainability, company culture, and strategy execution.**

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Critical Challenges

Which of these challenges do you believe to be most crucial, and why?

“Improving Company Culture for employee fulfilment, to own their role for sustainable Operational & Production Excellence”

“Leadership support – in the absence of this, no resources are dedicated, and culture change cannot happen”

“As our services are becoming commodities, we need to innovate and build new competitive advantages”

“Without End-to-End Transformation, you may simply be moving the issue to another department”

“Technology is changing fast – we need the resources & knowledge to keep up”

Top Answers: The Most Commonly Used Terms

Employees Strategy Innovate Manufacturing
Technologies Growth Resources OpEx
Sustaining Departments Business
Client Culture Skilled Workers
Leadership Going Execution Important
Customer Requires Priorities Small Team
Operational Excellence Integrating

This year, Culture featured most prominently as the critical issue included in over 24% of ALL survey responses to this question. Leadership was another key topic, included in 12.3% of responses, followed by Sustaining & Execution, featuring in just over 8% & 9% of responses respectively.

A Closer Look: Culture Transformation

“Execution and sustaining operational excellence - unlearning the learned, effective change management, workforce mindset”
- Operations Director

“Changing corporate culture, which should always be dynamic and evolving to create new said to execute core values.”
- President

“Changing of Culture and helping leaders understand the importance of engaging the people that do the work. Heavy Top Down management culture and HEAVY focus on financials and not processes.”
- Senior Manager of Supply Chain Process Improvement

“Changing and improving the company culture. When you grow through acquisition, you increase the risk of your culture eating strategy for breakfast if you don't seek alignment on a core set of value drivers early on.”
- Director, Operational Excellence

“The Company Culture defines the Company and the People in that Company are the Windows showing what they stand for and how they perform their work. When the culture does not allow People to express themselves, such culture does not allow Change to find its way to improvement and leads to frustration and dissatisfaction”
- General Manager

“Changing and improving culture. If we can get the culture that I envision right and fully propagated throughout the enterprise many of our other challenges will take care of themselves.”
- CEO

“Changing and improving the company culture, we are a change management organization and I believe that we must walk the talk and lead change by discover first hand with our own organization.”
- C-Level, Operational Excellence

“Cultural change is the heaviest lift because changing the real way a company operates requires the Leader to role model, hold expectation accountabilities, and a right infrastructure to support.”
- Engagement Director

“Improving the Company Culture, lots of people saying “This is how we do business always”
- CI Divisional Manager

“Changing culture - at some point whatever made you successful in the first place is no longer going to carry the day and that's when culture will matter”
- Global VP, CMI

“Improving company culture for employee fulfillment to own their role for sustainable operational and production excellence”
- Excellence Advisor

“Changing company culture - Nothing is sustainable without wholesale evolution of the culture.”
- Global Regulatory Operations

A Closer Look: Maintaining Key Priorities

“Maintaining key priorities in a highly regulated B2B environment is a challenge, as clients and regulations drive priorities and they change frequently”

- Chief Technology Officer

“Maintaining key priorities consistently, priority always keeps going back to sales & revenue generation”

- General Manager

“Maintaining key priorities, due to the size, we strive to be one company so keeping all the communications up to date can be a challenge. But we do execute very well across the enterprise”

- Regional Lean Leader

“Integrating CI methodologies - if done well, success in this area will drive key priority clarity and drive depth of business transformation.”

- Manager, Continuous Improvement

“Maintaining key priorities consistently, we are facing multiple challenges in the market, keeping good margins while reducing inventories and serve the customers with excellence could lead to be chanceful and pursue only one of this three key business metrics.”

- Plant Manager

“Maintaining key priorities: We are a consulting firm and we constantly chase clients' priorities.”

- Owner

“Alignment of Strategic Priorities and Operational Excellence.”

- SVP Operational Excellence

“Alignment of Middle Management with their Priorities.”

- Managing Partner

“Aligning and maintaining our priorities, whilst understanding the priorities of the customer”

- Operations Manager

“Sustaining: Ebb & flow of busy manufacturing environment creates tension of priorities and can be 'pushed aside'.”

- Quality Manager

“Maintaining key priorities focus is challenging with limited resources who are stretched.”

- VP, Sensor Products

“Aligning and maintaining priorities whilst different departments compete for resources.”

- Global Head, Strategy

A Closer Look: End to End Transformation

“Integrating an Enterprise Excellence business-wide Strategy, End to End Business Transformation incorporating Operational Excellence and change Management.”
- President, Operational Excellence

“Need for end-to-end Business Transformation due to increased volume (a good thing) will less ability for high touch support for customers.”
- Director, Operations

“Need for end-to-end business transformation — challenging traditional functional organization model and to adapt to a more process-based structure to enable end-to-end transformation.”
- Director, Performance Transformation

“E2E business transformation as this is encompassing all components. Consistency across the group is important.”
- Group Process Architect

“End-to-end business transformation. While point kaizen can be attractive, we need to be mindful of how improvements in one area will impact the chain - especially as we continue to scale.”
- Managing Director

“E2E business transformation which must be based on omni-channel operations.”
- Partner

“Need to support large-scale business transformation and sustain business changes.”
- Head of Portfolio Process & Systems

“End to end transformation. If you don’t have end to end transformation, then you may simply move the issue to another part of the business.”
- Global Head OpEx

“Need for end-to-end Business Transformation - A matter of long-term competitiveness”
- Technology Consultant

“Need for ETE business transformation. We don't currently look at end-to-end processes typically, but I believe we need to.”
- Principal, OpEx

“End to end transformation to mitigate against functional and organizational silos and un-aligned goals and priorities”
- Senior Director, Operational Excellence

“End-to-End business transformation, the need for changes to not be dragged down by old processes.”
- Director, IT & Corporate Services

A Closer Look: New Technologies

"Many leaders are still trying to determine the relevance of these emerging technologies to their business, while others struggle to define where and how to target their investments most effectively."

- Business Development Director

"Technologies breed new opportunities, but focus must be maintained on process and their performance."

- Managing Partner

"Changing customer requirements. Technology brings tsunami of opportunity and at the same time, customers do not know what they don't know, and team does not fully understand customer needs."

- Application Specialist

"New technology. The constant change in software requires constant adjustment and mastery of a variety of new approaches to old issues."

