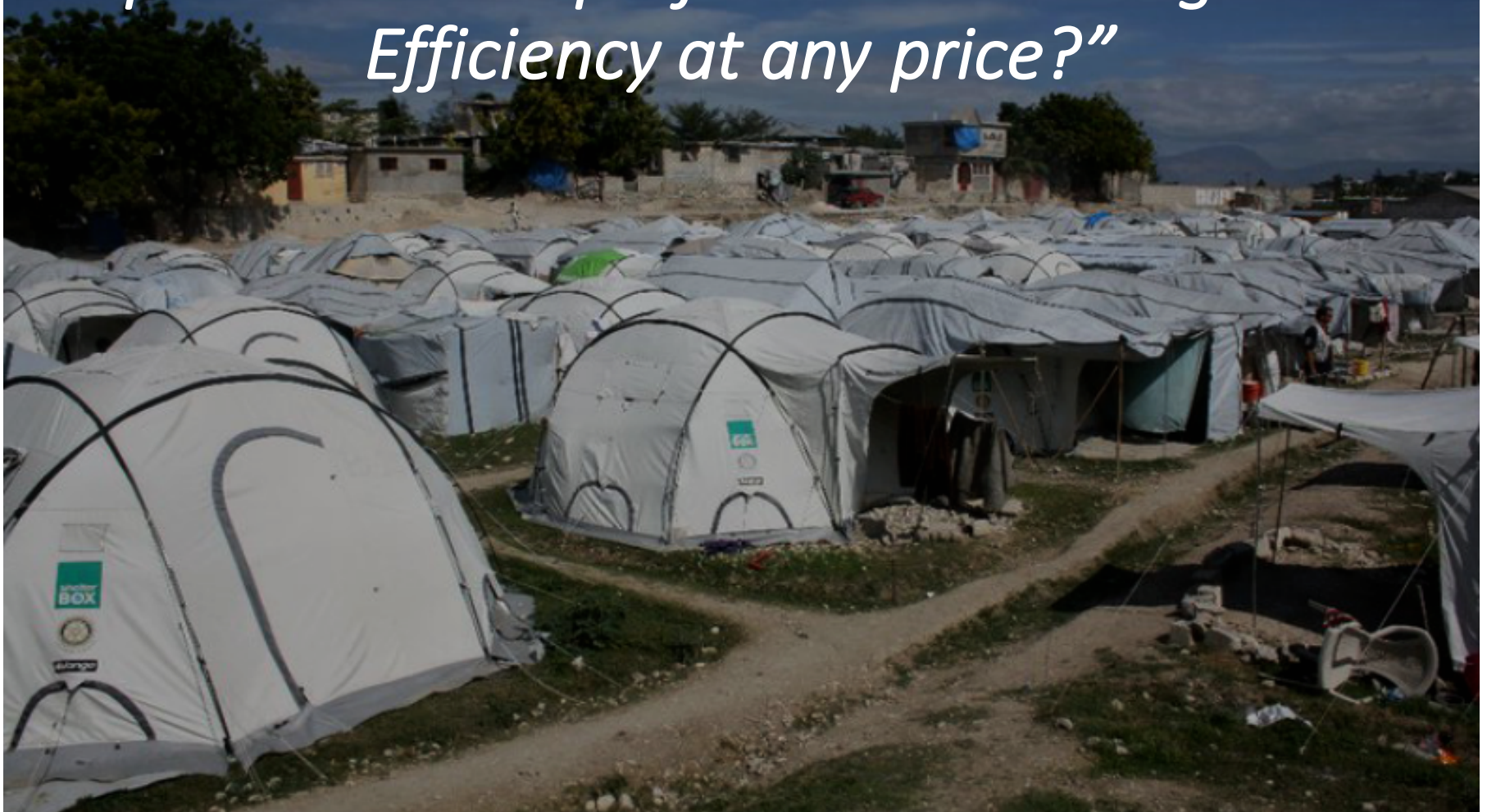


*“Operations and performance management:
Efficiency at any price?”*



“The humanitarian sector suffers from a false sense of urgency.” (Leach, J., 2012)



ELECTION 2016
🔑 Donald Trump
Wouldn't Have Had
Ready ...



THE OUTLOOK
🔑 Tallying the
Economic Toll of
Political Upheaval



🔑 Amazon to
Expand Private-
Label Offerings—
From Food to Diapers



AMERICAS NEWS

Clogged Airport, Ruined Seaport Delay Aid



People line up to get gasoline on Thursday after the massive earthquake in Port-au-Prince, Haiti. *GETTY IMAGES*



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Haiti earthquake: confusion at airport hampers aid effort

Arguments over the running of Haiti's main airport are hampering the aid effort as international troops attempt to bring lawlessness under control in the devastated capital of Port-au-Prince.




