

Putting Operations Management into context

**The Role of
Strategy, Customers
and how to decide
what to do next.**

Philipp Gueth @ KLU

February 2023



Why are you here?

Production & Operation Management

Flow Theory

Plant Location and Layout

(Forecasting and) Queuing theory

Sustainability

Inventory Models

Graph Theory

Lean Management

Game Theory

Circularity

Why is Philipp here?

*Understand Business Strategy and how it is
interlinked with Operations Management*

*Connect customer value and Operations
Management*

*Learn to make operational decisions in complex
environments with an uncertain future*

What business feels like when you start by figuring out all the details in operations

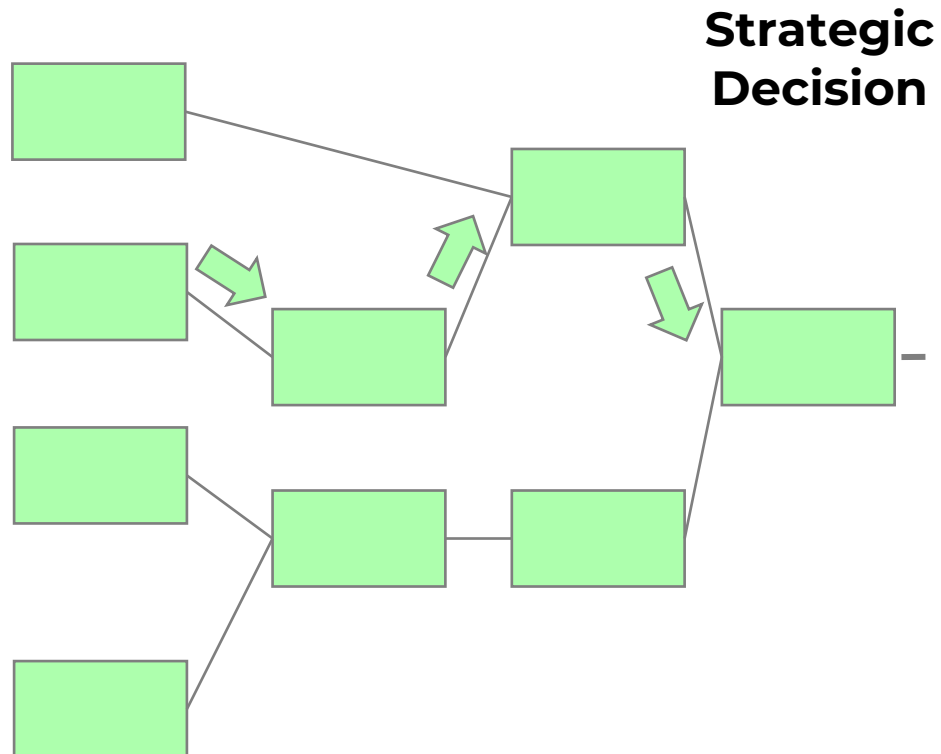


What business feels like when you devise good strategy, focus on customer value and build a well-thought organization