- Annuitant

"With digitization, cloud computing, mobile technologies, AI client expect seamless up gradation of skills to match up with crunched the time cycles, zero tolerance for errors, up scaling of domain knowledge."

- C-Level, Operations

"Need to demonstrate leadership in technology in response to customer high value problems in the semiconductor space."

- Director, CI

"Not just technology, but understanding how new technology can bring value."

- Solutions, Global Finance & HR

"Difficult to incorporate new technologies into our business services."

- Principal, OpEx

"Technologies bring with them training requirement needs, making this the most challenging"

- Professor

"Keeping up New Technologies are important to ensure that our clients are at the leading edge."

- Lead Consultant

"Continuously changing business trends due to technological changes which impact people & processes to have innovative & agile mind sets."

- COO

"New technologies are driving localized changed with global impacts at an increasing rate."

- Consultant

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A Closer Look: Leadership Buy-In

“Leadership understanding and buy in. If even one senior executive is on the fence or opposed, it signals to everyone else that it's optional. Worse, if it's a key executive, their opposition can breed antipathy and resentment.”

- Strategy Advisor

“Leadership support, in the absence of that no resources are dedicated and culture change cannot happen.”

- Operational Excellence Leader

“Need for Leadership Understanding & Buy-in, too much focus on short-term cost cutting.”

- Director Decision Support

“Success starts at leadership and understanding to properly lead, execute, review, and hold accountable”

- Managing Director

“Lack of Leadership understanding & buy-in (lack of mindset): We are in transformation and there's a lot of new buzz words: Agile, Squad, ... the majority don't understand these concepts...but they apply them. Unfortunately, Continuous improvement seems to be a word to avoid in some sectors of the business...”

- Senior Advisor, CI

“Leadership buy-in: We have pockets of success and buy-in, but to change the culture of the company and drive meaningful results and change, leadership buy-in is necessary.”

- Process Improvement

“Lack of/Need for Leadership Understanding & Buy-In - e2e process management and improvements are impossible to drive just bottom-up; strong senior leadership support and sponsorship is critical.”

- Head of Global Process Management

“With Leadership committed not only to culture change via OpEx, but also to wise investment in technology, digital transformation can occur and the business will thrive.”

- Director, Business Development

“Leadership understanding - thinking differently about business process accountability, requirements, and outcomes.”

- OpEx Advisor & Coach

“Without 100% senior leadership buy in, implementation is not sustainable.”

- CEO

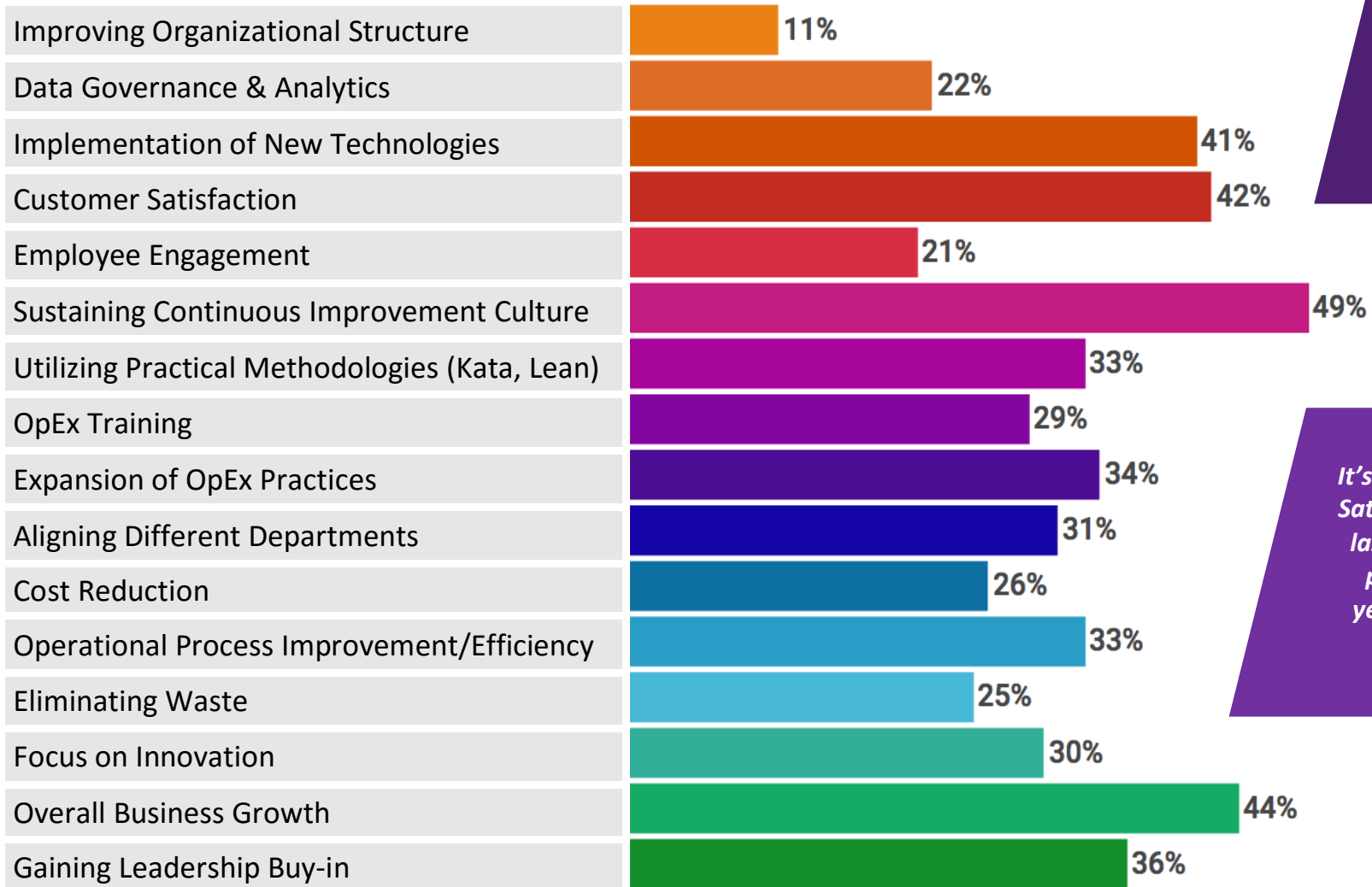
“Leadership understanding and buy-in. This is the most critical factor for success. Improving it makes everything easier.”

