

Teaching OM at an Action-based Learning Program for Top Executives

*Zoran Perunović (zope@business.dtu.dk) and Lasse Staffensen
Technical University of Denmark*

Abstract

The paper discusses design and execution of OM module in an intensive program for top executives. The participants are working as consultants in six different host companies on developing growth strategies. The OM module is designed to enable the participants to develop operations strategy that supports corporate growth strategy.

Keywords: teaching OM, action-based learning, top executives

A competitive environment with an ever-faster pace together with the financial crisis has increased the demand on organizations and managers to create short-term results. Most organizations, however, have already implemented the majority of possible improvements from cost cutting which leaves managers with a daunting task: How to create short-term growth without substantial investment? We call this The 100 Day Growth Challenge®. The program has an OM module with focus on how high OM level strategy can be used for executives to drive growth. In the remainder of the paper we present profiles of participants, describe the projects they worked with, outline the content of OM module, analyze how it was perceived and applied in the consultancy projects. The paper ends with the conclusions we could draw from the first run of the program and suggestions for improving the OM module for the forthcoming runs of the program.

Program description

To help executives in between jobs face the short-term growth challenge in their next position, DTU Executive School of Business has created a six-week program. The program combines lectures at an executive level with action learning by solving an actual business challenge in a real organization. The participants get the full benefit of DTU Business' international network of leading academics and practitioners, providing a holistic approach to a wide range of subjects related to The 100 Day Growth Challenge® and supplementing their business experience. Admission is granted to former executives and other top-level public or private managers, ensuring a true executive education experience.

The participants are divided into teams of 4-6 persons and assigned to a real-world case from a company in Denmark. They work with the company to solve an actual

growth challenge, and are required to create a growth plan with elements from the subjects taught throughout the program. Each team of executives will be assigned an unemployed, recently graduated, academic assistant to leverage the effort spent on the growth plan. To facilitate productive project work each team will be supervised extensively by a supervisor from DTU Business.

The program can also act as a gateway to employment: participants gain contemporary management competencies from international faculty and the ability to demonstrate that the knowledge has been put to use to solve management challenges; the host companies become familiar with the participants' abilities and problem-solving skills; and finally, the program requires the participants to take a new perspective on the problems they are able to solve for companies. The program inspires the participants to look for challenges in unfamiliar types or sizes of companies or in entirely new industries.

The program spans over six weeks covering six subject-based action-learning modules that address key issues relating to The 100 Day Growth Challenge®. The subjects are:

- Industry and Competition Analysis (Targeting high growth) - This subject is about understanding the forces that make up an industry and understanding the positioning of a company versus its competitors
- Effective Problem Handling – The participants are introduced into a structured and efficient method for working with complex consultancy projects, and at the same time relying on business theories, frameworks, and tools
- Financial Analysis (Understanding healthy growth) - This subject explores the difference between healthy and unhealthy growth and looks at the options for creating financial room for growth initiatives
- Operations Management (Deployment of operational capabilities and competences) - In this module participants learn how to turn operations into a competitive advantage
- Marketing (From customer value to company profits) - The aim of this module is to develop frameworks and skills to diagnose customer and corporate buying needs, and translate these into a coherent marketing strategy
- Innovation Management (Managing highly uncertain business projects) - This subject discusses how to manage projects with a high degree of uncertainty and how to bring down these uncertainties in a fast and cost-efficient way
- Execution & Change management (Changing the way we change) - This subject explores the potential of an approach of co-creating change. The aim is to understand the reasons why (behavioral) change is so difficult and to be able to identify critical dimensions when considering a change strategy.

Further, the program includes a growth case from an external company, including a meeting with the management to align expectations, introduction to handling of large and complex projects, coaching on group dynamics by a business psychologist, and a team work. In order to graduate from the course, the participants are supposed to produce a written report with recommendations and action plan to the company and DTU Business, present key recommendations to the company, and undergo an individual oral exam at DTU Business. The course is a full-time six-week course and covers 10 ECTS points.

Profiles of the participants

The first run of the program took place during October and November 2012 with 35 participants. They were experienced executives who had solid responsibility over employees and finances (Table 1). It is noteworthy saying that very few of them have had experience with traditional operations management job functions like operations, logistics, and manufacturing.

