




AERIES



6 CRITICAL COMPONENTS OF OPERATIONAL EXCELLENCE

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Operational Excellence: A Strategic Approach for Future Success

The orchestration of day-to-day business operations is often a complicated and complex undertaking. With ever-changing customer demands, fluctuating profit margins, and a myriad of unknowns looming in the distance, the **need for growth and stability** is more pressing than ever.

Operational excellence helps decision makers achieve their established business goals. The ability to operate more efficiently and strategically can free up resources - creating the environment necessary for consistent **innovation and continuous improvement**.

This is particularly important in today's business environment. Competition is high, resources are limited, and talent is scarce. Performing at a level of operational excellence can provide a real, measurable advantage over your competitors. Operational excellence is a lofty goal - challenging, but attainable.



Operational excellence is the point at which each and every employee can see the flow of value to the customer, and fix that flow before it breaks down.

~ Kevin Duggan,
Institute for Operational Excellence



To reach a state of operational excellence, a business must dedicate itself to a strategic, phased approach to process improvement, tied to long-term business outcomes.

A **structured approach** helps an organization get from the current state, usually defined by manual processes and inefficiencies, to a future state of integrated, optimized operational excellence.

Organizational Transformation



Current State

- Manual processes
- Duplicated efforts
- Inefficient use of resources
- Overhead waste
- Low CSAT/NPS scores
- High customer turnover



Transitional

- Automated processes
- Streamlined workflows
- Improved efficiency
- Fewer costly errors
- Better CSAT/NPS scores
- Improved customer turnover

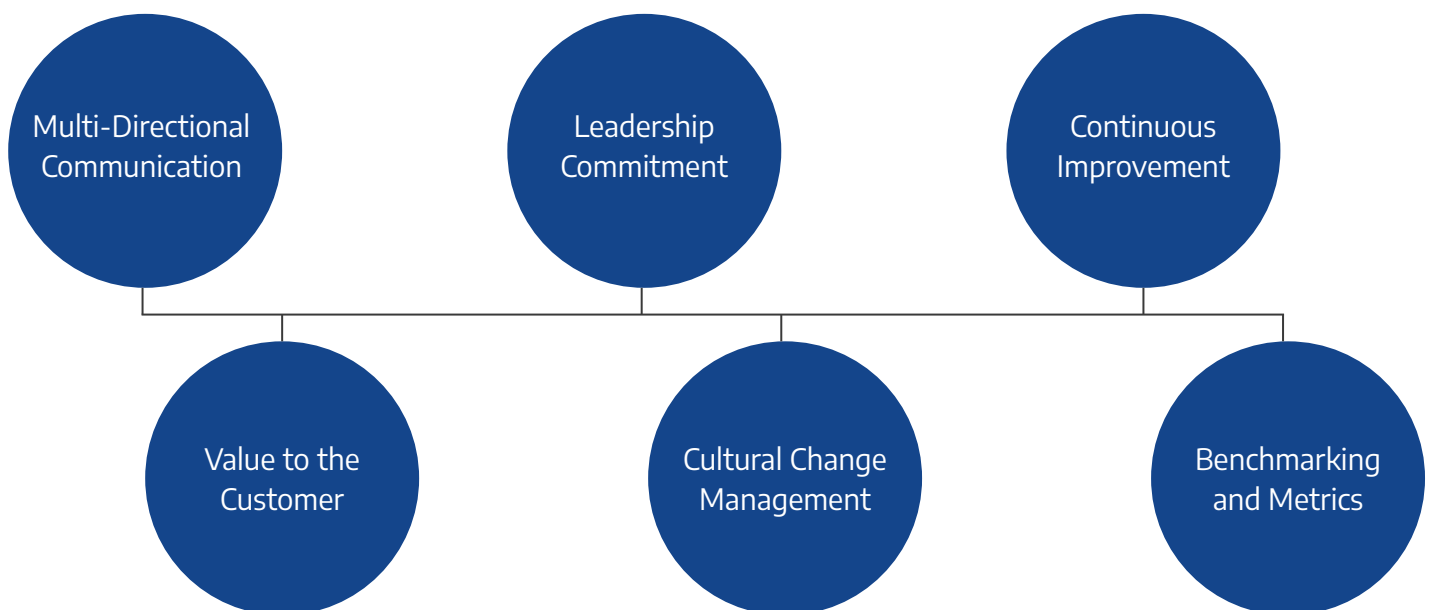


Operational Excellence

- Integrated processes
- Applied data analytics
- Accurate forecasting
- Reduced labor costs
- Exceptional CSAT/NPS scores
- Strategic achievement

