



Overall Interactional Effectiveness

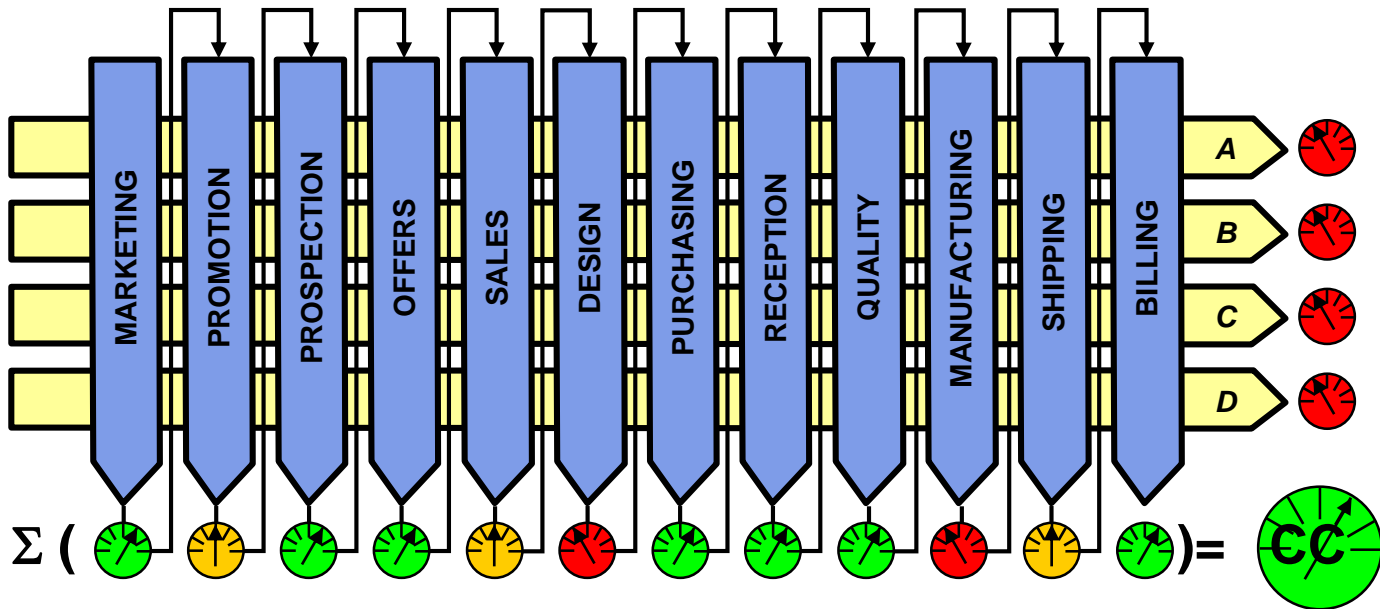


Second 4P Factory online Seminar

Wednesday 16th March 2016

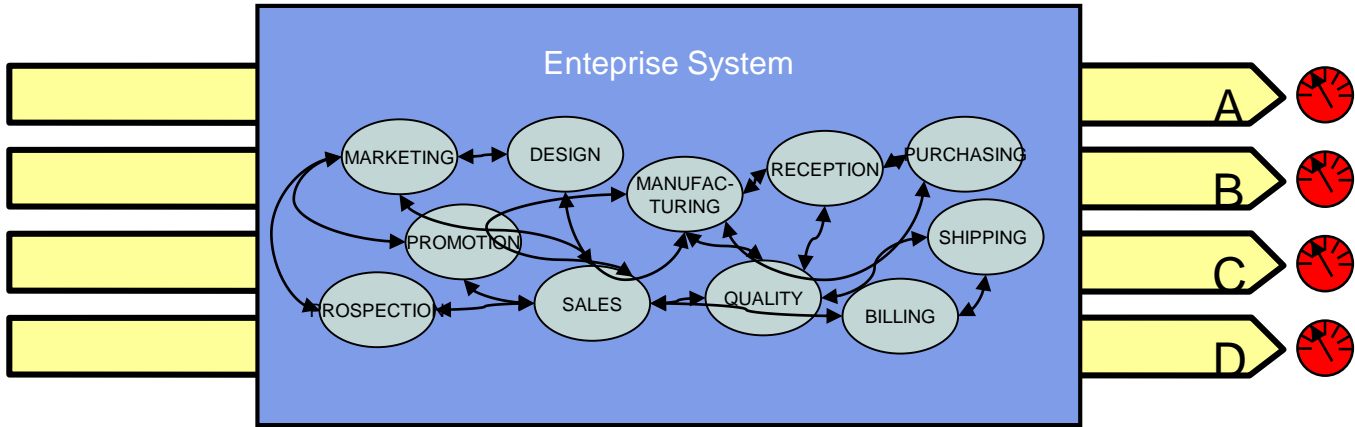
José Gramdi
Jean Vieille

- Complex enterprise system
- Quantification of enterprise effectiveness
- Enterprise model for OIE
- Continuous improvement and transformation





