Operations Consulting involves assisting clients in developing operations strategies (i.e., product leadership, operational excellence, customer intimacy, etc.) and in improving production (and service delivery) processes.

Example Operations Consulting projects: the 5 Ps (Continued)

**People**
- Quality improvement
- Setting/revising work standards
- Learning curve analysis

**Planning and Control Systems**
- Supply chain management
- MRP / ERP
- Shop floor control
- Warehousing and distribution

**Plants**
- Adding and locating new plants
- Expanding, contracting, or refocusing facilities

**Parts**
- Make or buy decisions
- Vendor selection decisions

**Processes**
- Technology evaluation
- Process improvement and reengineering
Hierarchy within Consulting Firms

- Finders
  - Who find new business
- Minders
  - Who manage the business
- Grinders
  - Who actually do the work

When are Operations Consultants Needed?

- When faced with major investment decision(s)
- When management believes it is not getting the maximum effectiveness from the organization's productive capability

Stages in Operations Consulting Process

1. Sales and proposal development
2. Analyze problem
3. Design, develop and test alternative solutions
4. Develop systematic performance measures
5. Present final report
6. Implement changes
7. Assure client satisfaction
8. Assemble learnings from the study

Five categories of Operations Consulting activities

- Problem Definition
- Data Gathering
- Data Analysis and Solution Development
- Cost Impact and Payoff Analysis
- Implementation
Operations Consulting Tool Kit: Category 1

- Problem Definition
- Issue trees
- Customer surveys
- Gap analysis
- Employee surveys
- Five forces model

Operations Consulting Tool Kit: Category 2

- Data Gathering
- Plant tours/audits
- Work sampling
- Flow charts
- Organizational charts

Operations Consulting Tool Kit: Category 3

- Data Analysis and Solution Development
- Problem analysis (SPC tools)
- Bottleneck analysis
- Computer simulation
- Statistical tools

Operations Consulting Tool Kit: Category 4

- Cost Impact and Payoff Analysis
- Decision trees
- Balanced scorecard
- Stakeholder analysis
Reengineering

- Defined as the fundamental **rethinking** and radical **redesign** of business processes
- Purpose is to achieve dramatic **improvements** in critical, contemporary measures of performance such as cost, quality, service, and speed
- As an engineering discipline, reengineering can be applied to any process in manufacturing and service businesses, education, and the government

Business process reengineering (BPR)
- Focused on reengineering business processes

Key Words in the Reengineering Definition

- **Fundamental**
  - Why do we do what we do
  - Ignore what is and concentrate on what should be

- **Radical**
  - Business **reinvention** vs. business improvement

Key Words in the Reengineering Definition (Continued)

- **Dramatic**
  - Reengineering should be brought in “when a need exits for heavy blasting”
    - Companies in deep trouble
    - Companies that see trouble coming
    - Companies that are in peak condition

- **Business Process**
  - a collection of activities that takes one or more kinds of inputs and creates an output that is of value to a customer
Principles of Reengineering

- Organize around outcomes, not tasks
- Have those who use the output of the process perform the process
- Merge information-processing work into the real work that produces the information
- Treat geographically dispersed resources as though they were centralized

Principles of Reengineering (Continued)

- Link parallel activities instead of integrating their results
- Put the decision point where the work is performed, and build control into the process
- Capture information once and at the source

Reengineering: Industrial Practice

- Process System Improvement Strategy featuring Gortrac (DVD)

Question Bowl

Reasons for the boom in consulting include which of the following?
- a. Globalization
- b. Very inexpensive
- c. Existing managers don't know what they are doing
- d. All of the above
- e. None of the above

Answer: a. Globalization
Question Bowl

In the hierarchy of a typical consulting firm who are at the top of the organizational pyramid?

a. Minders  
b. Finders  
c. Grinders  
d. Binders  
e. None of the above

Answer: b. Finders

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Question Bowl

Which of the following are some of the major strategic and tactical areas where companies typically seek operations consulting?

a. Plant  
b. Parts  
c. Processes  
d. People  
e. All of the above

Answer: e. All of the above (The five P’s also include Planning and control systems.)

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Question Bowl

Using the “Stages in the Operations Consulting Process”, what stage follows the “Implement Changes” stage?

a. Sales and proposal development  
b. Analyze problem  
c. Assure client satisfaction  
d. Present final report  
e. Develop systematic performance measures

Answer: c. Assure client satisfaction

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Question Bowl

Which of the following are a part of the “Operations Consulting Tool Kit” that apply to the category of “Problem Definition”?

a. Bottleneck scorecard  
b. Employee surveys  
c. Flowcharts  
d. Statistical tools  
e. None of the above

Answer: b. Employee surveys
Question Bowl

Which of the following are a part of the “Operations Consulting Tool Kit” that apply to the category of “Data Gathering”?

a. Decision trees
b. Employee surveys
c. Flowcharts
d. Statistical tools
e. None of the above

Answer: c. Flowcharts

Question Bowl

Which of the following are a part of the “Operations Consulting Tool Kit” that apply to the category of “Implementation”?

a. Organization charts
b. Gap analysis
c. Five forces model
d. Computer simulation
e. None of the above

Answer: None of the above (These tools actually should include Responsibility Charts and Project Management Techniques.)