

Win in the flat world

Operations Excellence The Key to Sustained Business Performance

– RamaMohan KV, Raja V.

Processes drive businesses. Large organizations are successful because of their people, but also because they have built robust processes that can deliver independently. It is, hence, imperative that organizations focus on the excellence of their processes and systems.

Organizations seek repeatable, reliable & scalable processes at the lowest possible costs, delivered with minimal inconveniences to their customers. Operationally excellent companies deliver a combination of quality, price, delivery, service, ease of purchase, and expertise that no one else in the market can match. Moreover, customers get a consistent experience of the same. 'Mistakes', that may occur, are corrected so swiftly that customers may get more impressed than they would have been had the mistakes never occurred.

With the marked increase in organizations setting up Shared Services Centers or taking recourse to the outsourcing of business processes, understanding operations excellence and its drivers and measures will help them to get the best out of their SSCs or BPO providers.



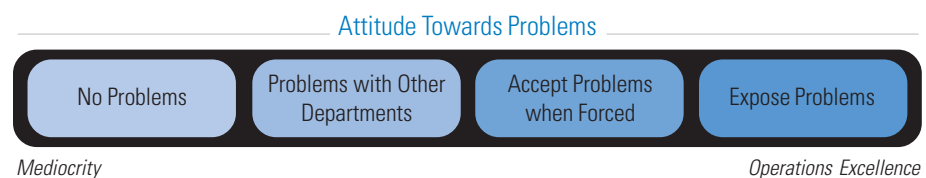
Operations Excellence

Michael Porter recommends that organizations concentrate on at least one of the three possible generic business strategies - Cost Leadership, Differentiation and Market (Niche) Focus - while maintaining the minimum required levels in the other two. Operational Excellence is a prerequisite for the Cost Leadership and Differentiation options. Businesses that pursue Operational Excellence, as a strategy, have their operating model built on the following key features:

- Processes are optimized and streamlined to operate at the lowest possible costs, minimal hassles and enhanced user experience. Processes are not seen as silos, but span cross multiple functions.
- Operations are standardized, simplified (low complexity), tightly controlled and centrally planned, leaving as few decisions as possible to discretion.
- Management systems focus on integrated, reliable, high speed of transactions and compliance to norms / standards.
- A comprehensive data driven approach to decision making; intuition always validated by data that drives action.
- A culture that abhors waste and rewards efficiency.

Attitude toward Problems

Organizations pursuing Excellence show a high degree of maturity in handling 'problems'. While a mediocre company may seek to 'bury' problems, an operationally excellent company encourages pro-activity in surfacing problems and is agile. These are the organizations that last long.



Such organizations demonstrate five key abilities:

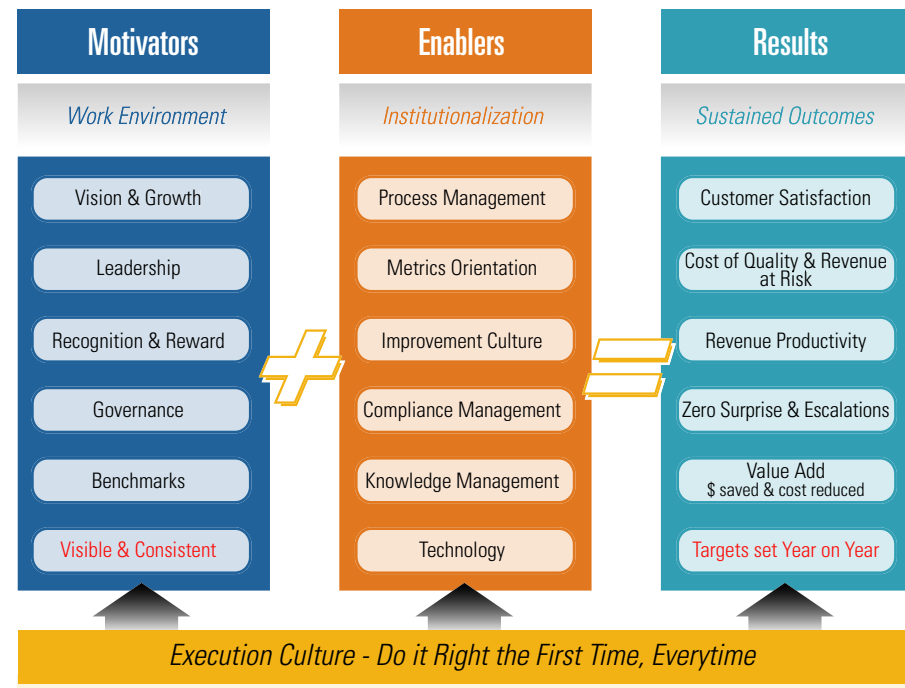
1. See the big picture
2. Gather, analyze and interpret data
3. Break assumptions
4. Work collaboratively
5. Thrive on change