Identity / Strategy - Perennity

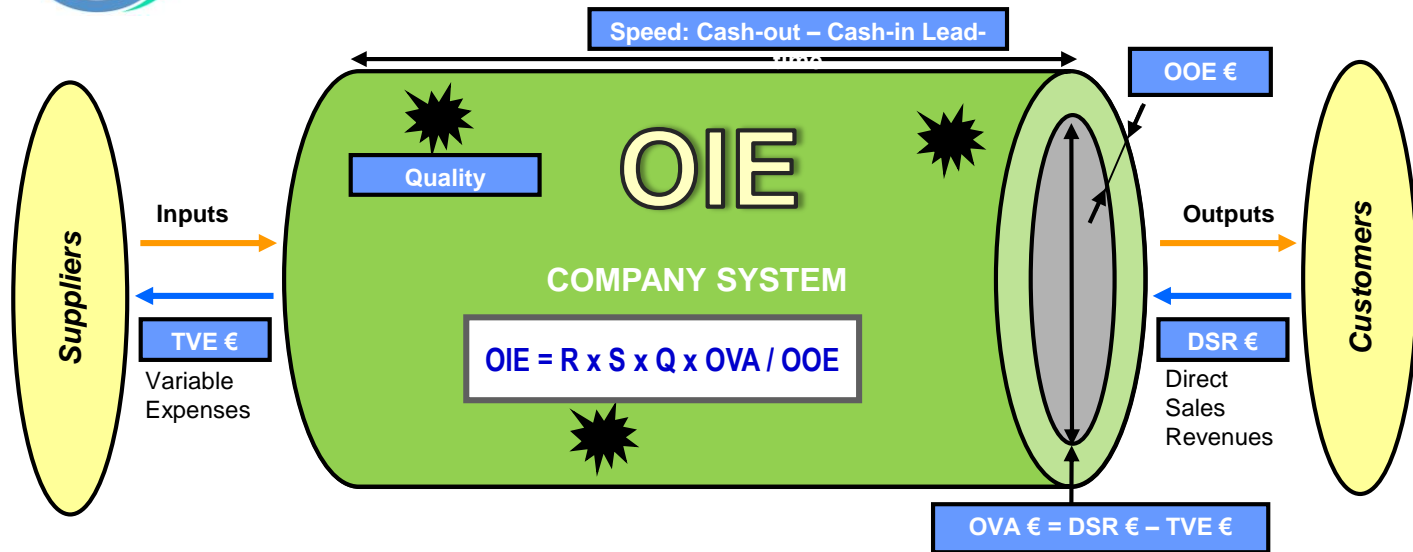


- System
 - Set of elements in dynamic interaction, structured toward one objective (J. De Rosnay)
- Silos do not take the system nature into account
 - The whole is more than the sum of its parts
 - The sum of local optimas is not necessarily a global optima