- Process Improvement Manager

“Lack of leadership buy in. It is present in some areas but missing from many in senior leadership.”

- Business Excellence Manager

What is your OpEx Focus over the next 12-18 months?



Once more, we have Culture Transformation at the top of the priority list in terms of OpEx focus, coming in with almost 50%.

It's not surprising to note that Customer Satisfaction is a key priority, in line with last year's report, where it was the #1 priority for OpEx practitioners. This year, however, New Technologies are also a major focus.

What is your OpEx Focus over the next 12-18 months? Selected Responses

“Enhance organization culture to drive engineering excellence and collaboration among teams.”

- Senior Manager, Business Operations

“Trying to develop a consistent corporate wide "branding" and organization structure”

- Senior Lean Process Analyst

“Standardized Work, Improvement System, 5S, Gemba Walks and Kata Coaching”

- Business Lead

“Aligning business goals to each departments key matrixes with one common goal across all.”

- Customer Relationship Manager

“Driving Continuous Improvement Culture.”

- Senior Vice President, Operations

“We estimate to be around 65-70% respect our overall goal in terms of coverage of the different areas. The target is to arrive around 90% for the end of the 2018.”

- CEO

“Aligning the team members to be focused on helping customers to the best of our ability.”

- Principal PM Manager

“Bootstrapping Lean Start Up Teams (incl. Coaching and Engineering IP), so that they can iterate through small pieces of work that have a quantifiable value-add for the Customers.”

- Senior Project Manager

“Improved patient centered focus of care and population health outcomes.”

- Director

“Need to support large-scale business transformation and sustain business changes.”

- Head of Process & Systems

“Consolidation, refinement, and replication of targeted lean and agile approaches.”

- Global Lean & Agile Leader

“Integration with new company and using this forced culture change to show how OpEx can guide through this time.”

- Senior Manager, Supply Chain

What is your OpEx Focus over the next 12-18 months? Selected Responses Cont.

“Process improvement throughout the operation, fewer touches, reduced handling, leveraging technology.”

- Operations Support Manager,
Lean & Quality

“Understanding structural cost and performance limitations and developing approaches to alleviate these limitations.”

- Director, Performance
Transformation

“Operational and financial metrics, skill development certifications, project execution”

- Senior Process Director

“Design changes or machine changes that affect first time yield.”

- Design Engineer

“Change management for the current improvement projects.”

- VP

“Implement ERP systems in order to extract data information for tax and files.”

- Lean Six Sigma Black Belt

“Implementing a few behavior changing initiatives.”

- Principal PM Manager

“Simplification of the assessment process and expansion to smaller sites.”

- Director, Global
Improvement

“Digitization of the company follow by the customer engagement.”

- Managing Director

“Growing our new Enterprise Business Unit into the predominant revenue and profit generating entity for the company.”

- COO

“People being happy at work!”

- General Manager

“Smart hires to optimize workflow and mitigate bottlenecks.”

- Principal

“Unfortunately our success is measured simply in ‘Numbers of’ – people trained, projects started, etc... we need a culture shift.”

- *Global Regulatory Operations, Pharmaceuticals*

“Buy-in and implementation of OpEx Improvement plans across each site as the primary roadmap for change”

- *Director of CI, Medical Devices*

“Cost reduction through Operational efficiencies & centralization of functions.”

- *Program Manager, Healthcare*

“Effective Production Plans & Capacity Resource Plan.”

- *Head of Industrial Engineering, Apparel*

“New Client Growth, Existing Client Retention”

- *CEO, Solution Provider*

What is your primary measure of Success?

Operational Sales Performance Enterprise
Results Level Revenue Patient Projects
Safety Business Efficiency
Improvement KPIs Customer
Goals Cost Bottom Line Measures
Balanced Scorecard Throughput Metrics Client Rate
Profitability Financial Benefits ROI

13% of our respondents actually identified their key measure of success as being focused around Customer Satisfaction, rather than practical KPIs or improvement metrics.

Other key measures to note from these results are seeing an **increase in profitability, reduced costs, the expansion of new projects, improved safety, and efficiency when dealing with clients.** Performance metrics are still considered valuable when measuring success, particularly using metrics such as the **Balanced Scorecard, ROI, and KPIs.**

What is your primary measure of success with OpEx? Selected Responses

“Employee Engagement, Collaborative Innovation, Engineering Culture.”
 - Senior Manager, Business Operations

“No common metric for success. Depends on what part of the organization is sponsoring O.E. activity.”
 - Senior Lean Process Analyst

“Multiple measures - Quality, Velocity, Cost, Safety.”
 - Global ERP, Finance & HR

“Profitability should be, but we were too early stage, so reducing cycle time and level of effort was instead.”
 - Strategic Planner, Business Development

“A balanced scorecard of Key Performance Indicators (KPIs) and Key Behavior Indicators (KBIs) delivering Business Vision, Strategy & Values.”
 - Head of Operations

“Consistent improvement in ALL key metrics.”
 - GM, CRM

“Value delivered to our Customers, i.e. Improving the Customer experience.”
 - Project Management

“Number of errors, handoffs, tasks. Customer satisfaction.”
 - President

“Committed to relevant and obtainable goals by comparing each year which goals have and haven't been achieved.”
 - Leadership

“When employees execute improvements and bring ideas for improvement forward.”
 - Senior Director, Business Process Improvement

“Increased time to market, customer satisfaction, quality while lowering costs.”
 - Operations Director

“Number of process failures with customer or financial impacts.”
 - Operations Lead

What is your primary measure of success with OpEx? Selected Responses Cont.

"Providing services and insights that meet or exceed expectations even if that means creating new ways of doing so, or updating old methods to achieve that objective."

- Global Head

"Change of culture such that leadership and all employees embrace their role in continuous improvement, daily."

- Principal Operational Excellence Consultant

"Usually this revolves around improvement of operational and financial metrics but is confused by project execution and skill certification goals. Vision easily becomes myopic in lieu of outcome based for customer."

- Engagement Director

"Determining that the problem definition was correct and successfully implementing solutions which result in cycle time savings and greater operational efficiency."

- Supply Chain Analyst

"Efficiency in organization revenue, development of business and staff, increased profit."

- Operations Director

"Committed to relevant and obtainable goals by comparing each year which goals have and haven't been achieved."

- Owner & MD

"Elimination of waste in Operations."