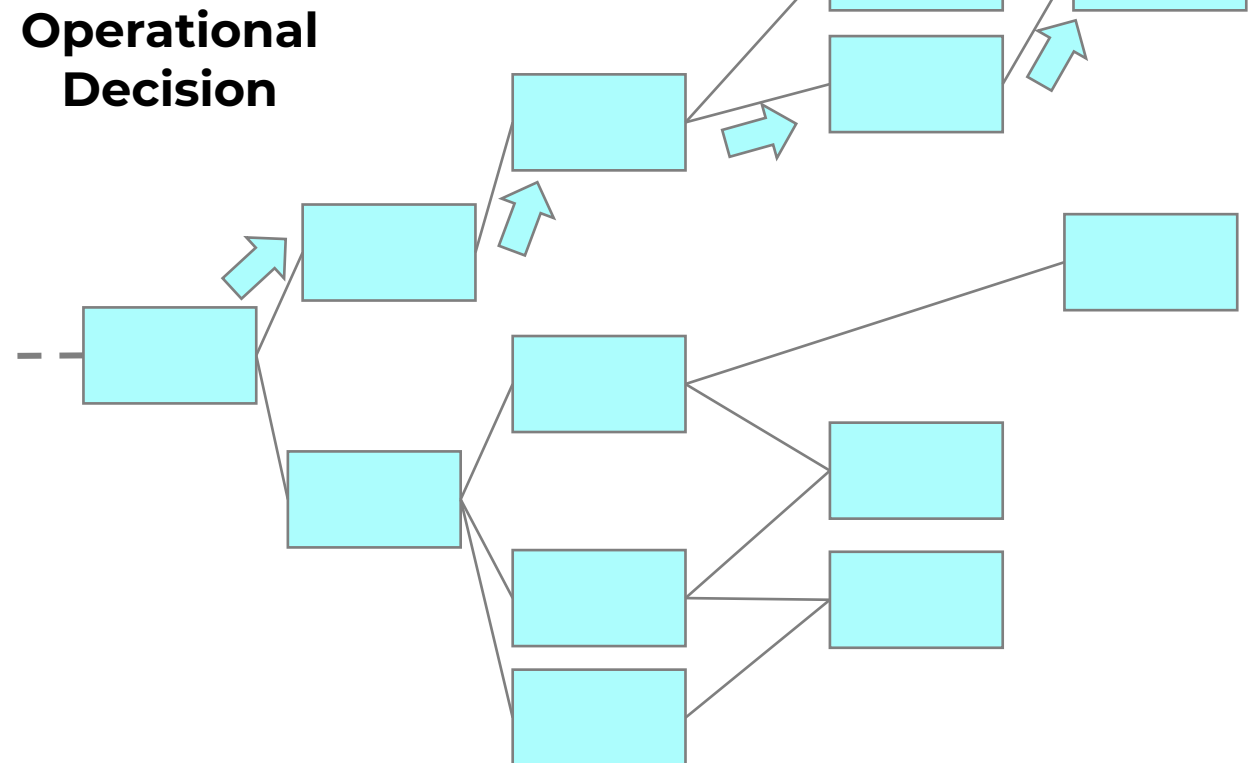


Today we put business context around Operations Management to gain perspective

Navigation



Steering



A strong business focus and understanding of corporate value creation sets leaders apart

The foundation of every extraordinary organization is a deep understanding of value creation. Because value creates a business case and provides space for talent to grow.

Revenue Growth

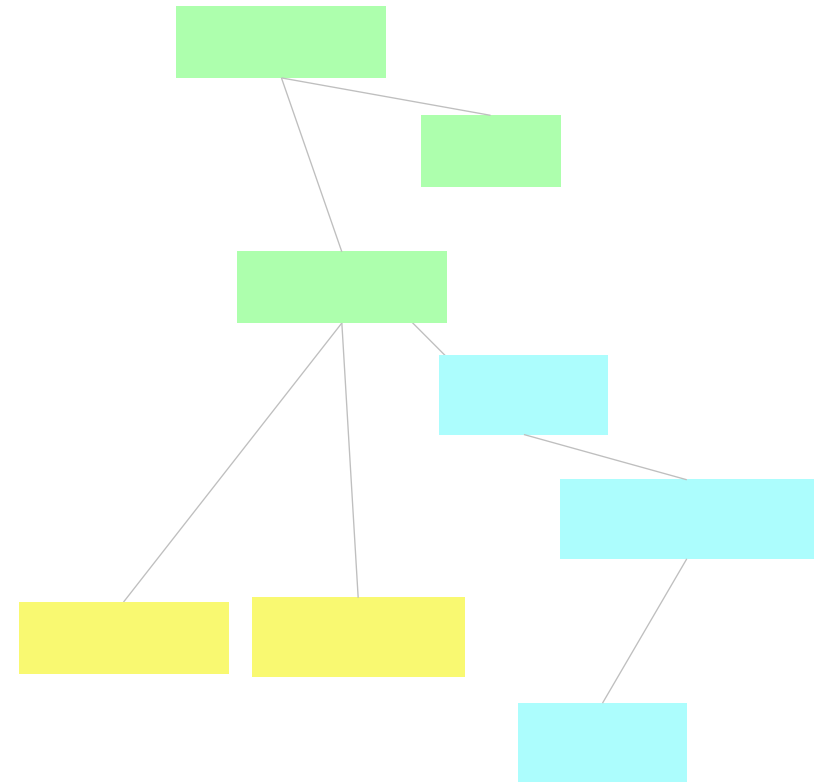
Sustained growth requires strategically addressing customer segments, markets, leveraging assets and strengthen pricing.