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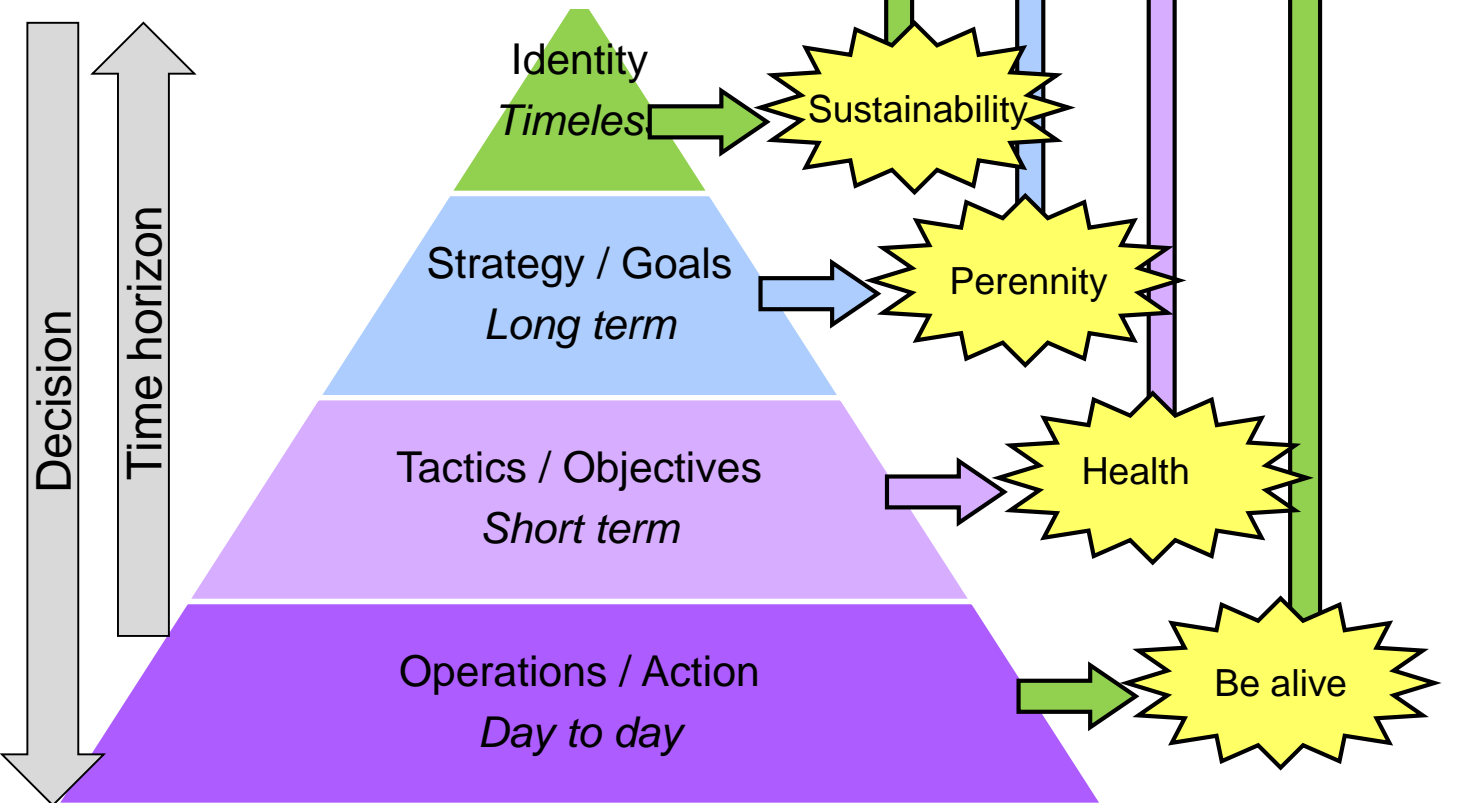
- Enterprise identity management
 - Handled at the highest management level
 - Mission statement, strategic objectives
- Need for actionable KPIs
 - Related to qualitative statements and objectives
 - Throughout the decision hierarchy and time horizons
- Need for homogeneous measurement
 - Same measure for all enterprise managed entities
- Need for addressing complexity, interactions
 - Mutual impact assessment

- Revenues
 - The enterprise must generate revenues
- Cash
 - The enterprise must hold enough cash to sustain its operations (Working capital needs)
- Market relevance, Customer satisfaction
 - The enterprise must keep existing customers happy and attract new ones
- Social responsibility, Sustainability
 - The enterprise must fulfil employees, partners, Society, State expectations
 - Wrongdoing organisms are eliminated



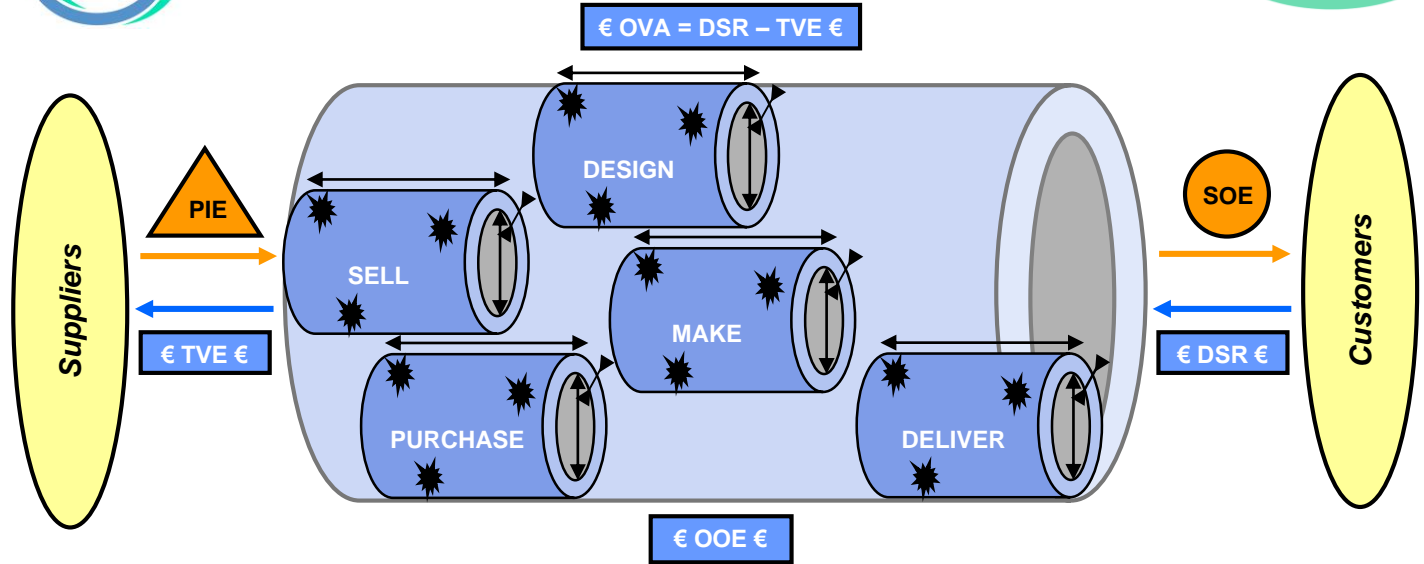
	Pipe	Value
OVA	Section	Direct sales revenues – Truly variable expenses
OOE	Thickness	Overall operational expenses = all expenses – TVE
S*	1/Length	Speed
Q*	1/Leaks	Quality, Customer satisfaction
R*	Greenness?	Social Responsibility, Environment fitness