COMMENTARY

Five Years Later: Where Did All the Haiti Aid Go?

Five years after the earthquake, nobody can claim it was mainly Haitians who squandered the money.

By **RAYMOND A. JOSEPH**

Jan. 9, 2015 6:46 p.m. ET

 **57 COMMENTS**

As the fifth anniversary of the Jan. 12, 2010, earthquake approaches, Haiti is in disarray, to the shame of the international community and the country's leadership.

Of the 1.5 million made homeless by the 7.0 magnitude quake, more than 80,000 still live under faded tents, according to statistics of the International Organization for Migration. Government buildings that fell down haven't been rebuilt. Even the presidential palace is lodged in a comfortable large tent. The government has boasted about several projects that are in various stages of completion, but they are blocked from view by red sheets of corrugated tin. The



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Operations is...

Good quality

Vs.

Dependable Delivery

Vs.

Quick turnarounds

Vs.

Ability to be flexible

Vs.

Cost reduction

...understanding your capabilities...

- **Quality**

- What does this mean to your customer and how does your process deliver what's needed?

- **Dependability**

- Can you respond to your customers' needs, everytime? What part did their process design play in that?

- **Speed**

- What response is required and can lead times be reduced? When is quicker service beneficial?

- **Flexibility**

- How can flexibility increase customer satisfaction and why would good process design aid this?

- **Cost**

- Do you do enough to continually reduce costs? Do your customers benefit, or do they 'pay a price' for it?

Operations management

- Operations-thinking underpins most of human activity and shapes the society we live in
- Evolution of the discipline '*production management*'
- Importance and value of the discipline come to the fore in recent times, especially since Japanese automotive successes

Operations definitions

- "...the operations function is the part of an organisation that produces products or services. [Operations management] is always concerned with managing the core purpose of the business."

Slack et al (2012)

- "Operations refers to the systematic design, direction and control of **processes** that transforms inputs into services and products for internal, as well as external customers."

Krajewski, Ritzman and Malhotra (2013)

Operations strategy – an oxymoron, or the way forward?

- Knowing our processes and devising our operations strategy is only the starting point of **operations improvement**
- Improvement is only the starting point of maintaining a **competitive advantage**
- Your operations strategy should be the **key to unlocking** how improvement will happen
- This means understanding your **performance objectives**

Performance definitions

"Some kind of performance measure is the prerequisite for judging whether an operation is good, bad, or indifferent."

Slack et al (2012)

"Traditionally performance measures have been seen as a means of quantifying the efficiency and effectiveness of action."

Neely et al (1997)

"What you measure is what you get."

Kaplan and Norton (1992)

Performance objectives

- To be successful in one market or sector means being futile in another: True or False?
 - E.g., could a low-cost airline be successful in the low-cost airline market as well as in the traditional, 'flag-carrier' airline sector?
 - What difficulties might the company face in doing so?
- What are the **performance objectives** of a low cost carrier?
- Is it a matter of trade-off?