Operations Excellence Defined

But what is Operations Excellence? Infosys BPO defines it as the roadmap to a differentiated customer experience. For service industries, it means consistently exceeding service delivery

metrics, and measurably transforming or changing their customers' experience or businesses. Operational Excellence is based on the philosophy that "Execution Excellence" is one key factor that would differentiate an organization from its competitors.

Figure 1: Infosys BPO's Operations Excellence Framework



Operational Excellence is measured through a set of sustained outcomes. It is a consequence of a work environment that motivates and encourages excellence, and a set of institutionalized practices that enable excellence, as indicated in Figure 1.

The Client - The Only Rationale behind Operations Excellence

Customers' requirements form the basis on which an organization needs to develop its Operations Excellence Framework. Organizations have a set of expectations from their SSCs and BPO providers:

1. Once the decision to centralize or outsource is taken, processes need to be transitioned as quickly as possible and without hitches. Hence, [Discovery and Transition Methodologies](#) are required
2. A big concern lies around heightened risks and a perceived loss of control.
 - These need to be minimized through (Multi-locational) [Business Continuity Planning](#)
 - Design and enforcement of strictest [data security standards](#)
 - Periodic assessment of the enforcement of these standards
 - External certifications - like [SAS 70](#), [TR 19](#) and [ISO 27001](#) - to ensure that risk reduction processes are robust

- A high level of visibility to operational parameters post outsourcing
 - [Operations Excellence Management System \(OEMS\)](#) applications, used to manage and report on the workflow associated with every transaction as well as the workforce, enable real time dashboards that can prompt abnormalities and serve as the basis for metrics driven management and improvements
 - Regular [Governance Mechanisms](#)
 - Providers' internal processes should be robust to ensure continuity of operations
 - External certifications - like those of ISO - provide a sense of assurance of such processes
 - An all encompassing [Assessment](#) framework (focusing on multiple parameters in the areas of Operations, People Management and Enabling activities) to verify compliance to client and internal requirements and measure engagement effectiveness
3. Customers should experience at least the same level of service as they had before the processes were outsourced/ centralized - expectations of reliable, predictable processes
- Work, performed earlier by employees with 15-20 years of experience, now needs to be performed by young agents
 - Hence, a robust, well defined and strong [Operations Methodology](#) would be required.
 - Access to technical tools that can be used for capturing process steps right the first time and using them for providing training to associates ensure fidelity to activities of experienced subject matter experts.
 - Strong emphasis on [training, domain certifications](#), etc.
 - [Right skilling](#) to ensure delivery predictability and minimize attrition.
4. Processes need to function at levels superior to those achieved earlier, through continuous process improvements
- Complexity reduction - [process & skill complexity](#) measurement models have been developed.
 - [Standardization](#) of processes & steps
 - [Six Sigma](#)
 - [Process reengineering](#)
 - [Benchmarking](#) across multiple clients
 - [Technological](#) interventions

The various interventions mentioned above, and a few others, are represented in Figure 2.

Operations Excellence Metrics

The two facets of Operational Excellence framework are Predictability & Differentiation.

Being predictable implies consistency of performance and 'no-surprises'. Predictable processes are premised on an environment where all activities that are 1) mandated by either the client or the organization and 2) necessary to ensure consistency are performed diligently.

Figure 2: Levers for Operations Excellence



In Infosys BPO, for example, this environment is sought to be created through [Self/ Independent Assessment](#) of all engagements.

Creating such an environment will not automatically ensure predictable performance of client processes. Such an environment can only bring to surface or reduce the number of variables that affect process performance. Meticulous work needs to be done to reduce or control the variables that affect performance.

No measurable improvement can be brought about if process parameters (primarily output metrics like accuracy, TAT and productivity, and sometimes input and in-process metrics) are not measured. Once measured, actions need to be identified and taken to improve each of the process metrics. The success of such actions is indicated by the [Sigma Level Scorecard](#).