$$OIE = R \times Q \times S \times OVA / OOE$$

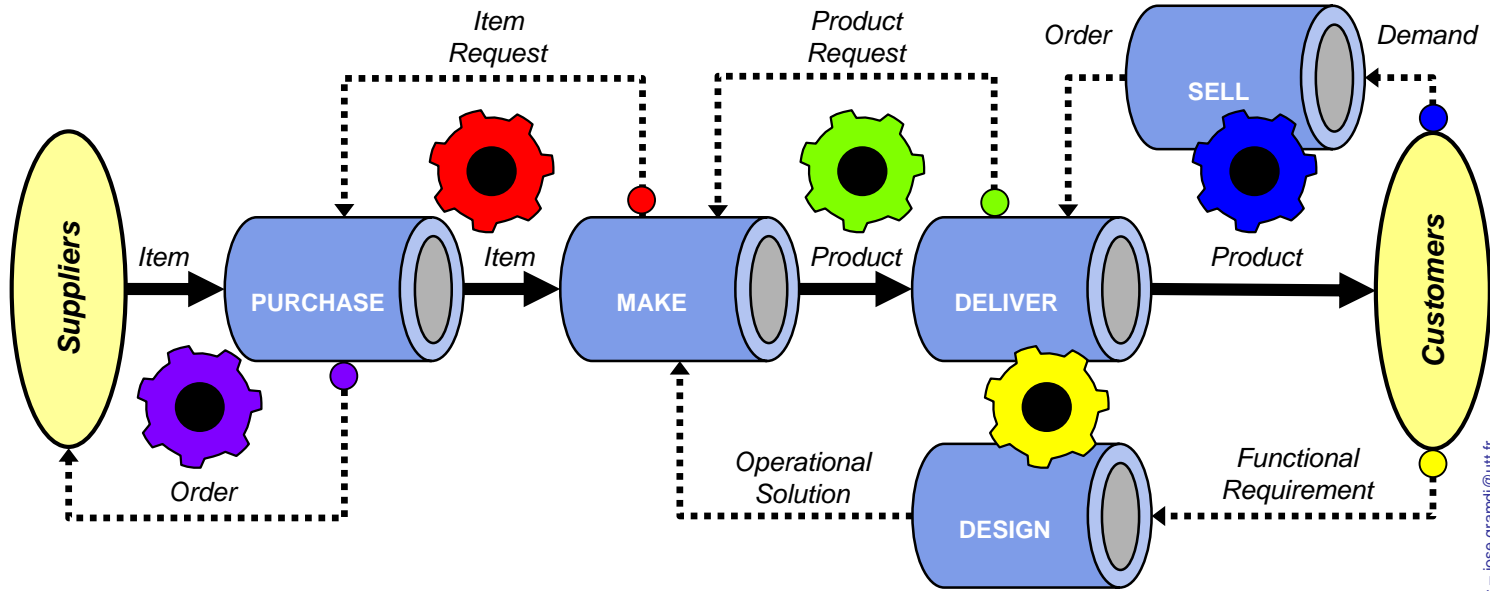


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- OIE sets 4 dimensionless KPIs addressing
 - the whole enterprise system
 - The whole decision span
- OIE uses a 5 main processes model
 - First level filter for focusing improvement efforts
 - Subsequently matched with enterprise actual organization



- **The SELL process**
 - *Transforms a market demand into an order for the company*
- **The DESIGN process**
 - *Transforms a customer requirement into an operational solution*
- **The PURCHASE process**
 - *Transforms an internal request into an available item*
- **The MAKE process**
 - *Transforms raw materials into finished goods*
- **The DELIVER process**
 - *Transforms an order into a delivered product*