Table 1 – Participant profiles of the October 12 cohort

Age	Average 45 Minimum 25 Maximum 64
Gender	Male 85% Female 15%
Worked in job functions (max 2)	General management 74% Sales 46% Marketing 21% R&D 18% Service 7% Finance 7% Operations and logistics 4% Manufacturing 4% HR 4%
Worked in 2 industries (max 2) (Only prevalent are presented here)	Financial Services 18% Manufacturing 18% Automotive 14% Consulting 14% Technology 14% Consumer 11% Products 11% Retail & Wholesale 11% Telecommunications 11%
Number of people reporting to the participant	Average 99 Minimum 5 Maximum 2,000
Profit and loss responsibility	Average \$110,000,000 US Minimum \$200,000 US Maximum \$1,300,000,000 US

Projects

Six companies have accepted to participate in the program by asking the consultancy teams to design proposals for resolving their current challenges. We present the projects for each of the companies. The names are disguised and the descriptions are modified to satisfy confidentiality.

Professional Consultancy Business - This project host is a leading global provider of professional services to various industrial segments. The company has grown substantially through acquisitions over the past few years and wishes to look into the possibility of expanding their consultancy business to a new business segment. The project group shall analyze how to organize the new business segment, how to build up a sales organization, market focus and which services to provide, as well as suggest possible growth targets and estimate earning potential.

Retail Chain Explores a Private Label Strategy - A leading retail chain from a specialized market with a variety of goods and with free, specialized in-store advice is looking to develop a "private label" strategy. The group is to examine how to build on the business' existing production facilities and existing strong and well-profiled brands. The group shall also develop a long-term brand strategy, to support the chain's long-term growth strategy.

Imaging Software Solution for Publishing - The company owns highly valuable IP technology regarding imaging in the publishing business. They are looking for an internationalization strategy as well as reaching all relevant media businesses in Denmark. The usual contact person for their software solution is placed too deep within the organization to be a decision maker for acquiring the license rights for implementation hereof. Therefore the group shall explore which customer groups in Denmark and internationally are to be targeted to obtain increased sales volume.

Digital Education Material - This company is a smaller owner-led business that develops and sells web based educational material in Denmark and Sweden. The business has won prizes for creativity and innovation and the materials are reasonably well established within the relevant customer segments in Denmark with a penetration of 75% in the key segments. The challenge is to continue the growth internationally. The group is tasked with preparing a qualified decision basis for an internationalization of the products.

Specialized Consultancy Services - This project host is well established within a number of segments in providing recruitment and HR services. They now want to evaluate whether a new business segment can be developed within outsourcing of specialized business functions. The group shall focus on the unique "selling points" towards business customers covering activities, which have traditionally been internally anchored. A special challenge is to speed up the customers' decision-making process, which is perceived to be slow.

Groundbreaking Industrial Design - The project host is a typical born global business based on an environmentally friendly design product. Currently the design has only been produced as a prototype. The challenge is to consider if and how the concept, which is modular and has a strong environmental and design profile, has market potential in the BRIC-countries. The group shall examine the organization, structure, market, competitors and financing for a short-term growth plan.

Operations management module

The module was designed to initiate discussion of turning operations into a competitive advantage. It focuses on recent paradigms for linking the overall company strategy to operations strategy in a more structured and operational way. The syllabus described the OM module in the following way.

“Operations Management traces its roots back to the times of Industrial revolution, followed by the eras of scientific management, the human relations movement, decision and management science, and Japanese production philosophy. For some reasons, operations management has always been associated with operational research mathematics (still predominant perception in the US), with factory floors, storages, capacities, efficiency. True enough, but operations are much more than that. Operations Management is about transforming an input into the output, a fairly broad thought that could be applied almost in any aspect of businesses and even our private lives. The concept of Operations Management can also be applied on intangible products, the services. As you can see, Operations Management is relevant for all organizations, public or private, product manufacturing or service providing. It is also applicable to business, consultancy or research projects because they all contain some elements of processes or operationalization. Operations Management is an integral part of an organization’s life and it should always be included, not only into operational, but also strategic thinking.”

Service and Operations Management can be taught and practiced in many ways with different levels of analysis. This course is about the relationship between corporate and operations strategies. After attending this course, the participants should be able to:

- Learn and recognize the Service and Operations landscape
- Feel comfortable in tackling operational challenges
- Design, manage, and improve key operational attributes
- Identify an organization’s competences and capabilities
- Design operations strategy that is fully aligned with corporate strategy

The content of the OM module comprised the following elements:

- Operations and process – Concept of operations; Concept of transformation; Three levels of operations; Four Vs of process; Direct-Design-Deliver-Develop framework
- Services - Notion of experience; Challenges in perspectives, types of services, and types of processes; Connect-Deliver-Improve-Implement framework
- Operational attributes – Cost; Quality (8 dimensions); Delivery (Dependability and Speed); Flexibility; Emerging attributes like greenness and innovation
- Operations strategy – Three models of competitive priorities; RBV hierarchy (assets, competences, and capabilities); Programs and initiatives; Operational performance; Deployment of competences and capabilities in a dynamic environment

The teaching session took place over one day from 8:30 am to 4:30 pm.

