



THE CHECKLIST SERIES

MANAGING OPERATIONS



First published in Great Britain in 2015 by
Profile Books Ltd
3 Holford Yard
Bevin Way
London WC1X 9HD
www.profilebooks.com

10 9 8 7 6 5 4 3 2 1

Copyright © Chartered Management Institute 2015

The moral right of the authors has been asserted.

All rights reserved. Without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission of both the copyright owner and the publisher of this book.

A CIP catalogue record for this book is available from the British Library.

ISBN: 978 1 78125 220 8
eISBN: 978 1 78283 032 0

Text design by sue@lambledesign.demon.co.uk

Typeset in Helvetica by MacGuru Ltd
info@macguru.org.uk

Printed and bound in Britain by Clays, Bungay, Suffolk

All reasonable efforts have been made to obtain permission to reproduce copyright material. Any omissions or errors of attribution are unintentional and will be corrected in future printings following notification in writing to the publisher.



Contents

Introduction by Gareth Rhys Williams	ix
--------------------------------------	----

Change and projects

Mapping an effective change programme	1
Implementing an effective change programme	10
Rosabeth Moss Kanter: pioneer of empowerment and change management	18
Managing projects	27
Participating in projects	35
Henry Laurence Gantt: the Gantt chart	43
Feasibility studies	49
Developing a business case for a new product or service	56
Richard Tanner Pascale: change, agility and complexity	64
Conducting a risk assessment for projects	71

Managing quality

Total quality: mapping a TQM strategy	78
Total quality: getting TQM to work	83
W Edwards Deming: total quality management	89
Implementing business process re-engineering	97
A programme for benchmarking	105
Genichi Taguchi: quality engineering	113
Pursuing business excellence	119
Preparing for ISO 9001 registration	125
Joseph M Juran: quality management	134
Six Sigma	140

Lean transformation	147
---------------------	-----

The supply chain

Supply chain management	157
Effective purchasing	163
Inventory management	172
Deciding whether to outsource	178
Implementing a service level agreement	185
Implementing <i>kaizen</i>	191

Monitoring and control

Risk management	197
Strategic risk management	205
Spotting fraud	211
Internal audit	217
Kurt Lewin: change management and group dynamics	223
Business continuity planning for major disruptions	231
Acknowledgements	240
Index	241

Introduction

Whatever your specialisation, a basic understanding of operations will be important as you progress in your career. Effective operations are at the core of virtually every organisation's activities. This book will introduce you to the key elements of operations management and provide you with practical advice on what to do – and what to avoid.

Operations translate the vision and business strategy of an organisation into reality: to do this well, efficient and effective execution is key. If you aim to reach the top of an organisation, it will give you a considerable advantage if you can demonstrate that you have successfully managed, and continuously improved, operations at an earlier stage in your career.

What do we mean by 'operations management'? Maintaining, controlling, and improving the organisational activities that are required to produce goods or services for consumers is a core management function. All types of operations have certain common characteristics: they all have inputs, they all transform those inputs through different processes, and they all have outputs. The processes all use resources, which are created, managed, improved, re-engineered and eventually replaced. Businesses look for ways to reduce waste and lower resource use as a means to gain efficiencies and improve the financial health of the organisation, including the application of ISO 9001 quality systems, or total quality management techniques; they may also need to design and create new operations to launch a new product or service.

Historically, operations management has been associated with

specific sectors such as manufacturing, retail or infrastructure services. Perhaps unfairly, operations are often seen as dull – the daily grind of getting things done consistently and well. It is easy to form a false impression that operations are just about making slow, incremental improvements to long-established processes.

In recent years the importance of operations management has increasingly been recognised. This reflects on the one hand an acknowledgement that operations are vital to a business's competitiveness and sustainability, and on the other the rise of interest in 'green' policies and concerns over the environment. In addition, improving productivity improves the financial health of a business during difficult economic conditions. The business environment is increasingly volatile, uncertain, complex and ambiguous, so operations managers have to cope with constant change. Change comes in many forms: major competition, shorter product and service life cycles, better educated and quality-conscious consumers, and the capabilities of new technology. Fundamentally, operations management can help a business to meet its customers' priorities. The operations manager has to find ways to improve productivity while providing a broad array of high-quality products and services.

To be a successful operations manager, you will have to lead change and communicate the reasons behind it, as well as having to learn how to apply the techniques of operations management to ensure the changes deliver the benefits they are supposed to do. This book will help you to think about the key elements of operations management: about how to manage change and undertake projects; how to manage quality and your supply chain; and how to monitor, control and improve your operations. These are skills which will be valuable whether you stay in operations or move into other management areas.