Operating Margins

Increasing customer value allows for capturing additional value and increases operating margins.

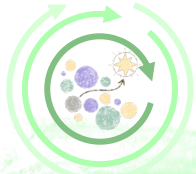
Asset Efficiency

Time and resource-allocation is a consequence of strategy, defined by organizational structure. It needs to be driven top-down.



Building a market-leading organization is, in essence, very simple. You need 3 keys.

Becoming a market leader requires a reliable and repeatable approach for deciding where to go next, developing the right products and creating a home for top talent.



Coherent Strategy

You need to identify where to best take the business next. And craft a decisive plan for how to get there.



Continuous Innovation

You need to use the right methods to make customer value your focal point when turning ideas into products.



Human-centric Organization

You need to build an extraordinary organization that attracts great people who deliver the customer value you promise.

Our mission at Gueth Consulting is to help you become that market-leading organization.

**Create
market-leading organizations.
Human-centric.
And business-focused.**

Business Strategy

Intentional Innovation

Organizational Change

January 2023



Business is 3% Strategy

and 97% Execution

Business Foundations

**What is the difference
between**

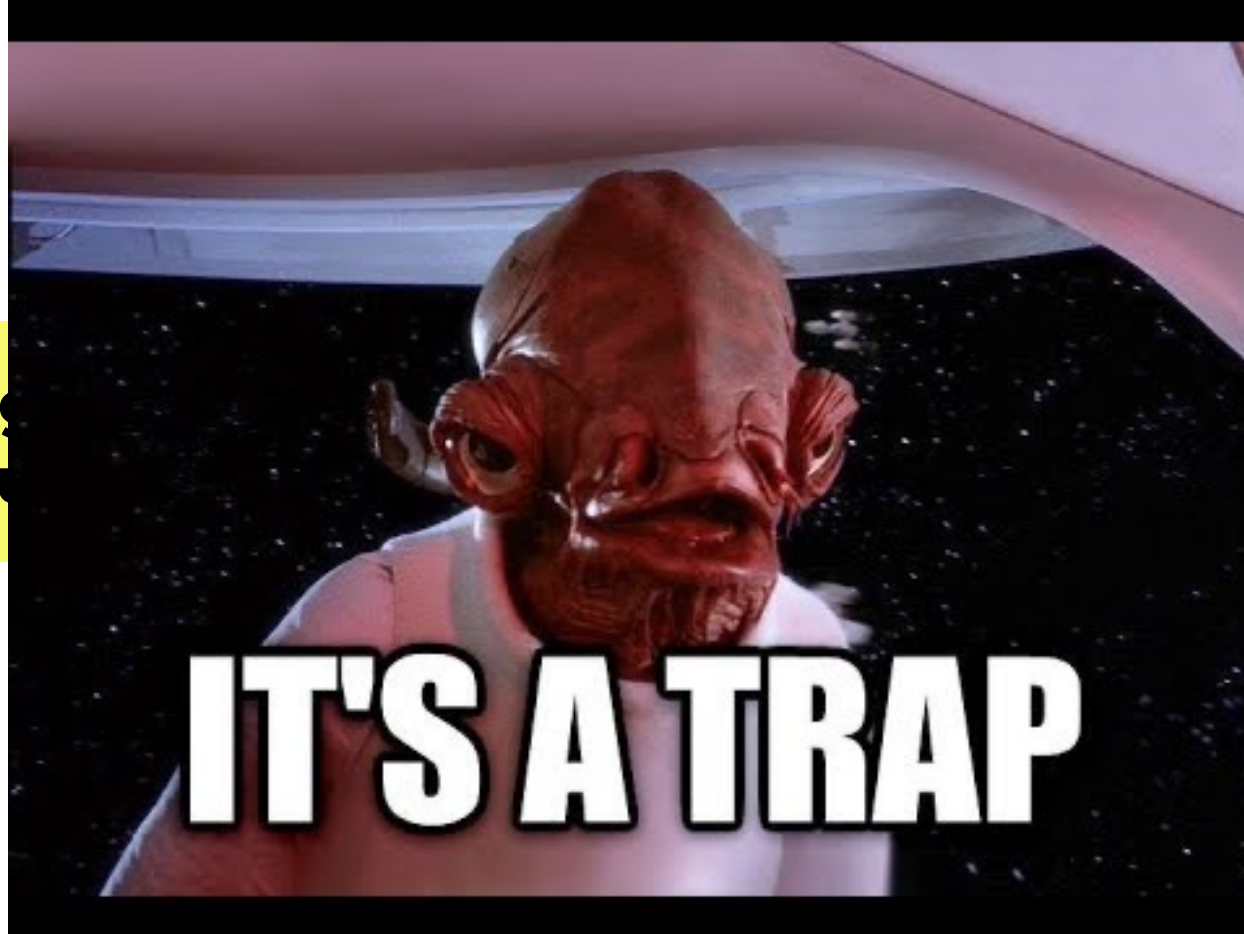
**an Idea,
a Product,
a Business Model and,
a Business?**