Perception and application of OM principles, concepts, frameworks and tools

After the completion was completed we sent a survey to the participants to capture their experience with the program. Figures 1 and 2 show answers on two questions that are relevant for this paper.

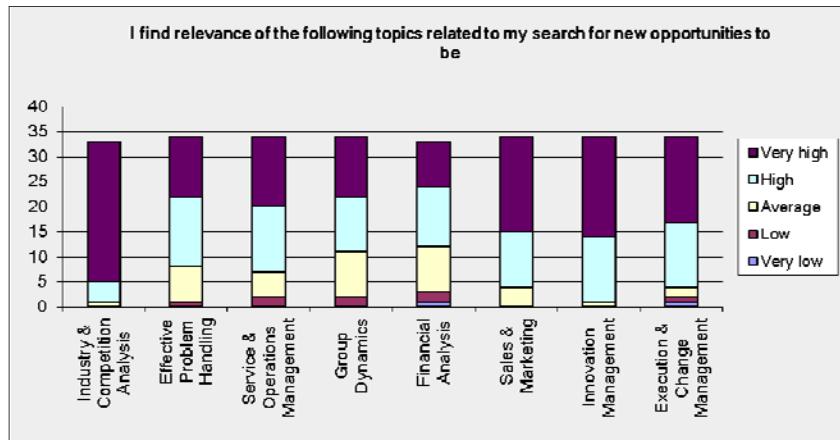


Figure 1 – Relevance of the topics for job search

It is impressive to see that only after one day of teaching, the low perception of importance of OM for gaining and sustaining competitive advantage has increased significantly. The participants have realized that knowing the OM principles would increase their chances for getting new executive jobs.

When it comes to the application of OM principles in the consultancy projects, results are relatively satisfactory. Given the nature of the projects, it is satisfactory for OM community to realize that top executives have given higher importance to Service and Operations Management, than to financial analysis and Execution and Change Management (Figure 2)

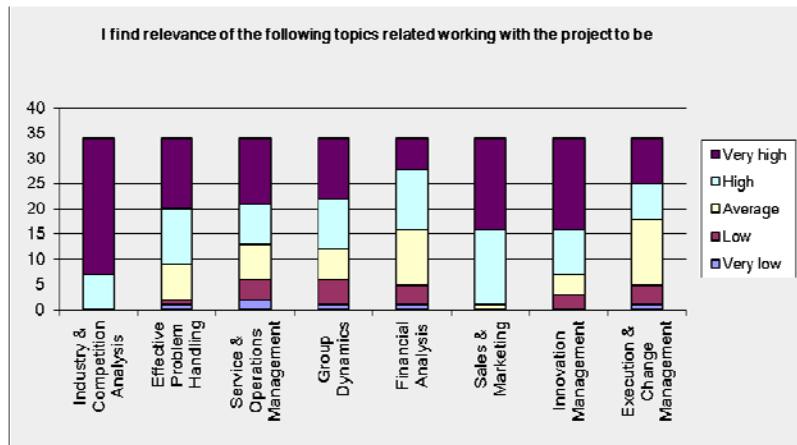


Figure 2 – Relevance of the topics for the projects

The analysis of the content of the consultancy reports showed that the participants found that the analysis of capabilities (operational attributes) were the most applicable concepts for their projects (Table 2). Three projects contained analysis of operational capabilities. In addition, in addressing one of the project requirements, one consultancy team utilized Supply Network Design principles.

Table 2 – Application of OM in consultancy projects

Project	Application of OM
Professional Consultancy Business	None
Retail Chain Explores Private Label Strategy	SWOT to analyze capabilities
Imaging Software Solution for Publishing	RBV hierarchy to analyze capabilities
Digital Education Material	None
Specialized Consultancy Services	Performance-importance matrix to analyze capabilities
Groundbreaking Industrial Design	Supply network design

Conclusion

Majority of top executives is unaware of the operations management principles. However, once they are introduced to them in an executive program, the respect for the discipline raises significantly and its actual application in a consultancy projects. Furthermore, unemployed executives actually view a strategic understanding of OM as a great asset in finding a new management position. To achieve good results teaching OM to executives, the content presented at such course needs to be focused on operations management strategy, the link between corporate and operations strategies, and on traditional and emerging operational attributes (cost, quality, delivery, flexibility, greenness, innovation, relationship management, and experience).