- **5 interactional control loops**
 - *Combined effect of processes onto OIP*

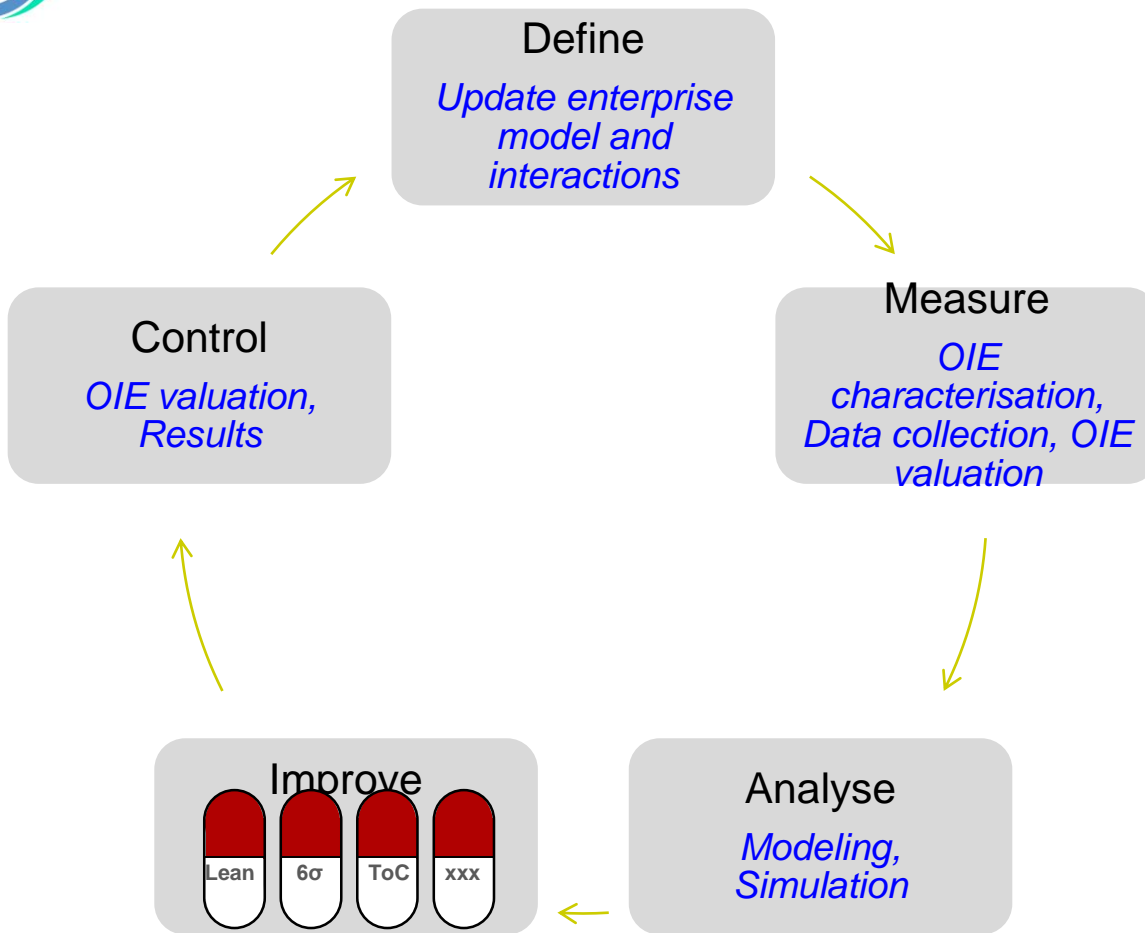
Design					Sell					Purchase					Make					Deliver														
OVA	OOE	S	Q	R	OVA	OOE	S	Q	R	OVA	OOE	S	Q	R	OVA	OOE	S	Q	R	OVA	OOE	S	Q	R	Qty	Price	TVE	DSR	OVA					
3		2			3		2	2		1		2	1		4		1			2		2	2											
1		4					2	2							1		1					1												
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7	2	9	5		5	2	5	9		5		5	8		14	4	6	11		5	1	7	6											
23					21					18					35					19					Total									