**Building a business is,
in essence,
very simple.**

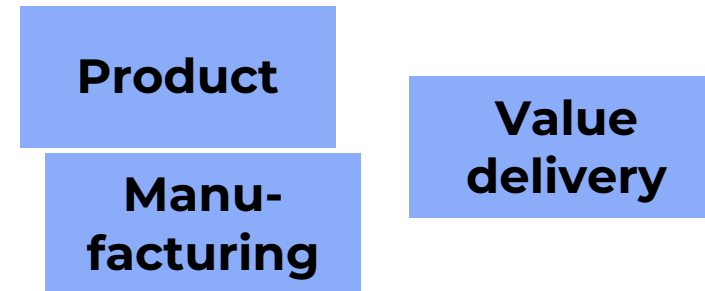
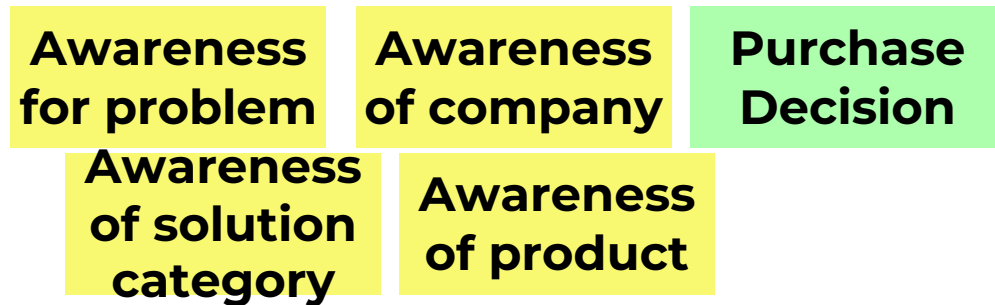
**But, it's not what
most people think**

**Design
Product**

**sell
product**



Are you customer-centric, or product-centric?



How do we find out what works?

**Back when I was a kid
things worked differently.**

Or did they?