- Head, Strategic Management

"KPIs On-time and in Full OTIF Perfect orders delivering CI employees involvement percentage."

- GM

"Buy-in and implementation of OpEx improvement plans across each site as the primary roadmap for change."

- Director, Global Continuous Improvement

"When all can see value. Fixing abnormal flow. Ultimately, business growth."

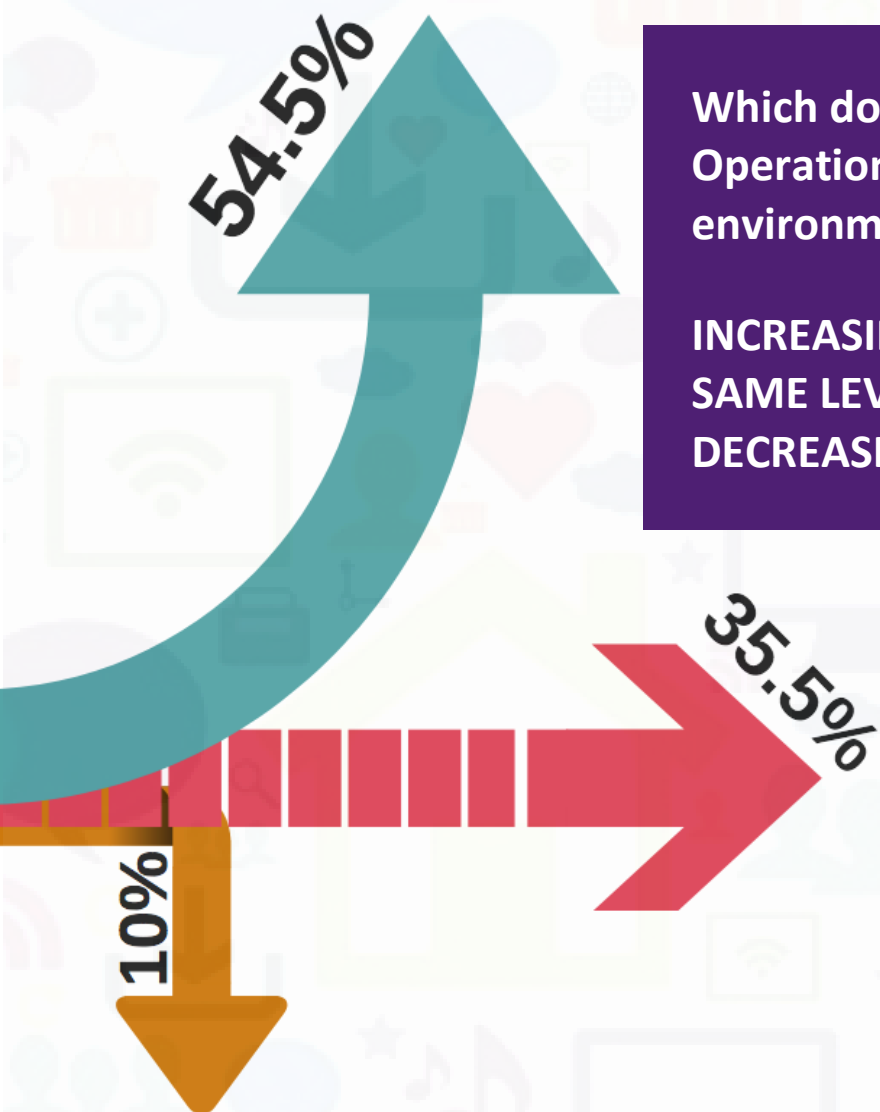
- Training Development

"Turnover & Margin."

- Director

"Improvement of Annual Objectives KPIs."

- Lean Six Sigma Specialist



Which do you think matches the wider perception of Operational Excellence Methodologies in the business environment right now?

INCREASING IN POPULARITY: 54.5%
SAME LEVEL OF POPULARITY AS LAST YEAR: 35.5%
DECREASING IN POPULARITY: 10%

Why is OpEx Generally on the rise?

'Widespread acknowledgement of value'

'Proliferation of Lean as a methodology'

'Though not fully accepted, leadership understanding is constantly improving'

It's positive to find that **90%** of our respondents believe the wider perception of Operational Excellence Methodologies to be maintaining, or increasing. As traditional methodologies such as Lean and Kaizen continue to be implemented in organizations, Operational Excellence is also growing in what it encompasses – particularly regarding the rise of Digital Transformation.

However, **20%*** of our respondents still believe Lack of Leadership understanding & buy-in to be one of their most critical challenges, signaling that, whilst OpEx is gaining visibility, there is still a long way to go for many Operational Excellence Practitioners looking to implement best practices in their organizations.

*See pages 12 & 15 for more.

What do you believe to be the greatest development for Operational Excellence in the past 5 years?

It's not easy to select just one key development for the world of Operational Excellence. In the last 5 years, new technologies and AI have developed, and many respondents suggest that the entire nature of Operational Excellence has developed to be more inclusive, more adaptable, and more personalized to each organization.

Rather than quantify the results here, we've provided the key arguments & responses made in the survey, by job title and industry. Take a look below for insights into what practitioners consider the key developments.

Healthcare Past 5 Years Value Problems Company
 Emphasis Software Implement Customer
 Question Culture RPA Management
 Big Data Lean Increased Operational
 Continuous Improvement Process Capability
 Technology Innovation Business Better Understanding
 Methodologies Supply Chain Analytics

"Expanding to incorporate multiple methodologies rather than just a one size fits all approach."
 - Director, Healthcare

"Expanded focus on strategic and daily management practices to drive employee engagement and CI instead of just focusing on tools."
 - Global Head, Aerospace & Defense

"Change in mindset from a tactical Kaizen and tools driven methodology to focus on building, engaging and empowering teams. Movement from tools to interactions."
 - Supply Chain Director, Medical Devices

"I don't believe much has changed in the past 5 years in terms of theory and application – what's changed is a shift in the type of companies looking to achieve operational excellence"
 - Head of Quality, Technology

"Translating to frontline staff in a meaningful way."
 - Corporate Director, Quality, Medical Facility

"Moving from the world of lean tools to People-Centric Leadership"
 - Exec Director, Education

"Getting employee buy-in to embrace Lean fundamental thinking"
 - Tech Team Advisor, Technology

"Online training to develop internal resources in lean process improvement methodologies"
 - Lean & Quality, Apparel

What do you believe to be the greatest development for Operational Excellence in the past 5 years?