Gareth Rhys Williams

Gareth Rhys Williams started his management career in operations at Lucas Industries before moving into general management. He has been CEO of four businesses, most recently Charter International plc and PHS Group

Mapping an effective change programme

Managing change involves planning and carrying out actions designed to achieve a transition from the current situation in an organisation to a more desirable one in the future. It involves anticipating and minimising obstacles to achieving change as well as dealing with any problems that arise during the transition.

The scope of change management programmes can vary from continuous improvement initiatives, which involve small changes to existing processes, to radical and substantial changes in organisational structure and strategy. Change can be reactive, in response to events that have already taken place, or proactive, in response to anticipated conditions in the future. It may be triggered by changes in an organisation's external environment, for example in the economic, commercial or political arenas; or it may be in response to perceived weaknesses within the organisation, for example its internal processes and structures.

In turbulent and uncertain times change has become a fact of everyday organisational life. It is seen as normal, continuous and prevalent; it cannot be sidestepped or avoided. At times, change can be a relatively painless evolutionary process of adapting to circumstances, but in many cases more dramatic and far-reaching change is necessary, if businesses are to improve performance, deliver added value and remain competitive. Organisational change programmes, which ask people to do different things or to do things differently and call for radical shifts in attitudes and behaviour, are challenging for both the

employees who have to take change on board and the managers who have to plan and manage the change process. It cannot be denied that change is frequently painful, but individuals and organisations need to learn how to handle it if they are to survive.

A study carried out by Towers Watson, a professional services firm, in 2013 found that 55% of all change programmes fail. This highlights how important it is for managers to take a considered approach to the introduction of change, and in particular to take account of human reactions to change as well as the organisational and procedural issues involved. Individuals may feel threatened by change, particularly when they have no control over it, but they will cope better if they have some involvement or influence in the process and some degree of ability to control its pace and direction. Uncertainty about position, status or financial livelihood can cause individuals to feel stressed and fearful. This can lead to resistance and obstructive behaviour or a premature decision to leave the organisation. Managers who can anticipate problems of this nature and have the skills and experience to motivate people and involve them in planning and implementing change are more likely to be successful in keeping their organisations competitive and effective.

Change programmes come in many different shapes and sizes and may involve the use of specific quality management standards and systems, ranging from total quality management to lean management practices and Six Sigma. This checklist outlines a generic process for the introduction of change and considers what factors managers must take into account when planning change programmes.

Action checklist

1 Think through the need for change

Take the time to think through why change is needed and what kind of change is required. What has triggered the need for change? Is it a result of external or internal factors? How urgent is

the need for change? This will assist you in making the case for change later.

At this initial stage you may find it helpful to read a book by a recognised expert to raise your awareness of the issues involved in change management, such as John Kotter's *A Force for Change* or Rosabeth Moss Kanter's *The Change Masters*. Time invested in getting a broader perspective can bring ample rewards and could help you to avoid costly mistakes.

2 Define the scope of change

It is important to define the scope of the change programme rigorously, if it is to be effective.

Consider the following:

- Will the changes involve a fundamental rethink of the purpose of the organisation and what its strategy should be?
- Is it a matter of restructuring or downsizing?
- Is there a need to update systems and processes?
- Will the whole organisation be affected or will the changes be limited to particular departments or functions?
- Is the organisation looking to introduce new ways of working?
- Are new skills needed or are there new tasks that must be carried out?
- How will job roles and responsibilities be affected?
- Will training be required?
- Who will be affected most?

Six areas that should be considered in any major change initiative are:

- markets and customers
- products and services
- business processes
- people and reward systems

- structure and facilities
- technology.

3 Build the case for change

You may now have a clear understanding of why the organisation needs to change, but you will need to convince others.

Persuading people of the need for change is a complex and sensitive business, and it may be awkward if the need for change appears to have come out of the blue. Consider whether it could be helpful to bring someone in from outside the organisation to act as a catalyst, but manage this with care and sensitivity if you decide to go ahead.

Drawing on the reasons for change identified earlier, draw up a clear business case that marshals quantitative and qualitative arguments linked to the achievement of business objectives. Bear in mind that most change programmes are costly, and ambitious targets will almost certainly need to be set if there is to be a reasonable return on investment. Set out a clear vision of the organisation's position once the changes have been made and the benefits that will be derived from successful implementation. Cover the implications of the changes for organisational structures and culture: will you be moving from a hierarchical to a team-based culture, for example? And what impact will this have on the organisation?

4 Consider the human factors

Think carefully about who will be most affected by the proposed changes and consider how they are likely to react. Change often evokes emotional responses, so be ready to listen and respond to any objections and concerns that are raised.