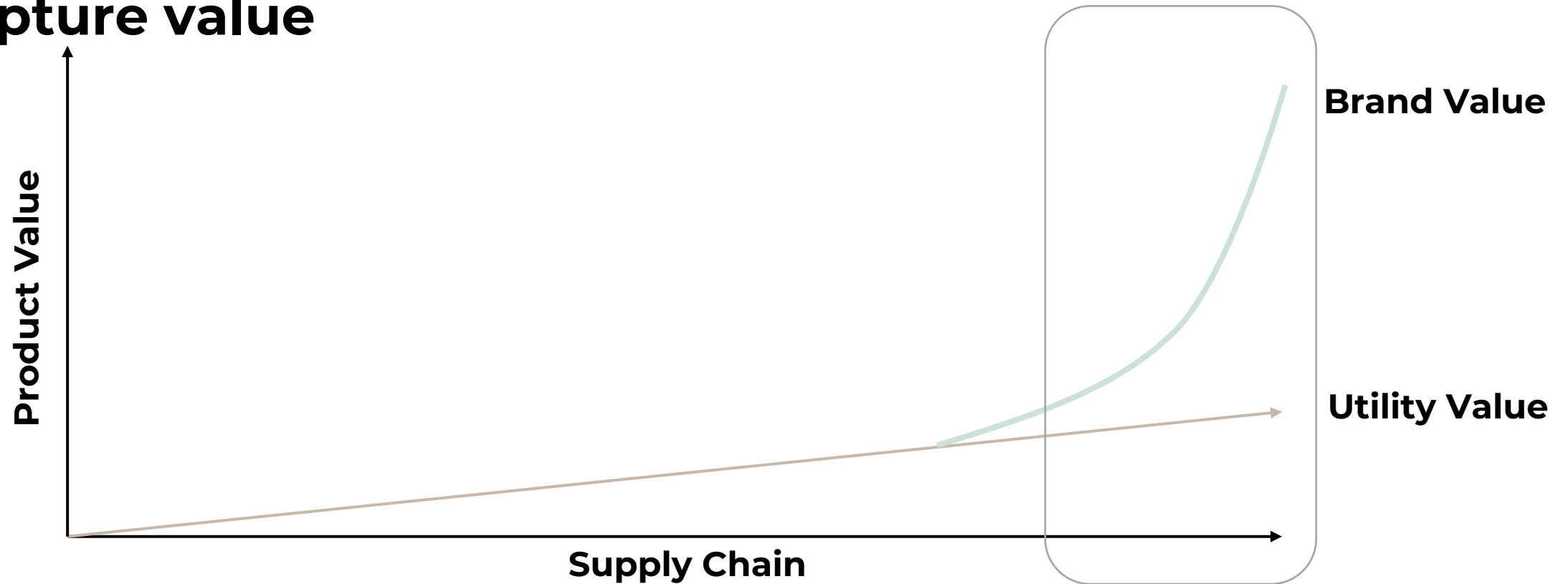
There is hardly any business

in which you can't gain ground

with superior customer experience

What is the difference between
Utility Value and
Brand Value?

For many products and services, brand-related perceptions carry by far the most potential to capture value