"Integration of OpEx with Business Transformation Strategies."

- - President, Pharmaceuticals

"Big data and KPI development."

- - CEO, Engineering & Construction

"Agile practices and deep/machine learning capabilities."

- Principal, IT Services

"More in-house employee training to build their professional development that creates confidence in company communication."

- Leadership Advisor, Miscellaneous

"Progressing operational improvement from project based waterfall delivery to stable, persistent teams doomed to fail without the engineering IP to fundamentally simplify the IT environment and remove the delivery dependencies."

- Project Manager Telecommunication

"Finding a way to increase Operational Excellence without creating more overhead/process for team members."

- Principal, Computer Software

"Driving CI down to the floor, everybody everyday solving problems. not putting all improvements in the hands of a few engineers."

- OpEx Leader, Medical Devices

"Increased intuition built in to collaboration s/w & Learning Management Systems tailored to various work places inclusive of virtual, asynchronous, & mobile & home-based workers."

- CEO, Medical Devices

"Coupling Lean and Six Sigma as an integrated methodology for improvement."

- Process Analyst, Telecoms

"Linking it to quantifiable business performance that matters to investors or the Board."

- Strategic Advisor, IT Services

"Artificial intelligence (AI) capabilities."

- Senior Director, Medical Facility

"Technologies that are making operational lives easier."

- GM, CRM, Real Estate

What are the Key Drivers pushing change in the Operational Excellence Ecosystem?

The threat of new competition is a major incentive for many organizations to begin, or invest in, their Operational Excellence methodologies. With more than **20% of respondents citing this as a key driver of change**, it's not hard to understand why businesses under constant pressure from new competition are determined to adopt a culture of Operational Excellence, reduce cost, and increase their ROI.

See below for the **top 5 most mentioned drivers**, and continue on the next page for more detailed snapshots of responses.

#1 Threat of new competition

"There is now a real need for continuous improvement, in order to stay competitive in a very competitive global market."

#2 Needs of the customer

"The ability to connect with customers, internally & externally, is now almost ubiquitous - easy to learn, seamless and intuitive."

#3 Need to reduce cost

"We are all facing corporate-driven targets in cost & working capital reduction, in attempts to off-set declining revenue."

#4 New technologies

"Companies are scrambling to keep up with the latest tech, but these solutions are worthless without the right company culture to make the most of them."

#5 Cross-industry disruption

"Start-ups and tech innovation are making the market more competitive every day, across all industries. So, it is do or die."

What are the Key Drivers pushing change in the Operational Excellence Ecosystem?

"Cost Optimization Customer Focus, Consistency of service delivery."

- Director, Operational Excellence

"Sustainability and risk management are definitely business areas that are becoming more integrated in the OpEx programs."

- VP, Sensor Products

"Growth and competition are driving focus on rapid and flexible solution offerings and execution."

- Global Services
Lean and
Agile Leader

"New insights about what works in different functions across organizations."

- Director, Business
Operations

"Leaders of companies bringing Lean thought further up in the organization. It is no longer something done at the Gemba by front line employees, but also now in the office spaces and in director level processes as well."

- Senior Manager, Supply Chain
Process Improvement

"Media attention to low productivity, difficulty automating straight forward tasks due to inconsistency."

- CEO

"One is product pricing is at 10 year lows, and we need to drive down our costs. The other is the pending merger that needs to provide synergies to the new company's shareholders."

- Senior Director, Maintenance
Process Improvement

"Pressure for financial & quality performance in healthcare."

- Lean Six Sigma Specialist

"Bureaucratic attitudes incorporated in the observation "If it ain't broke, break it."

- President

"Market competitiveness, customer experience, sustainable operating model to generate revenue, manage cost, and protect profits."

- Engagement Director

"Competition New business models. Increase of customer requirements."

- Director

"Recognition that companies have to adapt and improve their costs and customer experience to survive."

- President

What are the Key Drivers pushing change in the Operational Excellence Ecosystem?

<p><i>“Mindset shift and value being generated by the business operations teams.”</i></p> <p>- Senior Manager, Business Operations</p>	<p><i>“Competitive pressures to deliver more products and services valued by customers and to develop and deploy them before our competitors can.”</i></p> <p>- Senior Lean Process Analyst</p>	<p><i>“Bringing together Business Mission, Vision & Transformational Strategy with methodologies, tools & techniques of Operational Excellence.”</i></p> <p>- Founder</p>	<p><i>“Commoditization of products/services, digitization, and virtual/networked organizational models.”</i></p> <p>- Principal</p>
<p><i>“Changing needs of demanding & educated customers”</i></p> <p>- General Manager, Customer Relationships</p>	<p><i>“Rapid disruption in all market places and the high public visibility of some key disrupters.”</i></p> <p>- CEO</p>	<p><i>“Smart collaboration - Intelligence applied to processes - increasing amount of information to be managed efficiently addressing Operation Excellence.”</i></p> <p>- C-Level, OpEx Division</p>	<p><i>“The high rate of failures. Short term thinking (too many Hunters and not enough Farmers in Op leadership roles).”</i></p> <p>- President, Operations</p>
<p><i>“24/7, 365 operations mode for most companies. Ability to connect with customers (and/or internally) that is almost ubiquitous, seamless, easy to learn, & intuitive. “Plug & Play” with lower costs to acquire & maintain.”</i></p> <p>- CEO</p>	<p><i>“Rising awareness of healthcare policy makers and healthcare professionals.”</i></p> <p>- Chief Specialist</p>	<p><i>“Cost down, need for faster delivery to the customer, expectations of efficiency continue to increase.”</i></p> <p>- Operational Excellence Leader</p>	<p><i>“Cost, Risk & Customer Expectations”</i></p> <p>- Partner</p>

What are the Key Drivers pushing change in the Operational Excellence Ecosystem?