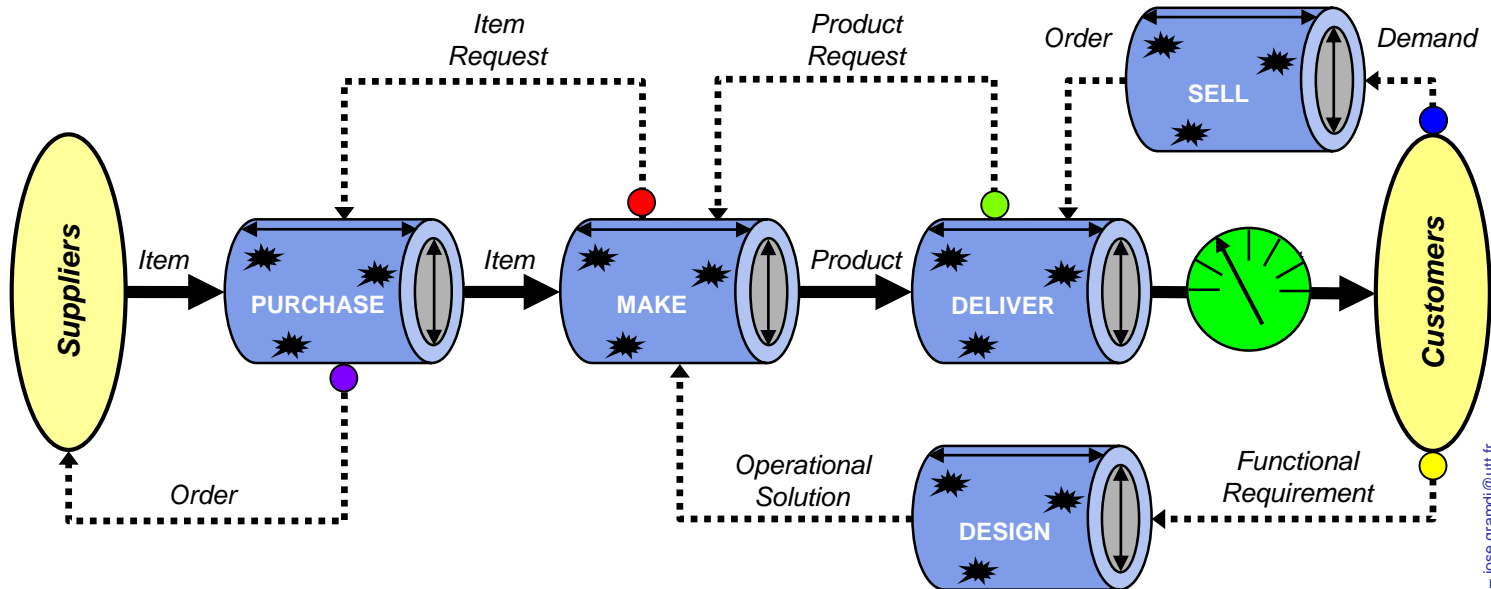
Assessment by all parties working together

Design				Sell				Purchase				Make				Deliver					
OVA	OOE	S	Q	OVA	OOE	S	Q	OVA	OOE	S	Q	OVA	OOE	S	Q	OVA	OOE	S	Q		
																				OVA	Design
												1								OOE	
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		3										1		2			2	3		OVA	Sell
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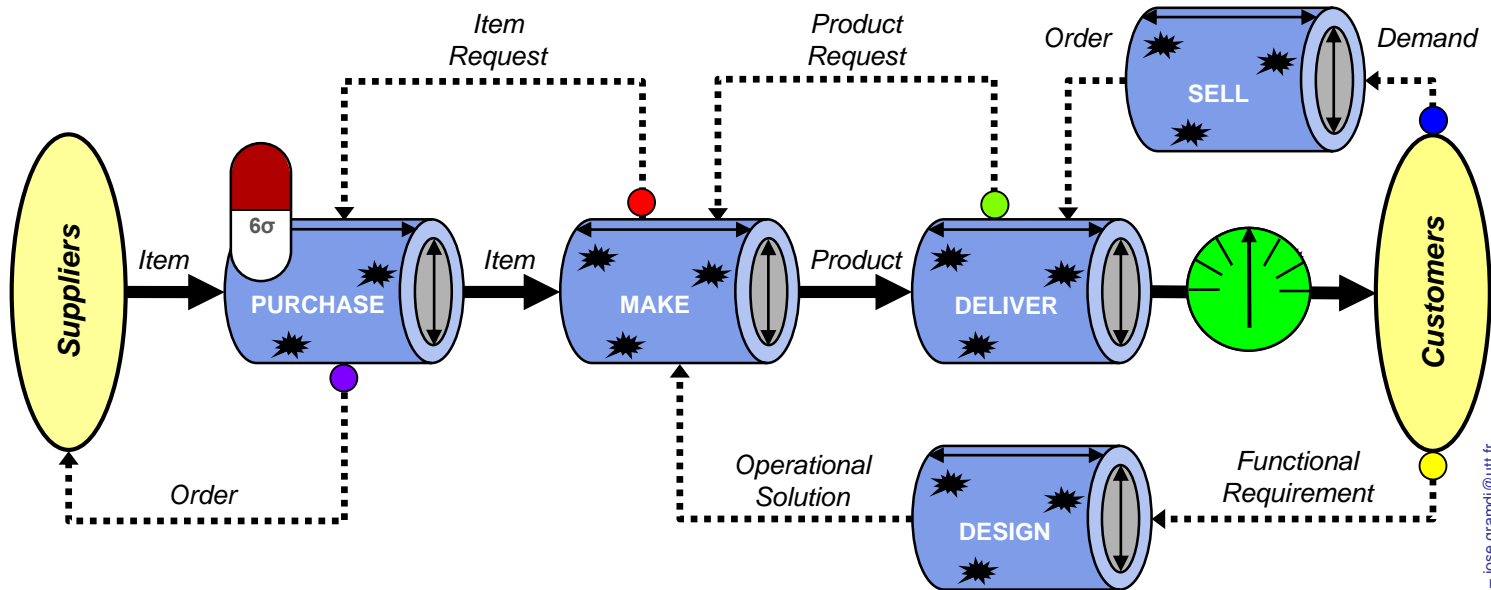
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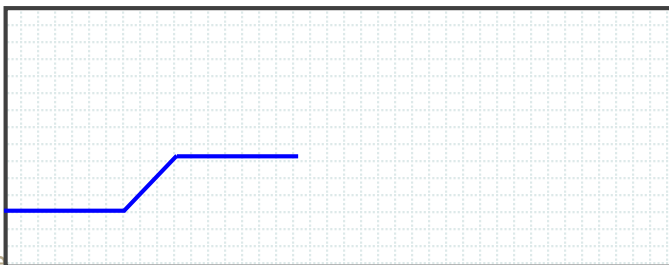