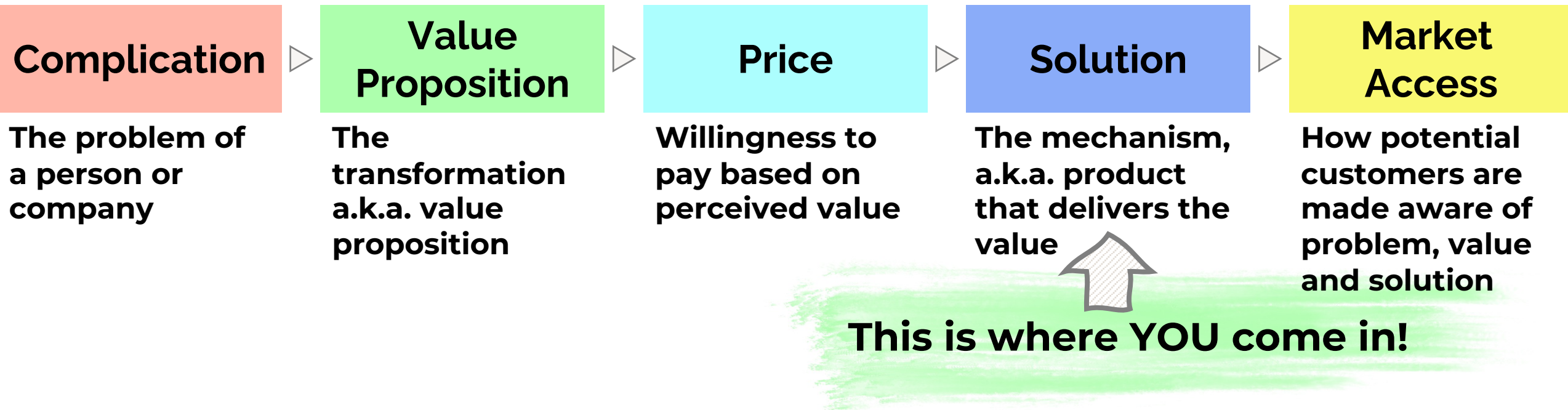


**Most people get stuck here.
Don't be most people.**

What most enterprises do



What actually works:



**Random pieces
of information
for
entrepreneurial
minds:**

Negative-ROI Prototyping

Consider investment horizons

Bootstrapping vs seeking Funding

