

Key Note: *From Compliance to Commitment to Stewardship*

The transformational role of Operational Excellence Management Systems



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From Compliance to Commitment to Stewardship



Presentation Outline

- Defining High Reliability Organizations
- The Attributes of High Retainability Organizations
- OE Culture Maturity Model
- Operational Excellence Framework
- Operational Excellence Fundamentals
- Operational Excellence Ingredients



Opening Thought

The True Inner Challenge



“This deliberate decision within organizations not to try to learn internally what has gone wrong constitutes what I have called, with respect to Vietnam, an anti-learning mechanism. Avoiding improved performance is not the point of the mechanism. But because studying present and past faulty decision-making risks may invite blame and organizational, political, perhaps even legal penalties, those outcomes “outweigh” the benefits of clearly understanding what needs to be changed within the organization”.

Marc Gerstein - author “Flirting with Disaster” Page 8.



High Reliability Organizations (HROs)



Definition

Are organizations that exhibit:

- Strong learning orientation;
- Prioritization of safety/reliability over other goals;
- Continual training and development; and
- An emphasis on checks and maintaining the safety performance.

Definition based on HSL (2011); Hopkins (2007) and OECD (2012)



High Reliability Organizations (HROs)



What They Exhibit...

- An organizational prioritization of safety and the shared performance goals throughout the organization;
- An organization culture of reliability;
- The learning organization which uses higher orders of learning to continually improve; and
- "A strategy of redundancy beyond technology".

Source: Adapted from <http://high-reliability.org>



High Reliability Organizations (HROs)



Characteristics

No	Characteristic	Implication
1	Dynamic Leadership Shift	Decision making is hierarchical during routine periods with clear responsibilities during emergencies, the organization migrates to a structure in which leverages on the members within the organization who have the expertise.
2	Systematic Intervention	They manage by exception and thus managers focus of strategic and tactical decisions and interfere seldom with operational issues which are delegated and covered by clear processes.
3	Learning Organization	Climate of continuous training and learning. Learning organization which uses higher orders of learning to continually improve.
4	Multi-Communication	Several channels are used to communicate safety critical information – timely communication of information during normal and emergency situations
5	Redundancy	In-built redundancy and the provision of back-up systems in case of a failure. "a strategy of redundancy beyond technology".

Source: Adapted from HSL (2011)



Transformation to HRO

What do we do?

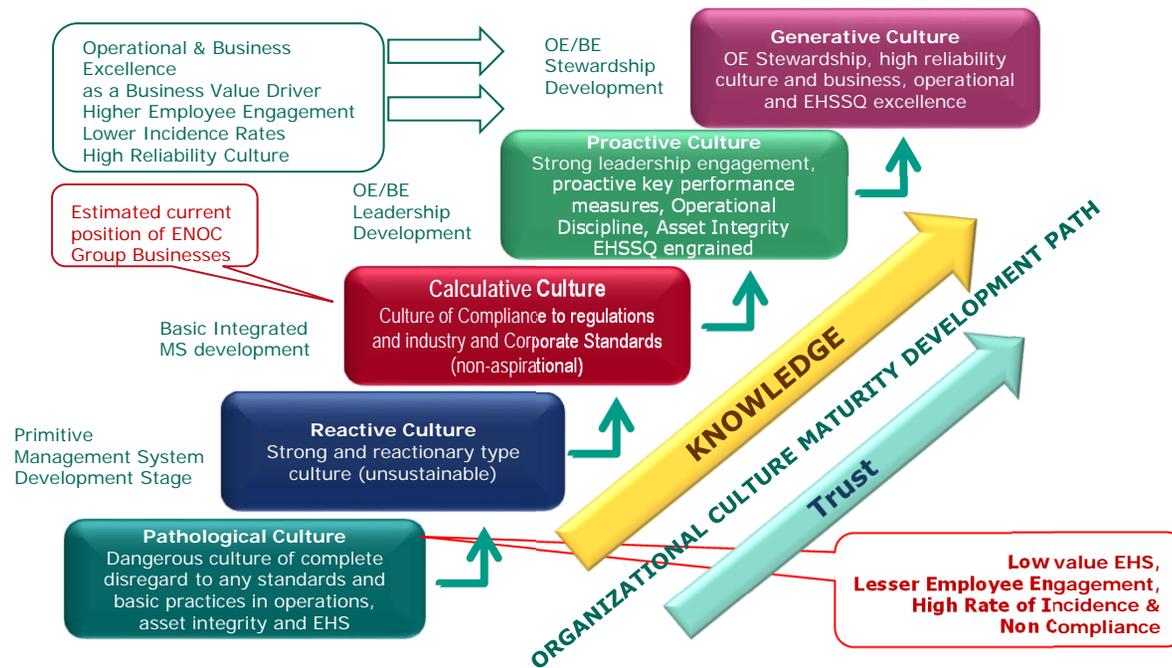


So how do we move to becoming a High Reliability Organization?