Components of an Operational Excellence Strategy

To achieve operational excellence using a strategic, phased approach, your business first must address a number of different components, including:

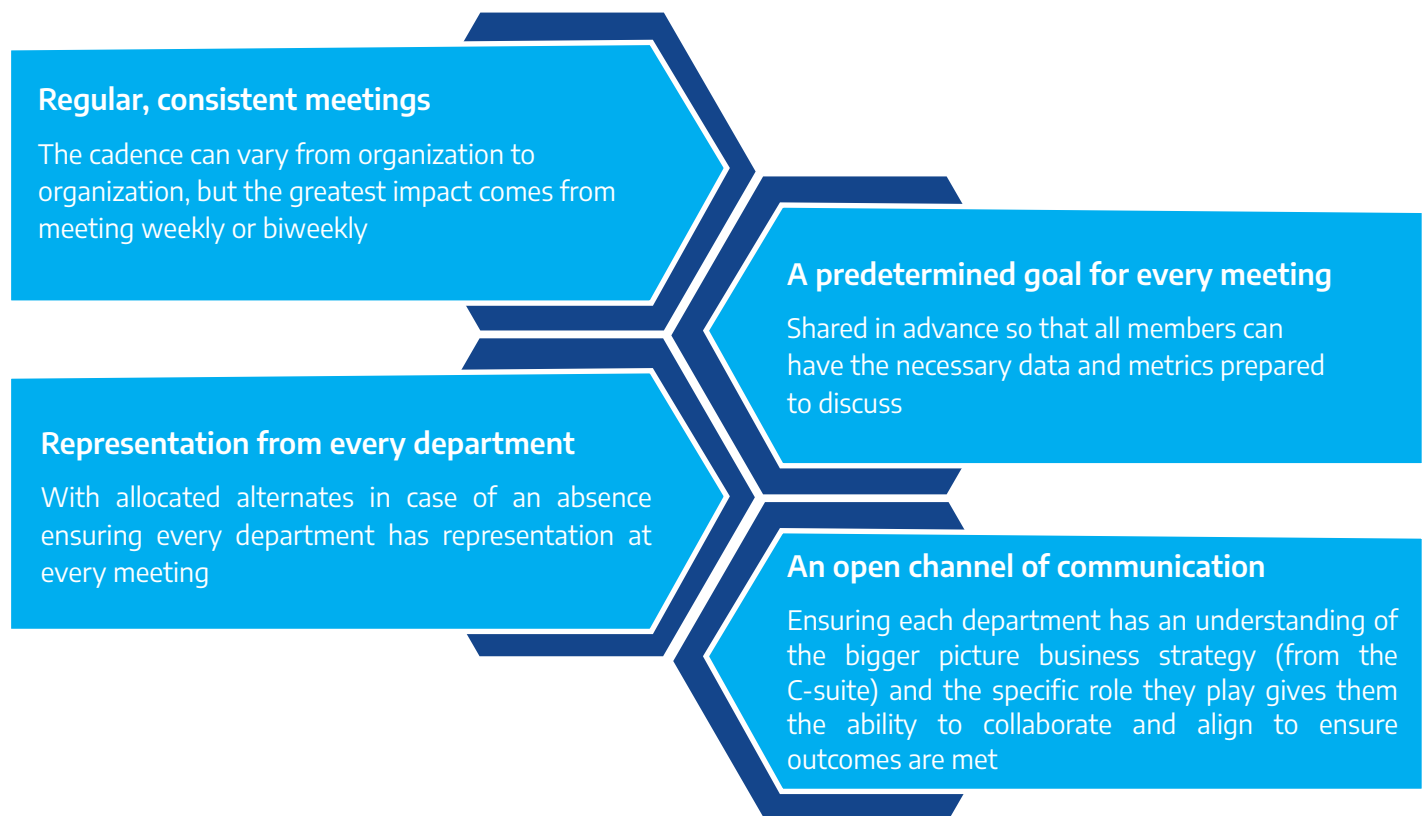


Multi-Directional Communication

Streamlined communication is crucial. And in order to support operational excellence, it must be multi-directional. It's not enough to have top-down communication (although important) or to encourage employees to speak openly with higher management (also important). Multi-directional communication means both of these, plus open peer-to-peer and interdepartmental communication that's consistent in timing and alignment.

