

Cultivating Operational Excellence

It's the First Step to Prepare Your Mortgage Operations for Change

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“Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not an act but a habit.”

—Aristotle

Operational excellence is a way of thinking, acting and believing that constantly requires everyone in an organization to hold each other accountable for delivering excellence, whatever it may mean that day, that month and that year. It's creating a mindset and culture of excellence, and delivering such excellence not as a new project, but rather as BAU (Business as Usual). It's how companies adapt and adhere to change introduced both externally and internally. Operational excellence sustainably delivers the highest value at a lower cost, in a consistent fashion to members, employees, and shareholders.

DOES OPERATIONAL EXCELLENCE EXIST IN YOUR ORGANIZATION?

All high performing companies me-

thodically and meticulously define their core processes, align their goals, metrics, and rewards, and adjust their cadence continually as change is introduced. Simply illustrated, a culture of operational excellence has the following common denominators:

1. A clear definition and alignment between employees' success measures, the company's core processes, and their members' experiences.
2. The workplace promotes and rewards problem-solving, teamwork and communications, and leadership, then navigates toward its priorities.
3. Results are measured and publicized, and failed attempts are analyzed, but applauded as lessons learned. Both drive continuous improvement in an organization.

It's largely a mindset held by you and your employees. Now, you're probably thinking, "that sounds nice in theory, but how do I translate this into actionable steps?"

BEGIN WITH PEOPLE

Unlike strategies to transform a company's member experience, market growth, or internal efficiencies, building or deepening a culture of operational excellence is all about timing, commitment, and investment. The latter can begin immediately with C-Suite sponsorship, cost nearly nothing and show immediate rewards starting today.

The first step to adoption is to take inventory of your internal performance management cadence.

Performance management begins with an aligned set of objectives against

which each employee can be measured. It also emphasizes learning and development for a higher-level workplace performance. Statistically, a symmetric bell curve exists whereby high performers represent a small percent of the population with a corresponding percent representing low performers. Performance management in an operational excellence culture shifts the focus away from traditional once-a-year, comprehensive review activity to an ongoing form of employee engagement and accountability. It's the latter continuous improvement focus which positions your organization for growth at a lower cost. The use of new technology, consistent adherence to internal processes and procedures, and the generation of ongoing improvement ideas or quick wins all can be measured and rewarded.

ARE YOU READY TO ADAPT TO CHANGE?

The next step to implementing an operational excellence foundation is to understand the link between performance management excellence and operational excellence. Often, line managers are so caught up in managing the process, product, or project, that they don't show enough involvement in managing the people and their influence in achieving results or not. Diagnosing and managing low performance and rewarding or leveraging high performance will move your bell curve to the right.

Take a few moments to answer these self-assessment questions reflecting on your organization:

DO I HAVE A DEFINITION GAP?

- The first and foremost responsibility of management is to identify and communicate performance expectations.
- A definition gap occurs when, for whatever reason, expectations for performance behavior attitudes and results are not clear. Perhaps they were never stated, stated but not heard, stated but not understood, or stated in terms inconsistent with real management actions.
- Management owns the responsibility

to clearly define the job and expectations for performance, aligning to what is and isn't acceptable behavior.

DO I HAVE A RESOURCE GAP?

- This is another management-owned issue. The organization and the manager need to provide adequate tools or "means" for an employee to accomplish the job.
- Although the goals are clear and understood, resource constraints may limit the employee's ability to achieve the goals.
- Lack of training, experience, authority, supplies, systems, time, or support can all be root causes of a resource gap.

DO I HAVE A MEASUREMENT GAP?

- Central to providing feedback is a sound performance measurement system.
- When the goals are clear and understood, and resources are made available, performance will lag when there is a lack of measurement, or feedback on these measures isn't provided.
- In ever-evolving virtual workplace environments, measurement methods and approaches have become increasingly important as managers are not always able to physically observe employees. Accordingly, managers must rely on data for assessing productivity. These data on quality and effectiveness of virtual employees must be in place, easily understood and accurate.

DO I HAVE AN ACCOUNTABILITY GAP?

- Management must be viewed as making good on its word.
- Consequences, defined as actions, rewards, or responses that happen immediately after a behavior, establish accountability for performance expectations.
- Positive or negative, use of consequences will differentiate the negotiable goals from those that are non-negotiable.

Our final step focuses the entire organization on the business objectives that matter most, translating the big

picture to line-of-sight behaviors and actions to which employees can relate. This step requires passion and commitment from the top, visible and approachable leadership. Visible (even if remote) transformation leadership requires a robust communications and engagement model that feeds a firm's performance management cadence, the definition, resources, measurements, and accountabilities instilled for excellence company wide.

CONTINUOUS IMPROVEMENT AND GOAL ALIGNMENT MUST TAKE PRIORITY!

Deepening operational excellence in your organization, team or project doesn't need to rob you of time demanded by competing priorities. For 2022, consider a goal to establish and meet with fellow managers quarterly to reflect on your human capital, chart progress on moving your team's bell curve to the right, and speak with employees about what they like and don't like in their jobs. All of these traits will quickly reinforce your commitment to continuous improvement and weed out non-value add policies and procedures. Leveraging member and employee focus groups, surveys and town halls are excellent ways to validate alignment of core processes with employee goals. One thing is certain: The investment in transforming internal systems or processes will not produce expected returns unless operational excellence systematically transforms employee behaviors and opens the doors to adopting change. ▲

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She continues to lead a consultancy practice with Newbold Advisors, applying a 30-year successful track record of operations, sales and service in both corporate and entrepreneurial roles.