Consider, too, how you can motivate people to get involved in the change process and take ownership of it. It may be possible to ask employees to identify change factors for themselves, so that they will gain insight into the need for change. In all events, the rationale for change must be clearly explained and the benefits

communicated to everyone involved. This should help to reduce uncertainty, allay fears and minimise resistance to change. Research has shown that employees who participate actively in change programmes experience a sense of meaningfulness in their work and higher levels of job satisfaction. Employees who feel disempowered, however, are more likely to become disengaged and dissatisfied.

Ways to build commitment include:

- sharing information as widely as possible (within the constraints of confidentiality) and minimising surprises
- allowing people to make suggestions, give input and express differences of opinion
- breaking change down into manageable chunks or projects
- making standards and requirements clear and ensuring they are understood
- being honest about any difficulties or downsides.

5 Build a culture that supports change

Organisational culture plays an important role in supporting change. A supportive culture can be developed by:

- recognising prevailing values and beliefs
- creating a climate where people feel safe to raise issues or ask questions
- breaking down departmental barriers
- designing challenging jobs
- freeing up time for creative thinking and innovation
- focusing on the interests of all stakeholders.

Methods of handling people issues include:

- recognising staff needs and dealing with conflict positively and openly
- giving clear direction without being directive

- involving everyone in change
- earning the commitment and trust of all stakeholders
- developing relationships between team members
- understanding how teams work
- recognising the talents and limitations of individuals.

6 Gain the commitment of senior management

Senior managers need to be fully committed to change programmes if they are to be successful. Establish from the outset whether the management team is signed up to change, and address the position of those who are not enthusiastic supporters honestly. Make sure that senior managers are included among those consulted when proposing change.

7 Appoint a champion for change

It can be immensely helpful for a senior person to champion the changes. Change programmes benefit from a lead person who drives the plan forward and galvanises people into action. This should not necessarily be the same person as the change programme manager. Often the two roles of programme manager and business change manager are kept separate: the former is responsible for facilitating and delivering change; the latter is responsible for realising the business benefits of change by working across the boundary between the change programme and the wider organisation. The business change manager is often supported by a network of change champions reaching into all parts of the business.

8 Build the right team to manage the changes

Select a team with a mix of technical competencies, personal styles and levels of seniority. Team members should be respected individuals from within the organisation, rather than outsiders. You need movers and shakers whose commitment is not in doubt, but it is useful to temper the mix with a few known critics. All should

have earned respect within the organisation and be widely trusted and credible.

9 Draw up an outline plan

Plan for change in the way you would for any major project. Break the change down into its component parts and map the change processes that will be needed. If change is to be successful, the plan must be well defined and focus clearly on the objectives to be achieved.

The following elements should be covered:

- **Vision.** What is the big idea behind the change? What is the organisation striving to achieve? This must be expressed in a clear and compelling manner.
- **Scope.** What needs to change if the organisation is to realise its vision?
- **Time frame.** What will change when, and in what order? Radical change takes time, especially if a change in attitude is involved.
- **Organisation structure.** Will changes be needed, for example towards a flatter structure?
- **People.** Who will be most affected by change and how? Who will play prominent roles in implementing change (the change agents)?
- **Resources.** How much will the change cost? Will there be offsetting benefits?
- **Controls.** What controls will be in place to ensure that the change progresses satisfactorily?
- **Communications.** Will you need new mechanisms and structures to communicate with frontline employees?
- **Training.** Have time and resources been allocated for the training of managers and frontline employees in both the hard and soft skills associated with change?

10 Cost the change programme

Change is costly, particularly when it is associated with plant closure or redundancies. Recognise this and draw up a separate budget. Do not underestimate the softer costs of training, or the communications the programme will require.

11 Identify driving and restraining forces

In any organisation, there will be forces driving change and forces hindering change; you need to identify both. Plan to reinforce the drivers, or add new ones, and to weaken or lessen the restraining forces through communication and education. This will usually be a slow process, but it can be helped by frank discussion, and even more by positive success.

12 Outline the change programme to line managers

Outline the reasons for and the potential benefits of the proposed changes to line managers. Explain the likely impact of the programme on structures, people, processes and products. Seek feedback and use it to refine the plan and build consensus in favour of change.

13 Communicate

Communication is the key to successful change. Communicate continuously with stakeholders – employees, customers, suppliers and owners – as you plan and build the programme. Be honest with employees about the likely extent of change and the potential effects on them. Do not allow rumours to circulate: pre-empt them through frank, open and timely communications and discussion.

14 Identify change agents

Although change is usually initiated from the top, and led by a change team, it needs to be promoted and pushed through by change champions. These should be the organisation's own employees, not external consultants. Select people who are