[Six Sigma/ Lean](#) methodologies can be used to improve process metrics. Going beyond such improvements, and focusing on enabling large transformational benefits provides opportunities for Being Different.

The very nature of a BPO provider's business implies that it will take on some of the business risks from its clients. Awareness of these risks and actions to mitigate/ minimize them are essential. [Risk Assessment](#) seeks to surface the risks faced by various client processes so that senior management can focus on them.

If all of the above are done well, it should lead to better customer satisfaction. The [C-Sat Scores](#) from periodic Customer Satisfaction Surveys are good indicators of the client's perceptions about performance, and also serve as early warning indicators in case things go wrong.

Enablers of Operations Excellence

As indicated in the main article, Infosys BPO's Operations Excellence program is enabled through multiple parameters:

1 Process Management

- Discovery, Transition, Operations, Methodologies
- Certifications - ISO 9001, 27001, TR 19, eSCM SP v2.0, etc.
- Statistical Process Control
- Domain & Skill Certification Programs at all levels

2 Metrics Orientation

- Adoption of COPC-Gold framework metrics
- Daily Metric Dashboards
- Metric definitions calibrated with clients

3 Improvement Culture

- Six Sigma, STAR (Lean) methodologies
- Technological interventions

4 Knowledge Management

- Capability baselines to agree SLAs early in the engagement
- Reusability

5 Technology

- Operations Excellence Management System to capture process and operational metrics

6 Compliance Management

- Independent Assessment
- Risk Assessment and Governance
- Daily Report Management

7 Risk Assessment

- Risk assessment, on multiple parameters, acts as an early warning signal for the engagements to take actions to prevent potential failures and for senior leadership to focus on strengthening support and reviews.

Motivators

In our experience, there are a few factors that act as strong motivators for achieving Operations Excellence.

Vision & Growth

The Operational Excellence Program needs to be aligned to strategic organizational objectives to ensure that the focus is maintained

Leadership

The leadership team needs to demonstrate visible commitment through

- Alignment with Scorecards
- Extensive Communication
- Sponsorship of the Operations Excellence Program
- Providing necessary infrastructure and budgets

- Encouraging participation of people
- Creating a fear free work environment

Recognition and Reward

Recognition and Rewards through:

- "Pat on the back" for improvements done
- Forums to celebrate success
- Publicizing improvements - making people achieving this more visible
- Various Awards
- Linkage with Progression & Promotion criteria

Governance

Governance is led by the Operational Excellence Council that is empowered to drive change management.

- Role of the Council
 - a. Socializing and Promoting Excellence
 - b. Policy recommendations and sign-offs
 - c. Recognition and Reward
 - d. Steer a few key initiatives
 - e. Act as an escalation point to resolve any issues or remove roadblocks for excellence
 - f. Provide adequate resources
- Council constitutes senior members from Operations and Business Enabling Functions.
- The Council reports to the CEO
- The Council is supported by a dedicated Operations Excellence Group within the Quality Department.

Benchmarks

Using benchmarks to drive excellence is the key to sustaining interest in such programs:

- A common framework to compare internally (a dashboard)
- Best Practice Sharing forums
- Participation in external benchmarking exercises
- Benchmarks for comparison with best-in-class (both practices & metrics) for enhanced performance

C O N C L U S I O N

BPO Service Providers that are successful in their Operations Excellence programs share some common traits:

- Ability to foresee an outcome, and its impact on the clients and the corporation
- Prevent unfavorable situations wherever possible, or provide early warning for better preparation
- Monitoring and controlling at a process/ transaction level
- Ability to build confidence in clients on delivery and spring zero surprises
- Provide service beyond SLAs, a move from operational performance to excellence
- Significant positive impact on client's business metrics

Operationally Excellent companies are run like the armed forces. The team is what counts, not the individuals. Everyone knows the battle plan and the rule book, and when the buzzer sounds, everyone knows exactly what he or she has to do. The heroes in this kind of organization are the people who fit in; dedication is paramount, and a promise is meant to be kept. All possible wastes are avoided. A well deployed Operational Excellence program will lead to a highly empowered and accountable organization that is devoid of tensions, stress, and buck passing. Healthy culture of celebrating success, peer recognition and sense of pride prevails throughout the organization.



About the Authors

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Questions? Opinions?

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