From Idea to Business Design

**a.k.a. why
would I need
„Strategy“?**

1

**Your
aspiration
really matters.**

2

Where you play really matters.

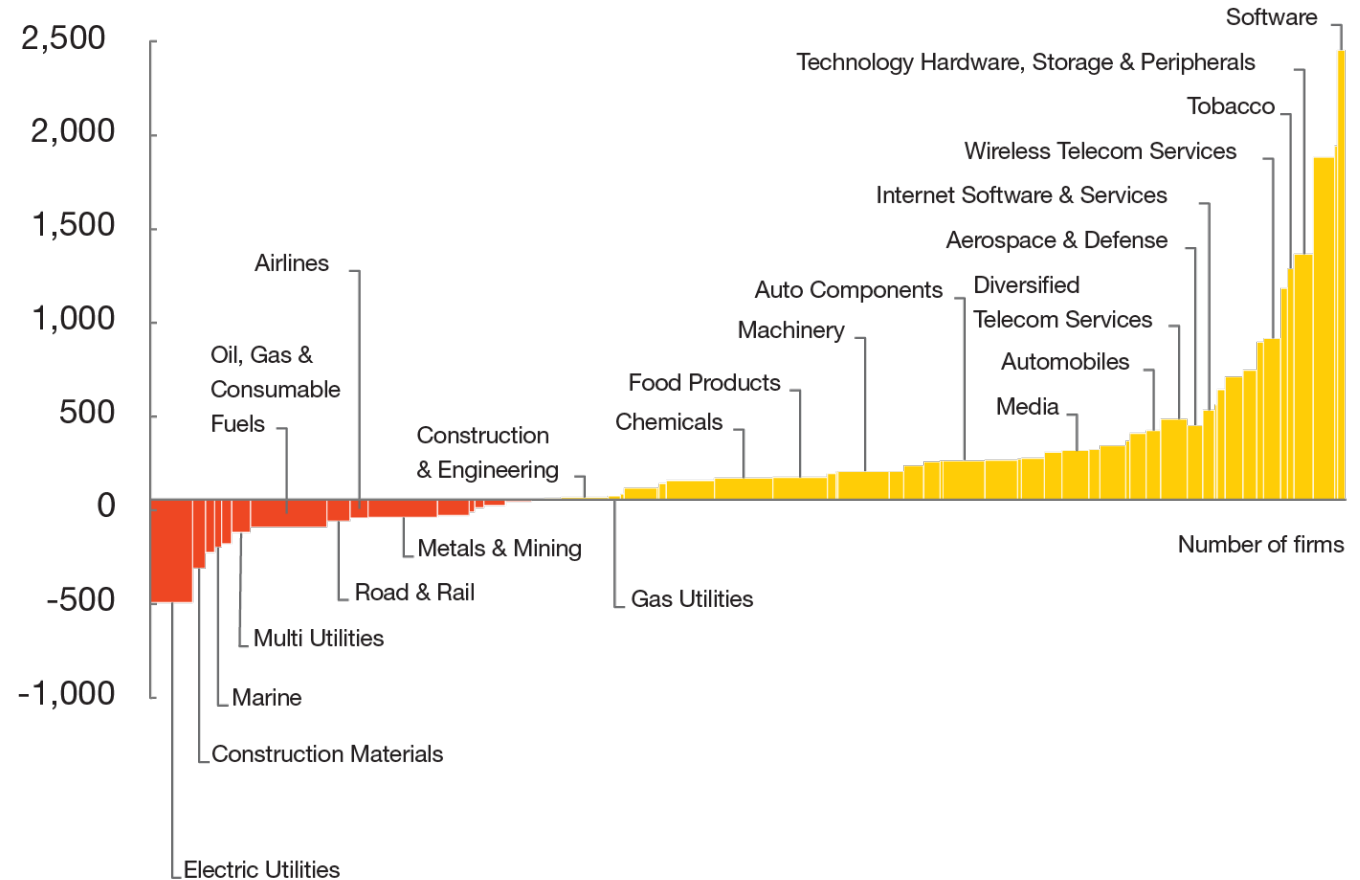
“...you’d rather be an average company in a great industry than a great company in an average industry.”