<p><i>“Showing sustainability - not revisiting the same issue over and over again because it cannot sustain.”</i></p> <p>- Director, PMO</p>	<p><i>“Processes, Platforms and Continuous Improvement.”</i></p> <p>- Group Process Architect</p>	<p><i>“The need to adapt businesses at a rapid pace.”</i></p> <p>- Director, Information Technology and Corporate Services</p>	<p><i>“People are cluing in about Lean successes.”</i></p> <p>- Owner</p>
<p><i>“Technology disruptors such as the internet, smartphone, etc., and improvements in communication, planning information sharing such as SCRUM and Agile are enabling broader and more effective coordination.”</i></p> <p>- Lean Six Sigma Black Belt</p>	<p><i>“A management buy-in at the C-level as an enterprise wide means of improving business performance.”</i></p> <p>- COO</p>	<p><i>“Economic uncertainty, payment changes in healthcare - continual focus on cost cutting.”</i></p> <p>- Director, Decision Support</p>	<p><i>“Leadership, productivity, customers, leader companies, innovation, new kind of thinking of the new people.”</i></p> <p>- Strategic Planning Vice President</p>
<p><i>“Globalization, fast information, social media.”</i></p> <p>- Director</p>	<p><i>“Performance expectations in a wildly changing global marketplace, 4 generations in workforce, speed of change.”</i></p> <p>- President</p>	<p><i>“Nationwide pressure to reduce cost & improve patient experience.”</i></p> <p>- Principal Operational Excellence Consultant</p>	<p><i>“Corporate driven targets in cost and working capital reduction to offset declining revenue and EBITA challenges.”</i></p> <p>- Senior Director, Operational Excellence</p>

Who are your top Industry thought leaders that you would want to learn from?

Thought Leaders: Individuals

#1 Elon Musk

#2 Richard Branson

#3 Paul Akers

#4 Jack Welch

#5 Jeff Bezos

#6 Mark Zuckerberg

#7 Bill Gates

#8 Tim Cook

Thought Leaders: Companies

#1 Amazon

#2 Apple

#3 Toyota

#4 Google

#5 IBM

#6 Ford

#7 Tesla

#8 Samsung

Where would you most like to visit to see Operational Excellence in action?

#1	Toyota	26.14%
#2	Amazon	21.57%
#3	Google	18.34%
#4	Microsoft	10.92%
#5	Tesla	10.39%
#6	Mayo Clinic	4.64%
#7	Autoliv	4.02%
#8	Boeing	3.98%

Site visits are an extremely engaging and popular way for Operational Excellence practitioners to learn from the leaders setting examples of excellence in their industry.

It should come as no surprise that **Toyota** remains one of the most popular choices for a site visit, with over a quarter of respondents selecting it as their Site Visit of choice.

Beyond this, we see heavyweights Amazon, Google and Microsoft – Apple, however, is noticeably absent.

SpaceX and Tesla have gained popularity since last year's survey, with **10% of selections for site visits**, and coming in **7th in our top Thought-leading companies**.

What topic would you most want to hear about from an expert?

Industry Responses: Healthcare

<p><i>“How to adapt innovation into a new context.”</i></p> <p>- Chief Specialist</p>	<p><i>“Organizational Culture and Employee Engagement.”</i></p> <p>- Director</p>	<p><i>“Moving to customer self-help.”</i></p> <p>- Director, Business Operations</p>	<p><i>“Integration of CI with Providers.”</i></p> <p>- Systems Director</p>
<p><i>“Executive Leadership & Systems Deployment.”</i></p> <p>- Senior Director, Organizational Innovation & Effectiveness</p>	<p><i>“Journey, and how to shape culture with clinical staff.”</i></p> <p>- Senior Director, Business Transformation</p>	<p><i>“Application examples of Standard Work in Healthcare.”</i></p> <p>- Principal, Operational Excellence</p>	<p><i>“Culture Building – Senior leaders leading lean.”</i></p> <p>- VP Quality Operations</p>
<p><i>“What do process owners do in your organization?”</i></p> <p>- VP Innovation & Continuous Improvement</p>	<p><i>“How to change a physician-centered culture.”</i></p> <p>- Program Manager, Emergency</p>	<p><i>“Driving cultural change & global consistency in a fragmented business”</i></p> <p>- Program Manager</p>	<p><i>“Strategy deployment & initiative de-selection.”</i></p> <p>- VP Administration</p>

What topic would you most want to hear about from an expert?

Industry Responses: Technology

<p><i>“Setting up and Developing Seamless Operational Strategies.”</i></p> <p>- EVP-COO</p>	<p><i>“Use cases where operations drove major transformations (vs. process stuff!).”</i></p> <p>- Senior Director</p>	<p><i>“Meeting needs on a wider vs. more restricted budget.”</i></p> <p>- CEO</p>	<p><i>“The best software suggestions for methodologies like Hoshin Planning.”</i></p> <p>- Director, Process Improvement</p>
<p><i>“Value & Culture Preservation in Constantly changing world.”</i></p> <p>- COO</p>	<p><i>“Customer-focused Digitalization and process automation.”</i></p> <p>- Director, Process Excellence</p>	<p><i>“Building an Operational Excellence Culture / Defining Business Architecture.”</i></p> <p>- Director, Mobility Processes</p>	<p><i>“Starting on the Operational Excellence Journey, what it takes and how to sustain it.”</i></p> <p>- VP Sensor Products</p>
<p><i>“The psychology of organizational change – how did they execute massive transformation?”</i></p> <p>- Project Manager</p>	<p><i>“Fostering/Appreciating diversity of thoughts/approaches”</i></p> <p>- Principal PM Manager</p>	<p><i>“Driving Corporate Culture Change”</i></p> <p>- Senior Process Analyst</p>	<p><i>“How to build and transform Organizational Culture.”</i></p> <p>- Senior Manager, Business Operations</p>