A helpful tool in supporting interdepartmental communication, and breaking down information silos, is a Governance Board. A Governance Board is a committee of key stakeholders from different departments throughout the organization, who meet regularly to discuss internal strategies, priorities, and outcomes.

Components of a Successful Governance Board:



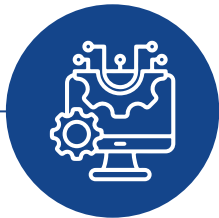
The strength of an organization lies within the culture. Building a culture that helps to spearhead successful change initiatives is what Aeries Technology does. We have created, implemented, and participated in regular Governance Board meetings for clients ensuring a focused plan and that specific outcomes are achieved.

Value to the Customer

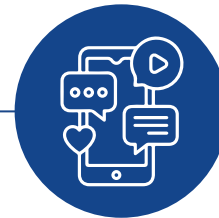
A successful operational excellence strategy places the customer at the center of process creation and improvement. Value must be defined from the customer’s point of view, so that organizational changes and improvements can contribute, directly or indirectly, to value optimization.

To accomplish this, a business needs to capture data related to the customer experience, and turn that information into customer insights. This data can come from a number of sources and a variety of tools, which are largely dependent on the systems and technology currently in use - and those in which the company intends to invest.

Customer data sources to consider:



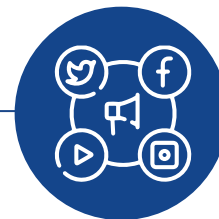
Website interactions
and engagement



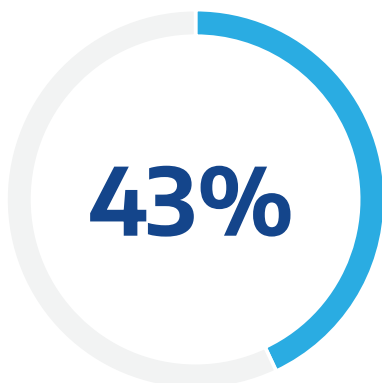
Mobile app interactions
and engagement



CSAT surveys



Social media interactions
and engagement



43% of organizations are focusing on Customer Delight as a key measure of success in operational excellence strategies.¹

Leadership Commitment

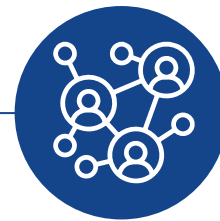
All the stakeholder support in the world will not lead to successful outcomes without executive support and commitment from the highest levels of leadership. Without leadership buy-in, sustainable execution and ongoing, phased improvement becomes impossible.

However, leadership includes employees outside the C-suite. There must also be alignment from key stakeholders across your organization. These key stakeholders should be at different levels of the organization, but will be important in maintaining access to resources, focus on priorities, and momentum throughout a long-term change.

To achieve employee buy-in, leadership must convey the business strategy, along with the role that each department plays by:



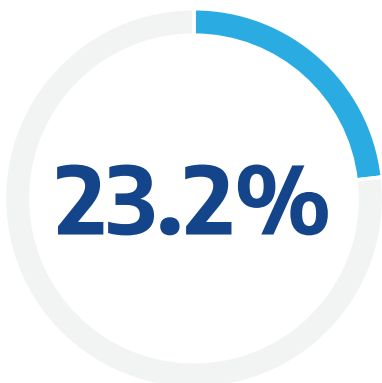
Presenting a clear, compelling picture of how your strategy affects the bottom line



