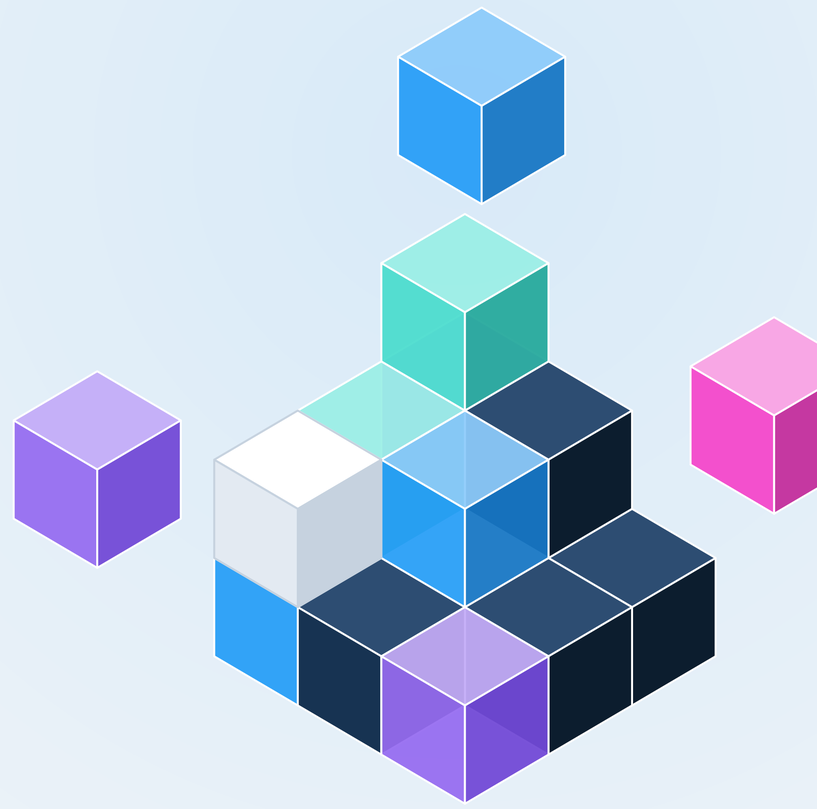
OPERATIONAL EXCELLENCE

The Operational Excellence System

Operational excellence is a management system in which strategy, processes, people, performance routines and culture are linked, so that results improve every day and hold over time.



01 THE CORE MODEL

FIVE LAYERS · ONE OPERATING SYSTEM

WHY	**Strategy**	A few clear priorities, deployed to every level
HOW	**Processes**	Value streams designed for flow and quality
WHO	**People**	Capability, standard work and problem solving
HOW WELL	**Performance**	KPIs, visual boards and a review cadence
HABITS	**Culture**	Behaviors that make the system improve itself

FEEDBACK AND LEARNING

DIRECTION

Operating system

The set of routines, roles and tools that run the business every day.

Alignment

Every layer serves the same few priorities that come from strategy.

Feedback loop

Results flow back up and adjust direction and standards.

02 SYSTEM VS PROGRAMS

Excellence comes from linked routines, not isolated initiatives.

PROGRAMS — SYSTEM

PROGRAM THINKING

- Initiatives compete for the same people
- Gains fade when the sponsor moves on
- Metrics differ between departments

SYSTEM THINKING

+ One set of priorities for every level
+ Daily routines sustain the gains
+ Shared metrics link strategy to the floor

03 WORKED EXAMPLE

MID-SIZED MACHINE BUILDER · BUILDING THE SYSTEM

STRATEGY	PROCESS	PERFORMANCE	CULTURE
Lead time first	**Flow in assembly**	**Daily lead-time board**	**Problems raised early**
top priority for the year	value stream redesigned	reviewed at tiers 1 and 2	escalation used, not feared

04 MANAGEMENT TAKEAWAYS

01 — Start with few priorities

Three clear priorities beat fifteen; everything else aligns to them.

02 — Connect layers with routines

Reviews, boards and gemba walks link strategy to daily work.

03 — Measure behaviors too

Track how leaders coach and respond, not only output.

05 COMMON MISTAKE

LIMITATION

Buying the system as a toolkit

Tools without leadership routines and culture give a short spike, then a return to old habits.