

Imagine the **possibilities**,
realize the **potential**.



An Executive Guide to the Oliver Wight Maturity Model

The journey to business excellence



To continue to meet customer demand in today's constantly evolving market you need to keep improving. But attempting to make gains, simply by introducing the latest on-trend initiative is likely to end only in failure, disillusionment and significant cost. It is vital to make the right improvements at the right time, and in the right order.

The Oliver Wight Maturity Model identifies your organisation's real level of maturity, helping you understand where your business is, and where you need to be so you can nurture, measure and celebrate your progression on the journey to business excellence.





Understanding your business maturity

In our consumer-driven business climate, the most successful organisations are those that are able to not only meet customers' needs effectively and profitably now, but also in five, 10 and 15 years time. This requires a relentless programme of improvement to continually increase performance levels.

However, faced with increasing demands from customers and shareholders - shorter lead times, lower prices, more profit - organisations often reach in desperation, for the latest 'flavour of the month' initiative or IT system to improve performance.

Herein lies the danger; unless your business is truly ready to effectively deploy and support that initiative or system, the results will be limited at best. More likely, they will be short-term and the organisation will revert to its previous state, with only significant cost and disillusionment to show for its efforts.

By understanding the true maturity of your organisation, you can sow the seeds of success by making the right improvements, in the right place, at the right time.

What is the Oliver Wight Maturity Model?

Developed by Oliver Wight from a Harvard Business School study for the US Government in 1985, the Maturity Model allows you to identify your organisation's real level of maturity. Using it to test your people and their behaviours, and your processes and tools, against a set of measurable criteria, you can determine your business's true capability and readiness for improvement.

The Oliver Wight Maturity Model characterises businesses as being in one of four key phases of maturity and

determines what is required for the organisation to progress from one phase to the next (see the maturity map in figure 1).

Only by accepting the reality of this level of maturity - and that improvement is a long-term journey, not a short-term initiative - can your business begin to prepare itself for the performance levels it aspires to. It then becomes a matter of sequencing the appropriate steps for the improvement journey - once you know where you are and where you want to be, the next step is to understand how to get there.

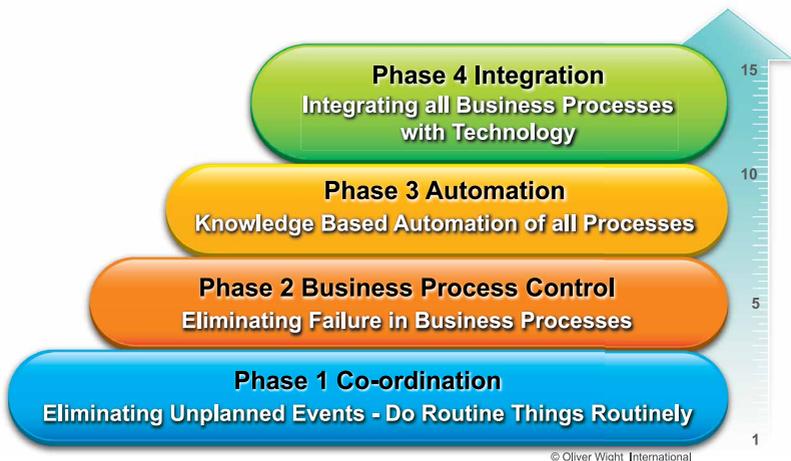


Figure 1 - The Oliver Wight Maturity map

The maturity journey

Phase 1

First, as a company progresses from the bottom to the top of phase 1, behaviours, processes and tools are improved sufficiently to gain control and eliminate unplanned events, thus delivering a minimum performance level of 95 percent.

Phase 2

Once this level is achieved and can be sustained, the next step on the journey is the simplification and removal of waste in processes, whilst increasing customer service levels. At the top of phase 2 companies operate to a level of 250 parts per million defect opportunities.

Phase 3

Phase 3 focuses on taking knowledge-based business processes and, where

appropriate (based on the required investment and market needs), automates them to further increase velocity and reduce the need for manual intervention. Resulting in a further step change in performance, this next maturity level must be decided upon according to the business drivers and strategic intent.