Communicating regularly and through multiple channels



Using a creative approach to keep everyone engaged



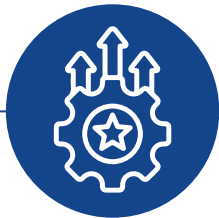
of businesses cited a lack of leadership understanding and buy-in as the top critical challenge to achieving operational excellence.²

Cultural Change Management

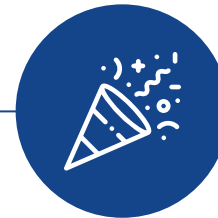
A famous quote attributed to management guru Peter Drucker notes, “Culture eats strategy for breakfast.” The best strategy in the world is doomed if it is not supported by the culture of the business and the daily actions, activities, and mindset of your workforce.

For the momentum required for sustained operational excellence, create change agents throughout the organization. Any employee can be a change agent - it’s not a definition that should be restricted to managers and executives. In fact, some of your business’ most effective agents of change can be found among frontline employees.

Change agents support operational excellence efforts by:



Promoting value of the excellence strategy across the company affecting areas leadership is unable to reach



Celebrating successes and milestones



Increasing adoption of new solutions and workflows



of companies reported that improving company culture is their top critical challenge.³

Benchmarking and Metrics

Using data to benchmark performance and evaluate the success of improvement measures is critical to any operational excellence strategy. Without tracking performance data, a business is relying on their gut feeling rather than on evidence.

Using the appropriate benchmarks and metrics, a business can not only evaluate existing processes and improvement strategies - they can also more easily spot potential issues and address them early on.

KPIs to consider:



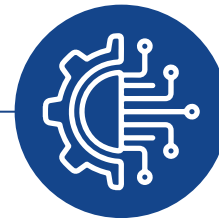
Financial: Quote to Value, Cash Value, Gross Margin, Cash Flow



Customer Satisfaction: CSAT, NPS, Complaint Rate, Renewal/Retention



Quality: Order Accuracy, Error/Defect Rate, Rejected Materials Cost/Volume



Technology: Uptime, App Performance, Project Cost, Fault Resolution



Culture: Training Completed, Employee Satisfaction Score, Employee Retention



Productivity: Capacity Utilization, Downtime, Operating Rates, Labor Utilization, Operating Margin, Employee / Revenue Ratio

You know the old adage. Rome wasn't built in a day. Operational excellence is also not a finite goal with a finished product - once operational excellence is achieved, ongoing optimization is needed to ensure that operations remain excellent. To make the transition from a current state to your desired future state, a business must ensure that it covers all the components necessary to strive towards operational excellence.

Transforming your business utilizing a long-term strategy for operational excellence isn't easy. It is a long-term commitment that requires support throughout the organization. It can also be complex, and difficult to know where to begin. In these cases, a trusted partner can be an enormous benefit.

Operational excellence means something different to every company, depending on its size, industry, processes, goals and objectives. But while operational excellence does not invite a standardized definition, it is not ambiguous or indefinable.

Instead, operational excellence is best described as a mindset that is deeply and inextricably tied to the idea of continuous improvement. Operational excellence is a state that a business can reach, but not one where it can rest. Resources must be dedicated to improvements, on an ongoing basis, to ensure that a company maintains its excellence in competitive environments.



Where to begin?

Aeries Technology helps businesses just like yours achieve operational excellence - through long-term strategy and support, deep experience, and a proven methodology. Aeries is your partner, a part of your team, dedicated to your goals and objectives.

Contact us to know more.

1,2,3: "The Global State of Operational Excellence 2021-2022," Business Transformation & Operational Excellence World Summit (BTOES)

About Aeries

Aeries Technology (Nasdaq: AERT) is a global professional services and consulting partner for businesses in transformation mode and their stakeholders, including private equity sponsors and their portfolio companies, with customized engagement models that are designed to provide the right mix of deep vertical specialty, functional expertise, and digital systems and solutions to scale, optimize and transform a client's business operations. Founded in 2012, Aeries Technology now has over 1,600 professionals specializing in Technology Services and Solutions, Business Process Management, and Digital Transformation initiatives, geared towards providing tailored solutions to drive business success. Aeries Technology's approach to staffing and developing its workforce has earned it the Great Place to Work Certification.

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