*Through **Operational Excellence***



OE Culture Maturity Model



Operational Excellence



The Fundamentals

- **Leadership & Vision** – elevates Integrity; Reliability and Efficiency and creates focus by setting the tone.
- **Principles and Expectations** – establishes baseline but allows flexibility in context of overall principles.
- **Management Systems and Processes** – Creates consistency in high risk environments – with innovation allowed.
- **Reporting, Assurance and Continuous Improvements** – systematic reporting – improving performance through creating opportunities.
- **Behaviors and Capabilities** – engage employees and encourage behaviors that drive improved performance.



Operational Excellence

The Framework and its Pillars



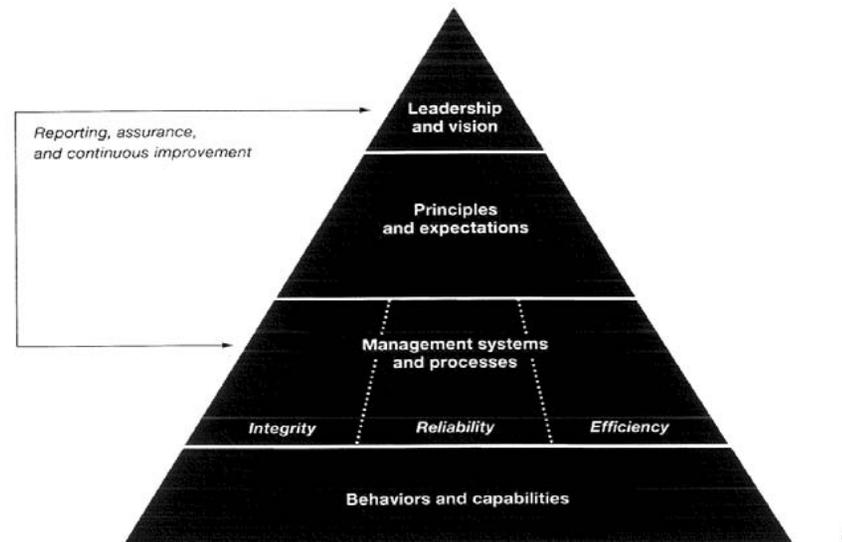
Exhibit 1
Key elements of an OE framework

Framework for Operational Excellence

Creates a Value Proposition for Organizations

The Pillars are:

- **Integrity** – Stands the Test of Time
- **Reliability** – Will perform without fail
- **Efficiency** – Will bring value – More with Less



Adapted: Strategy&/PwC – From Compliance to Commitment - Taking Pride for Operational Excellence

Operational Excellence



The Ingredients

- OE must provide a **Value Proposition** – How do we measure that value? – Value Overtime requires a true belief from all in the organization
- OE must be **integrated** therefore with the **Business Planning Processes** – Requires a Cross-functional Team
- OE requires the **development of OE champions** in the front line to help create that change needed within an organization's workforce;
- OE has become **very significant** today as the **economics of operation** have changed to focus today on **managing costs, reliability and safety**;
- OE relates to **asset integrity; reliability and efficiency** as key components;
- It goes beyond compliance – it goes beyond commitment – it only truly succeeds if the leaders of the organization become the true stewards...



High Reliability Organizations (HROs)



Concluding Remarks

- High Reliability Organizations (HRO) operate safely, efficiently and reliably over extended periods of time.
- There are key attributes of HROs – Not all organizations can be HRO and there is a strong link between Organizational Maturity, Leadership Commitment and Strong Systems being Implemented with Discipline
- Operational Excellence can be achieved through managing Integrity, Reliability and Efficiency.
- Without a Leadership which aspires to having what is classed as a generative culture – we can not achieve true operational excellence – it is always difficult to aspire to a goal which in it self is the journey to excellence...



*From Compliance to Commitment to
Stewardship*

And the Rise Of Operational Excellence...



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Thank You for your Attention