Phase 4

Finally, in phase 4, automated business processes are fully integrated with technology; this is often characterised by 'lights-out factories' where robots have replaced traditional blue-collar teams. Again, this change in maturity must be based on competitive advantage as well as a cost-effective response to actual customer needs and a real understanding of the value they anticipate.



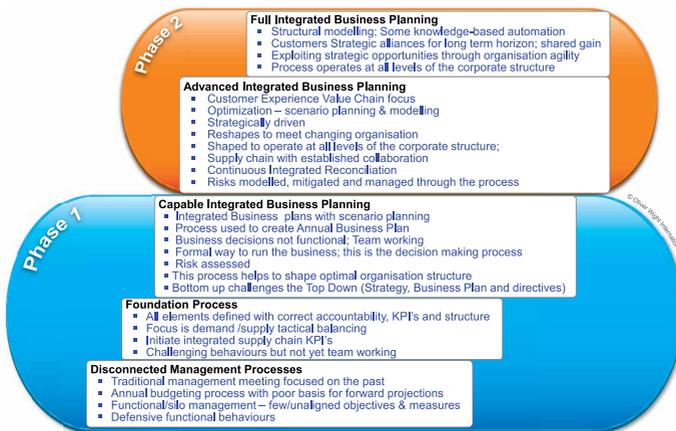


Figure 2 - The maturity journey for Integrated Business Planning

Transformation through transition

This progression from one phase to the next is not made in a single step but by a series of transitions, each of which sees a transformation in the organisation. It is important to understand too, that between 85 and 90 percent of businesses are distributed throughout phases 1 and 2. Consequently, only a handful of organisations worldwide can truly describe themselves as phase 4 companies.

There are five transitions a company needs to make before it reaches the top of phase 2. A business transformation from the bottom to the top of phase 1 (eliminating unplanned events to gaining control) marks a performance improvement from around

70 up to 95 percent, which in turn brings a substantial productivity improvement.

Over the last decade, Oliver Wight has developed a comprehensive portfolio of transition diagrams - like the one for Integrated Business Planning shown in figure 2 - relating to all the key business processes, people and teams, organisational dynamics, performance management and so on. Continually updated, these are all aligned with the Oliver Wight Class A Checklist for Business Excellence and associated Milestone Workbooks, so an organisation can steer, measure and celebrate its progression through its maturity journey.

It's all about timing

In contrast to the maturity model, an initiative-based approach to business is rather like beginning a journey without knowing the final destination, or even the starting point (try this with your Satnav and see where it gets you). Typically there will be many false starts with no real completion in terms of establishing a new way of doing business.

Crucially, if the business is not mature enough for the initiative then it will achieve some success only while it enjoys management focus, but as soon as that focus shifts, success falls away. That is not to say, improvement initiatives have no role to play; it's all about timing.

Whether continuous improvement, Lean, Six Sigma or any other technique, there is a logical sequence to the application of every improvement initiative and they should be managed with a structured programme based on the maturity of the business. The order of their application will govern the long-term success. The tools are all valuable in their own right, but they require the necessary roots to be sustainable. For example, applying

lean principles when a company is in phase 1 can only be done functionally and companies typically only gain a 4 or 5 percent improvement. Applying lean in phase 2, however, when an organisation has designed and gained control over its end-to-end business processes, means it can span the gaps traditionally left between functions, thereby boosting improvement levels to 30 or 40 percent.

The Oliver Wight Maturity Model pitches your organisation in the correct phase, so your senior executive can truly understand where the business sits, visualise the benefits a structured improvement programme can bring, and propagate the journey to business excellence.



Imagine the **possibilities**, realize the **potential**.

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes - things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from nearly 50 years of working with some of the world's best-known companies.

Oliver Wight has a long-standing reputation for innovation and we continually challenge the industry status quo, so you always get the latest in new thinking. Your Oliver Wight partners will use their real-world experience to ensure your people, business processes and technology are fully aligned and integrated right across your organization.

They will coach, guide and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes for you 'the way we do things around here'. It's a proven, sustainable approach that will deliver results straight to the bottom line.



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