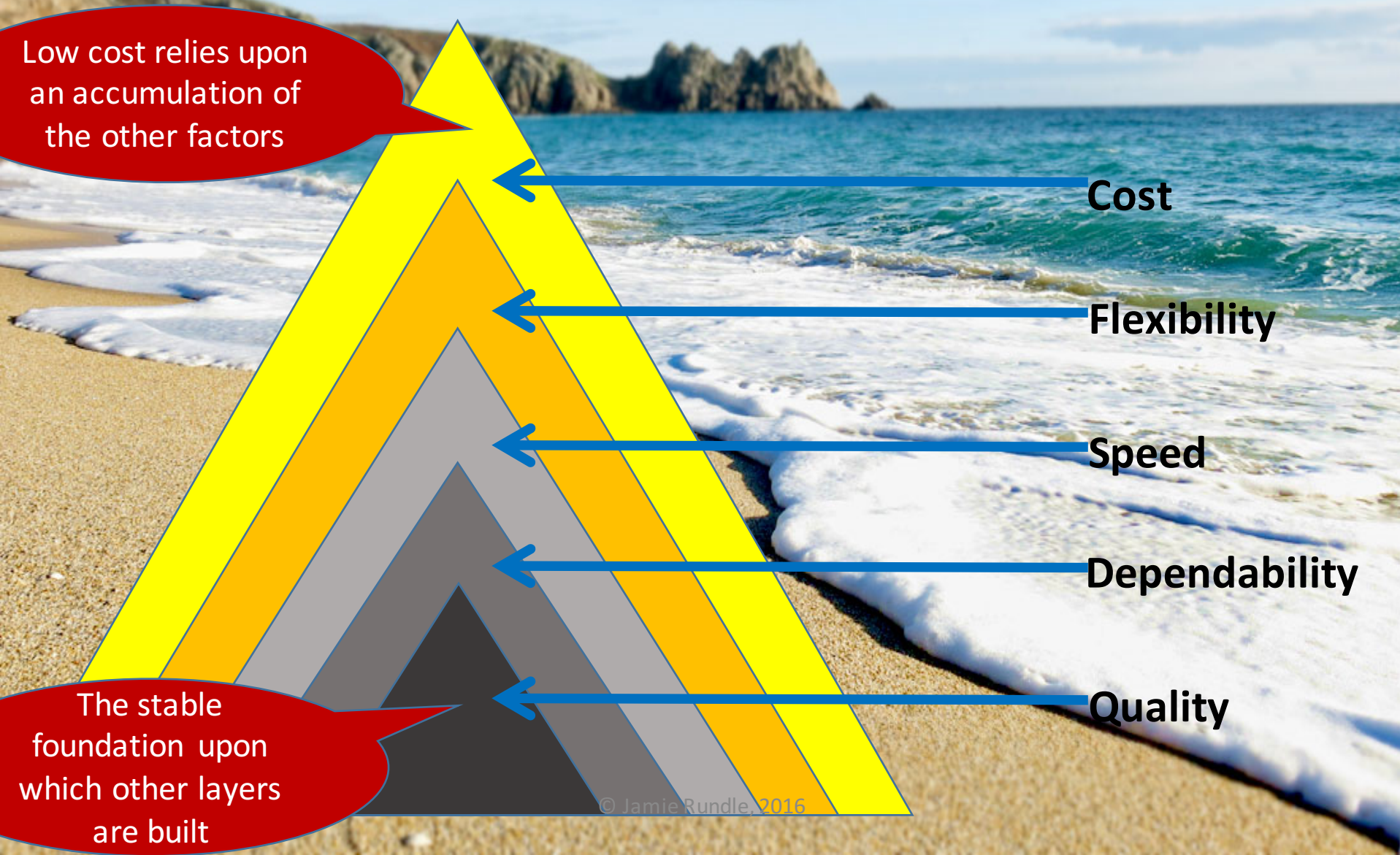
The process challenge

- **Assumption** is that **all processes are well designed** and accomplished
- **Wrong!** All processes can be improved, even if only marginally so why wouldn't you?
- But **how can you tell if a process is not working** and what the issues are?
 - Various symptoms - unhappy customers, lengthy operations, errors, scrap, rework, problems are not solved, frustration, costs, blame culture, inappropriate control mechanisms, frequent changes, lack of overall management of processes,

Strategic Intent vs. Operations Capabilities

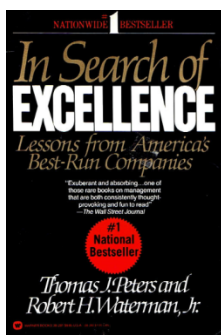
- **Whom do we serve?**
 - What customer segments we want to target, or not?
- **What do we provide?**
 - What is our product offering? What do we not offer? How does this relate to our competitors?
- **What is our value proposition?**
 - Why do customers prefer us rather than our competitors?
- **What is our operating model?**
 - What operating model have we developed to fulfil our value proposition?

Ferdows and De Meyer, 1997



~~Excellence~~ EXCELLENCE!

- "To lead an industry in price and convenience." (Treacy and Wiersema, 1993)
- "The quality of being outstanding or extremely good." (Oxford English Dictionary, 2015)
- "Excellent firms don't believe in excellence - only in constant improvement and constant change" (Tom Peters, 1982)
- "Be a yardstick of quality. Some people are used to environments where excellence is expected." (Steve Jobs, 2009)



Peters and Waterman, 1982

- Although '*In Search of Excellence*' does not 'discover' the concept of customers, it does attempt to buck the dominance of strategy to remind management that customers come first
- A key facet is reminding people not to get stuck in a rut of procedures and routines
- '*In Search of Excellence*' proposes eight lessons:
 1. A bias for action and overcome bureaucratic constraints
 2. Stay close to the customer
 3. Autonomy and entrepreneurship offers the freedom to think
 4. Productivity through people challenges the mantra that economies of scale are the only source profitability
 5. Be driven by hands-on values
 6. Stick to the knitting - stay with your core competencies
 7. Simple form, lean staff - do not become preoccupied with size
 8. Simultaneous loose-tight properties - the best of big and small



Ulrigue Idal gave birth to Edwige two-days previous. Photo, 25th January, 2010