PERFORMANCE IMPROVEMENT THROUGH VARIOUS OPERATIONAL STRATEGIES IN BUSINESS ORGANISATIONS

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Abstract

Performance improvement is basically a strategy under the umbrella of performance management to assist employees in achieving better performance and growth. Managers use performance improvement plans to help underperforming employees meet the organization's standards and requirements in terms of productivity and behavior called operational or individual performance improvement. On the other hand, performance improvement also occurs at a team level, department level, and organization level called as organizational performance improvement. The research covers the study and analysis of performance levels, cycles, overview of performance improvement, factors affecting performance, the PI process framework along with desired and actual performance and gaps and how operational strategy is playing its crucial role to improve performance in organizations.

Introduction

Performance improvement is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency and effectiveness of the process or procedure. The concept of performance improvement can be applied to either individual performance such as an athlete or organizational performance such as a racing team or a commercial enterprise. In organizational development, performance improvement is the concept of organizational change in which the managers and governing body of an organization put into place and manage a program which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which are put into place to achieve higher output. The primary goals of organizational improvement are to increase the organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and services. Performance improvement at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational level, performance improvement usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers.

Another way to think of performance improvement is to see it as improvement in four potential areas. First, is the resource INPUT requirements like reduced working capital, material, replacement/reorder time and setup requirements. Second is the THROUGHPUT requirements, often viewed as process efficiency; this is measured in terms of time, waste and resource utilization. Third, OUTPUT requirements often viewed from a cost or price, quality, functionality perspective. Fourth, OUTCOME requirements did it end up making a difference. Performance is an abstract concept and must be represented by concrete, measurable phenomena or events to be measured. There are two main ways to improve performance: improving the measured attribute by using the performance platform more effectively, or by improving the measured attribute by modifying the performance platform, which in turn allows a given level of use to be more effective in producing the desired output.

Business performance management and improvement can be thought of as a cycle:

- Performance planning where goals and objectives are established.
- Performance coaching where a manager intervenes to give feedback and adjust performance.
- Performance appraisal where individual performance is formally documented and feedback delivered

Organizations seeking to solve a performance problem frequently implement a specific intervention such as training, without fully understanding the nature of the problem or determining whether or not the chosen interventions is likely to succeed. In fact there are number of methods for improving the performance of organizations, teams and individual. Organization development, industrial engineering, training and development, quality assurance, and human resources development address performance gaps in particular ways. Performance improvement differs from these approaches by using a systematic methodology to find the root causes of a performance problem and then implement an intervention (or fix) that applies to that specific performance deficit.

Factors affecting performance:

1. Clear job expectations
2. Clear and immediate performance feedback
3. Adequate physical environment, including paper tools, supplies and workspace.
4. Motivation and incentives to perform as expected
5. Skills and knowledge required for the job

   Successful organizations support their workers by instituting and sustaining these performance factors. This support can be provided by a supervisor or emanate from a variety of other sources. For e.g. feedback can come from a peer group. But no matter the source of these performance factors, it is the responsibility of the organization to make sure that a system is in place to deliver them. When a performance factor is missing and a gap in performance has occurred, a solution or intervention usually becomes clear. For e.g. if workers lack information about what is expected of them, obvious interventions would include implementation of written policies, job descriptions or verbal directions.

PI Process Framework

- **Consider institutional context** – firstly the facilitator must understand the institutional context within which performance improvement will take place. He must be aware of the goals of the larger organizations and maintain a consistent direction when defining performance targets. Familiarity with organizational goals from the very top down to the level at which the main interventions will take place helps to ensure the sustainability of the interventions.
- **Obtain and maintain stakeholder agreement** - a client initiates the PI process by asking for assistance with problems or performance situations. In the initial stage, the PI facilitator, the client and the stakeholders meet to discuss and define the desired outcomes of the activity. This dialogue is important as it creates a collaborative working relationship that will continue for the life of the project. Throughout the PI process, the facilitator will ensure that there is common understanding and project agreement among the stakeholders.
- **Desired performance** – the stakeholder group creates verbal statements that define desired performance in specific, observable and measurable terms. These statements of desired performance address the quality, quantity and timeliness of performance (i.e. how well, how many, when?) the group then sets initial and final target levels of performance. This cooperative work to define desired performance is vital for building consensus among the stakeholders and achieving the desired outcome of the project.
- **Actual performance – once** desired performance is described to everyone's satisfaction, current levels of performance are assessed using the same indicators developed to describe desired performance.
- **Performance gaps –** once the desired and actual levels of performance have been defined, identifying the performance gaps becomes a simple matter of comparing the two levels. The gap description shows the difference between current performance and

the performance client wants to achieve. This stage usually involves prioritizing which performance gaps to address, as more than will likely to identify.