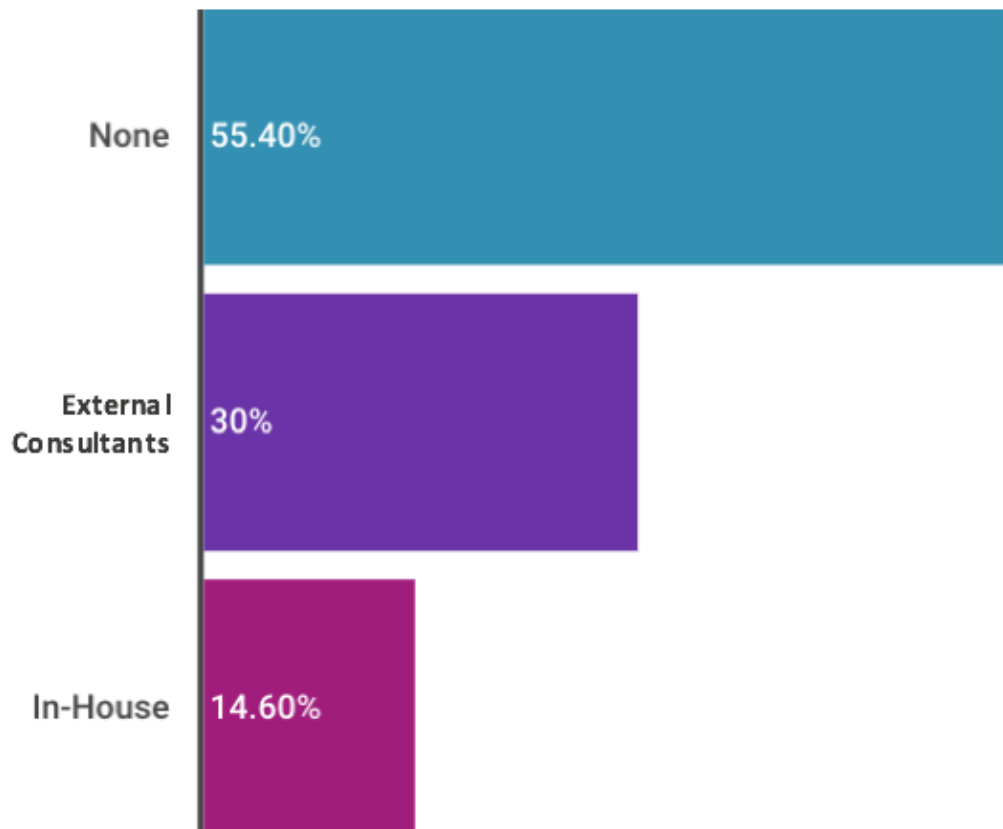
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What topic would you most want to hear about from an expert?

Industry Responses: Automotive & Transportation

<p><i>“Automation, and how to encourage current workers to increase their skills to adapt to the changing technologies.”</i> - Supply Chain Analyst</p>	<p><i>“I would like to hear about success stories where the details of the old and new systems are explained.”</i> - Design Engineer</p>	<p><i>“Integration of Management System as OpEx implementation/consolidation lever.”</i> - Senior OpEx Management</p>	<p><i>“Getting buy-in from ground-level staff; seeing sustained change in an organization.”</i> - Manager, Continuous Improvement</p>
<p><i>“RPA in Operational Excellence Transactional operations.”</i> - Project Executive, Quality</p>	<p><i>“How to create initial wins to help driving change.”</i> - Director, Continuous Improvement</p>	<p><i>“Learning from past mistakes, essentially picking up on lessons learned.”</i> - Senior OpEx Management</p>	<p><i>“The threats that robotics pose to Automotive production – replacing human roles.”</i> - VP Sensor Products</p>
<p><i>“What is the most effective methodology for Automotive in the modern day?”</i> - Executive Vice President</p>	<p><i>“Leading Transformation in Transportation”</i> - Senior Group Manager</p>	<p><i>“How to sustain employee driven standardization, process management and continuous improvement in a knowledge worker environment”</i> - Senior Agile Leader</p>	<p><i>“Case Study of self-healing production cells.”</i> - Director of Operational Excellence</p>

What Consultants do you currently use for your OpEx Projects?



55% of our respondents claimed **not to use any kind of consultant** for their Operational Excellence projects, with 14% of them utilizing in-house consulting such as a dedicated CI team or Shared Services division. Further to this, **30% of respondents use external consultants** – however, many sought to keep the actual names of consultants confidential.

Snapshot: Individual Responses to the Question

"I might partner with larger consulting firms for larger projects. Largely, Microsoft enterprise s/w but also, Major Health IT companies (e.g. CERNER, MEDITECH, McKesson, Allscripts)."

- COO

"We use independents for Operational Excellence projects."

- Senior Director,
Maintenance Process Improvement

"Mix of vendors and consultants. - mainly big 5, but also more niche players."

- Group Process Architect

"Looking for a more streamlined approach to manifesting this"

- Principal

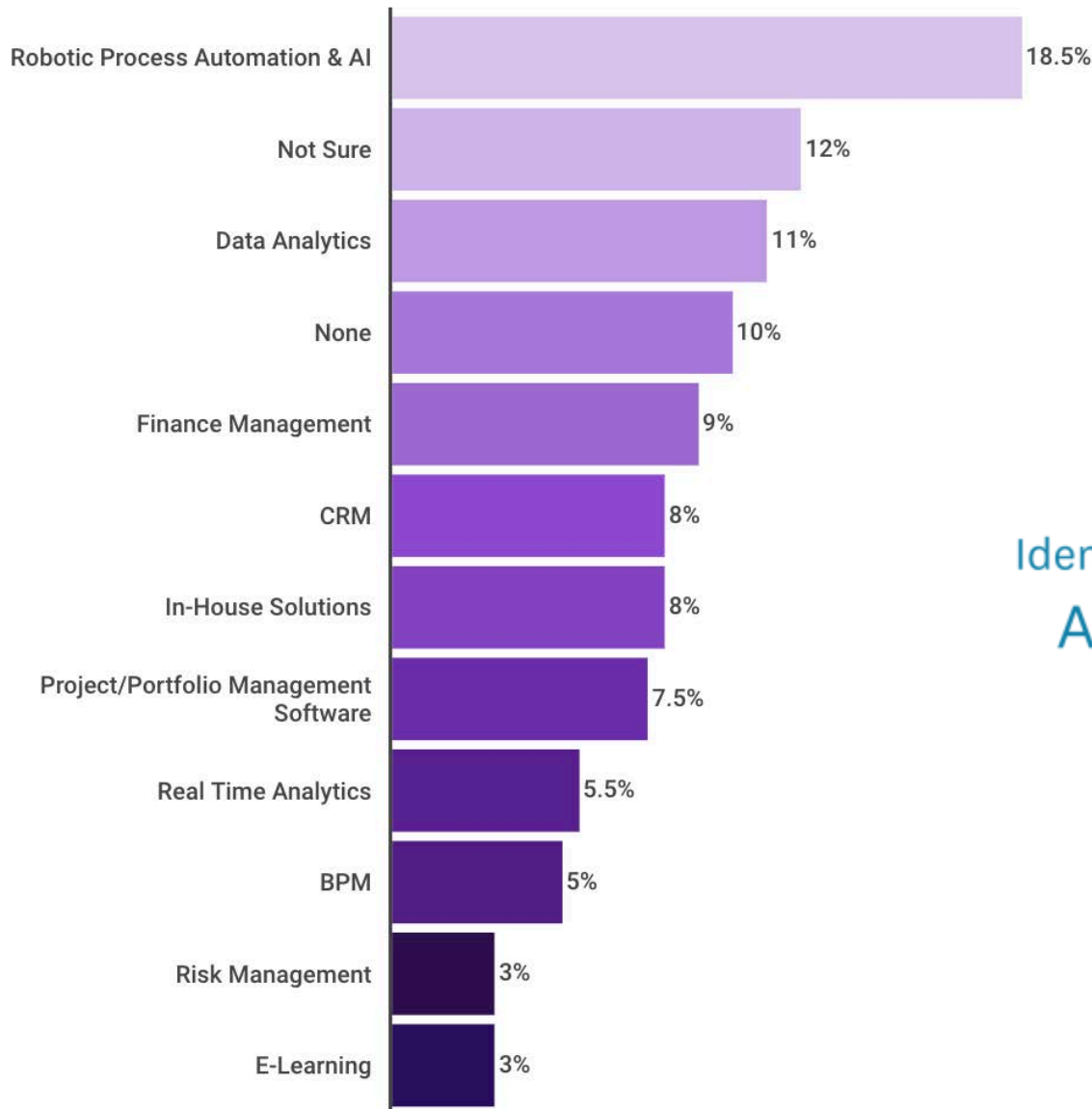
"Consulting is done in-house as we have several ex-consultants working for us."