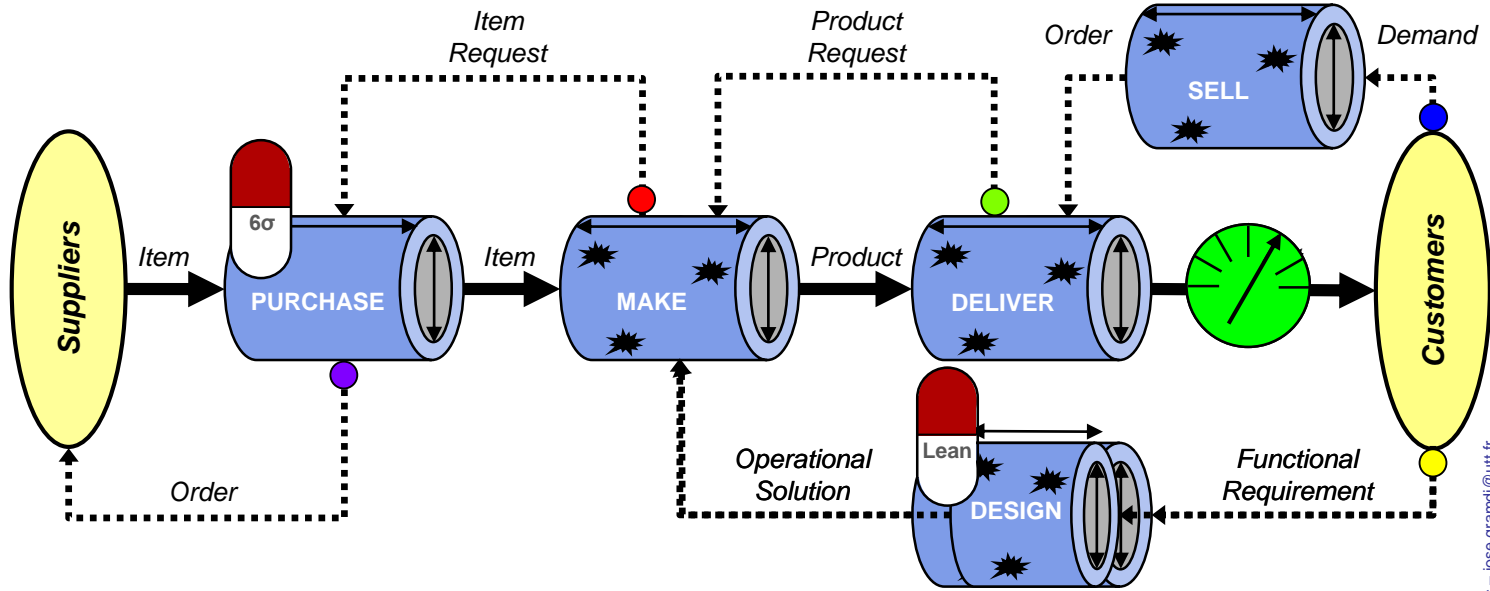
OIP



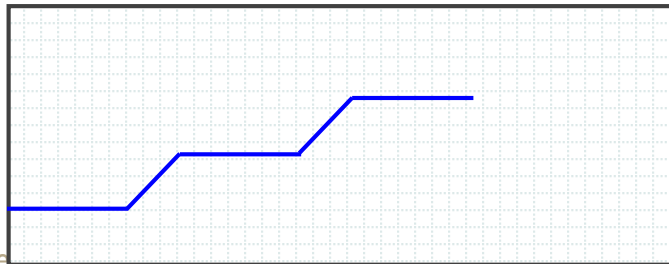


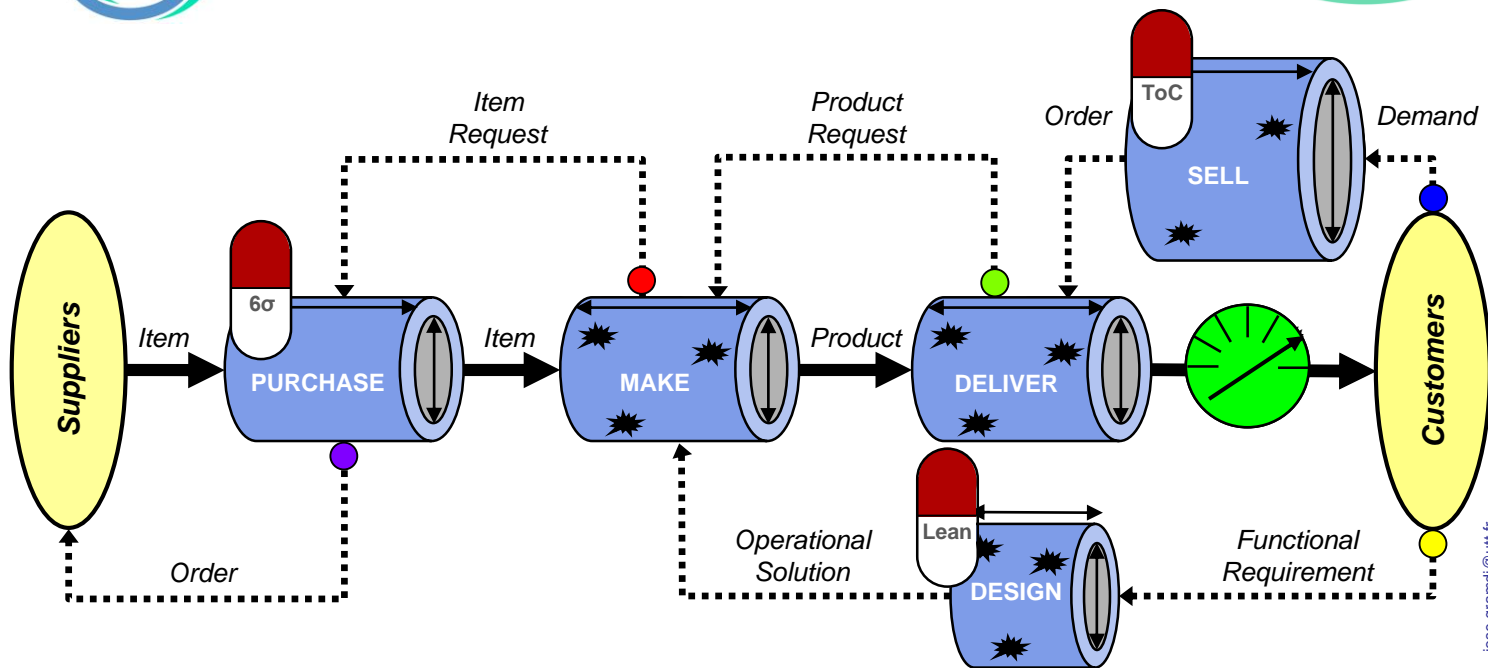
OIP



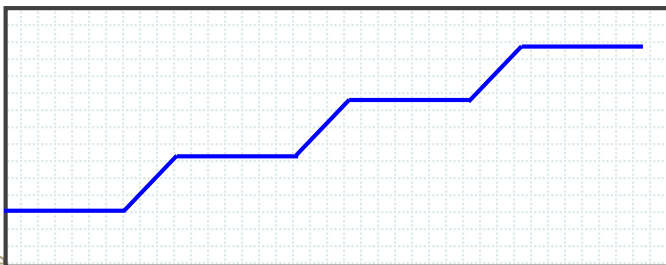


OIP





OIP



- Operations
 - What is the optimal resources allocation?
 - What are the optimal batch size and sequencing?
 - How to optimally dispatch productions on different plants?
 - How to drive business with cash limitation?
- Market strategy
 - What is the optimal sales mix?
 - What are optimal selling prices?
 - How to prioritise and manage sales according to the manufacturing capacities?
- Transformation
 - How to balance finance resources between operations, investment, reward
 - How to dispatch financial resources among investment projects
 - How to prioritize IT development
 - How to decide on the relevance of an innovation?

Common criteria: shall increase OIE

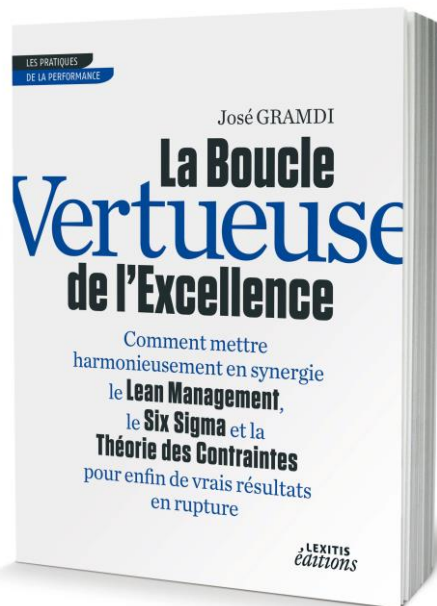


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