- **Root causes –** once performance gaps have been described, the next step is to determine the cause of those gaps. Using the performance factors as a starting point, the stakeholder group participates in a root cause analysis to uncover the environmental factors that are impeding good performance. In PI, the analysis that concludes with the finding of root causes is frequently called a Performance Need Assessment.
- **Select and design interventions -** the stakeholder group next selects interventions that will address the root causes discovered during the previous stage. Each intervention or set of interventions must address at least one root cause. During this stage, the team consults experts in each possible intervention area and plays a major role in designing and developing the selected interventions.
- **Implement interventions –** during the implementation stage, the team recruits additional expertise as needed, assures organizational readiness, applies the interventions, and helps enable and monitor organizational change.
- **Monitor and evaluate performance –** through monitoring and evaluation, the team measures the change in the performance gaps identified during gap analysis. Monitoring happens on an ongoing basis so that changes in implementation can be made as needed. The final evaluation should remeasure the performance gaps and assess the extent to which they have closed as a result of the interventions.

OPERATIONAL STRATEGY

Operational strategy is the total pattern of decisions which shape the long term capabilities of any type of operations and their contribution the overall strategy, through the reconciliation of market requirements with operations resources. Operational strategy the tool that helps to define the methods of producing goods or a service offered to the customer.

Can we ever imagine a car without a gear or the steering wheel? Whilst, what remains of an utmost importance to drive the locomotive from one location to another for whatever purpose we wish, but can only be made possible with each and every part of the car working together and attached. The company has an ultimate goal of delivering goods to a client, but the processes of designing, manufacturing, analyzing and then finally being delivered are the driving forces for the company's success

Companies and organizations making products and delivering, it for profit or not for profit relies on a handful of processes to get their products manufactured properly and delivered on time. Each of the process acts as an operation for the company. To the company this is essential. That is why managers find operations management more appealing.

Nature of strategy

Strategy is one of the most over used words in the business dictionary. Yet surprisingly there is no agreement on what the term actually means. No-one challenges its military origin, used with regard to how a commander might deploy his resources (armed forces) throughout campaign aimed at achieving a particular objective (conquering territory or thwarting an invasion). The idea that a business organization could have a strategy seems to have first emerged in the 1960s, when the techniques of long term business planning were first popularized. Since then many different interpretations of the concept and practice of strategic management have been developed. However, the way that the operations function manages resources will impact both the way that the organizations interacts with its external environment and its ability to meet the needs of its stakeholders. Thus operations management is an integral part of an organization's strategy.

Levels of strategy

Corporate level strategy is the highest level of strategy. It sets the long term direction and scope for the whole organization. If the organization comprises more than one business unit, corporate level strategy will be concerned with what those businesses should be, how resources will be allocated between them and how relationships between the various business units and between the corporate centre and the business units should be managed. Organizations often express their strategy in the form of a corporate mission or vision statement.

Corporate level strategy

- What businesses shall we be in?
- What businesses shall we acquire or divest?
- How do we allocate resources between businesses?
- What is the relationship between the businesses?

- What is the relationship between the centre and the businesses?

Business level strategy

- How do we compete in the business?
- What is the mission of the business?
- What are the strategic objectives of this business?

Function level strategy

- How does the function contribute to the business strategy?
- What are the strategic objectives of the function?
- How are the resources managed in the function?
- What technology do we use in the function?
- What skills are required by workers in the function?

Operations management strategy

The direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources with aim of fulfilling stakeholder expectations. Strategy in a business organization is essentially about how the organization seeks to survive and prosper within its environment over the long term. The decisions and actions taken within its operations have a direct impact on the basis on which an organization is able to do this. The way in which an organization secures, deploys and utilizes its performance objectives. There are five operations performance objectives:

1. Cost: the ability to produce at low cost
2. Quality: the ability to produce in accordance with specification and without error.
3. Speed: the ability to do things quickly in response to customer demands and thereby offer short lead times between when a customer orders a product or service and when they receive it.
4. Dependability: the ability to deliver products and services in accordance with promises made to customers
5. Flexibility: ability to change operations. Flexibility can comprise up to four aspects:
    - The ability to change the volume of production
    - The ability to change the time taken to produce
    - The ability to change the mix of different products or services produced.
    - The ability to innovate and introduce new product and services

Conclusion

Excelling at on one or more of these operations performance objectives can enable an organization to pursue a business strategy based on a corresponding competitive factor. However, it is important to note that the success of any particular business strategy depends not only on the ability of operations to achieve excellence in the appropriate performance objectives, but crucially on customers valuing the chosen competitive factors on which the business strategy is based. Matching operations excellence to customer requirements lies at the heart of any operations based strategy.

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