- Managing Director

"Consultants who are personal friends or acquaintances of a V.P."

- Senior Process Analyst

What OpEx Solutions are you hoping to invest in next year?



A large number of respondents were openly unsure of their plans for the future regarding solution providers. However, **the most common types** of solutions practitioners are looking to invest in are **Data Analytics & Process Automation/RPA Solutions**. Data Analytics was mentioned by 11% of respondents, with **Robotic Process Automation & AI** receiving a major 18.5% share.

The least common areas for planned investment this year are found in **Risk Management & E-Learning, at just 3% each**. Interestingly, we also see that BPM, a typically prominent area, has dropped to only 5% - however, it may be the case that respondents have opted to speak more specifically about their solution needs for 2018.

Identified Place Project Financial Process Existing CRM Minitab
 Analytics Tools ERP Planning Software SAP
 Solutions Manufacturing Management Built
 Automation Microsoft RPA Tracking Business

Most common phrases

Enterprise resource planning, Software and Analytics were the 3 most commonly used terms by our respondents. Note, both **SAP** and **Minitab** were explicitly mentioned as planned investments.

What OpEx Solutions are you hoping to invest in next year? Selected Responses

“Need to Analysis, Simplify, and Control (visually where ever possible) before Automating so our focus is helping clients to Analysis, Simplify, and Control. We leave automation to others who we may team up with”

- President, OpEx

“Any that can improve the process by absorbing time consuming and potential risk activities”

- Head of Business & Operation Performance Management

“Need better data analyses tools.”

- Lean Process Analyst

“Project Portfolio Management (PPM) software to help in managing these projects.”

- Senior Project Manager

“We are using our own platform - that will be completed with new collaboration features in the next 6 months. We are planning to create a spin-off company to create a separate business based on such platform as we invested for years on it.”

- CEO

“Learning more about Learning Management Systems (LMS) and Mobile Solutions for Learning & enablers for excellence in Project Mgt. What gets measured, gets managed.”

- C-Level, Operational Excellence

“Go to Webinars, Microsoft Dynamics and a host of other hybrid ERP solutions.”

- Director, Operational Excellence

“New software is forced upon us, e.g., new AOL "desktop" which requires mastery of new approaches to actions previously done on the previous AOL version. It has also required becoming familiar with Google systems of email/etc.”

- President

“Our internal intranet SharePoint sites with a new ERP deployment.”

- Senior Director, Organizational Innovation & Effectiveness

“CRM as a cornerstone of the change, the option will be cloud based.”

- Managing Director

“Already have software platforms in the corporation. Adding others just adds complexity.”

- Division Operations & Lean Manager

“Internal upgrades primarily, working with existing vendors/platforms.”

- Director, Mobility Process Ownership

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What OpEx Solutions are you hoping to invest in next year? Selected Responses Cont.

"None identified at this time. We are maximizing the use of our NetSuite ERP system along with iCharts in mining our business data in expressing performance against KPI's."

- COO

"Adding Archicad to drawing repertoire, looking for more streamlined way to do project management"

- Principal

"We have developed our own applications using BI, and other applications."

- VP, Strategic Planning

"No large investments expected. Execution and utilization of existing softwares."

- President, LSS

"Real-time process performance monitoring and management; capacity management; data mining and predictive analytics."

- Head, Global Process Management

"None. It is about people, not software."

- VP, Accounts

"In-house built OE administration system and digital OE tools for teams to use. Currently researching enabling solutions."

- Manager, Continuous Improvement

"Better leveraging Office 365 & enhancement on the new membership system."

- Global Vice President, CMI

"Still in the planning stages, but most of the investments will be tied to KYC, data collection, and data processing."

- Managing Director

"Our corporation has just signed an agreement for a completely new computer system, including an EMR, within the next few years."

- Program Manager
Emergency

"None, we have robust software system in place that we enhance on a yearly basis based on feedback from VOC."

- Regional Lean Leader,
MBB

"Financial software tools Increased automation to perform routine tasks"

- Principal

The results of this survey, **'The Global State of Operational Excellence; Critical Challenges and Future Trends'**, will help to shape both the focus of content on **BTOES Insights**, and key areas such as Cultural Transformation, Sustainability of Programs, Strategic Alignment and Impact of Digitalization will be addressed at the **Business Transformation & Operational Excellence World Summit (BTOES18), March 12-16, 2018, Orlando.**

To learn more about BTOES18, [click here](#), or [click here](#) to view the full agenda.

If this report has been of interest, you can subscribe to BTOES Insights for more content focusing on the future of Operational Excellence & Business Transformation.

If you think you have the answers to some of these questions, or wish to share your thoughts, get in touch with our content team to join BTOES Insights as a contributor, and help us bring Operational Excellence into the future.

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