The industry Power Curve

Industries also have a Power Curve—where you play really matters

Average annual economic profit of firms within each industry, 2010–14

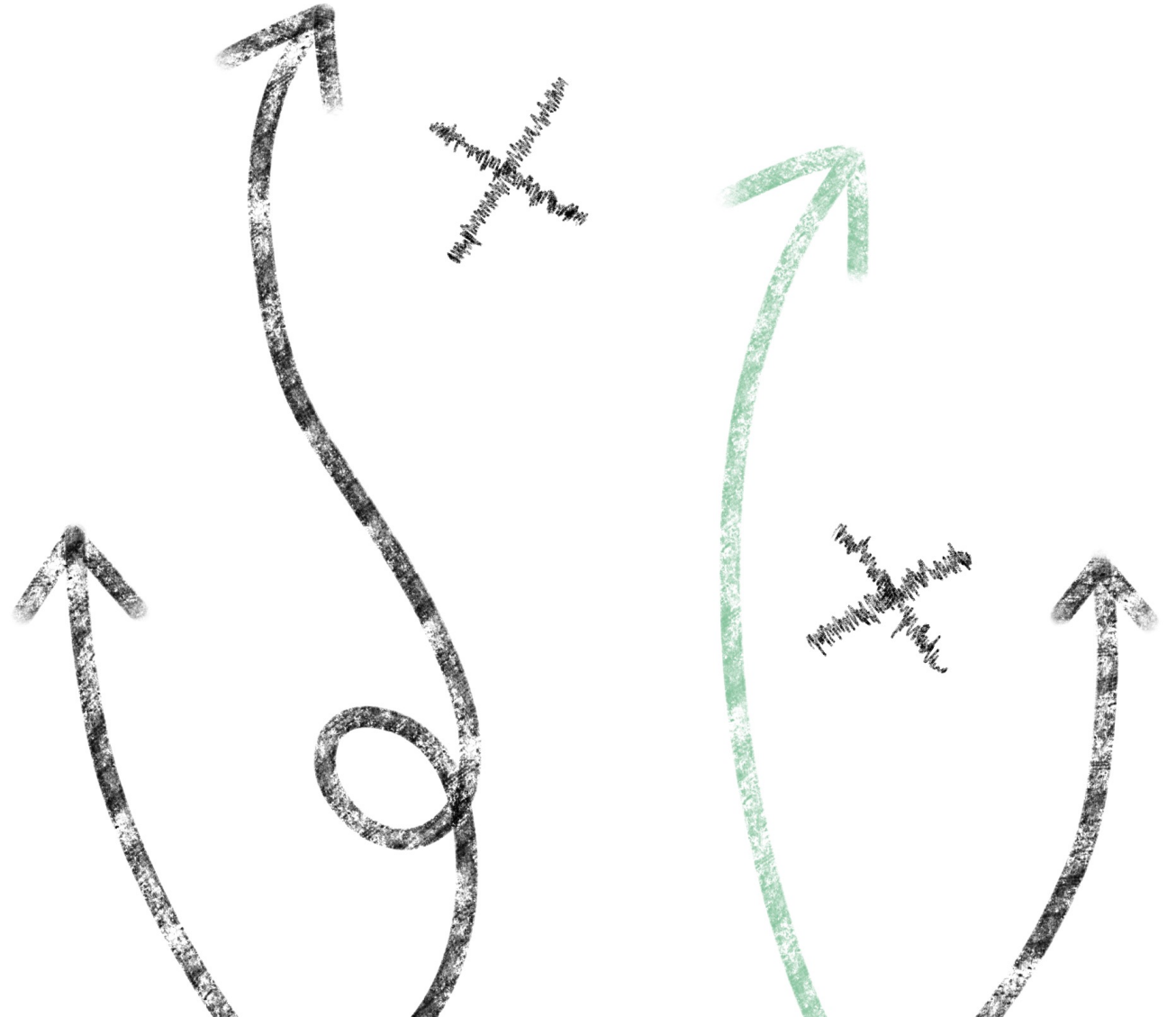
\$ Millions, N=2,393



**In other
words:**

**Strategy
really
matters.**

**So... what is
“Strategy”?**



**Strategy is
an integrated set of
choices.**

Past Data

+

Good Intuition



Thesis

Example: „Convenience always wins“

Thesis

+

Aspiration



Strategy

Example: „Build everyhting around Customer's needs and wants.“

Strategy

+

Circumstances



Tactics

Example: „Always issue refunds easily.“

Tactics

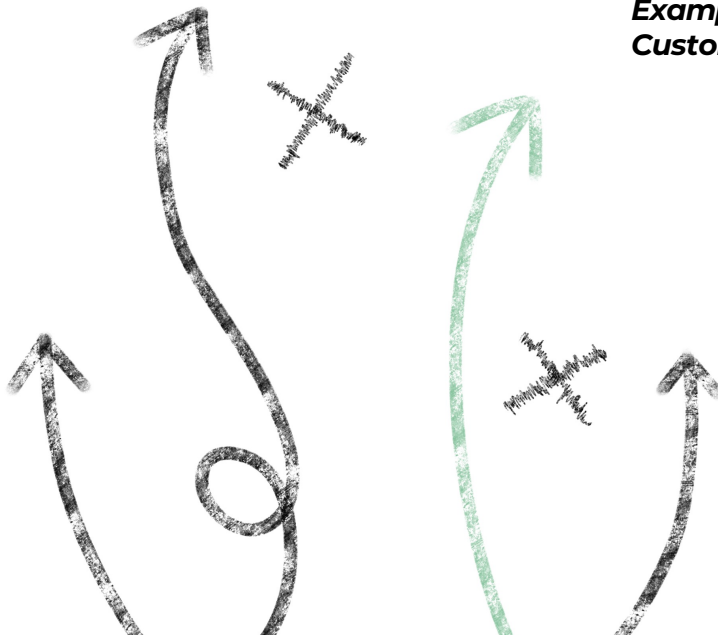
+

Targets



Action

Example: Ban merchants with less than 90% 5-star ratings.



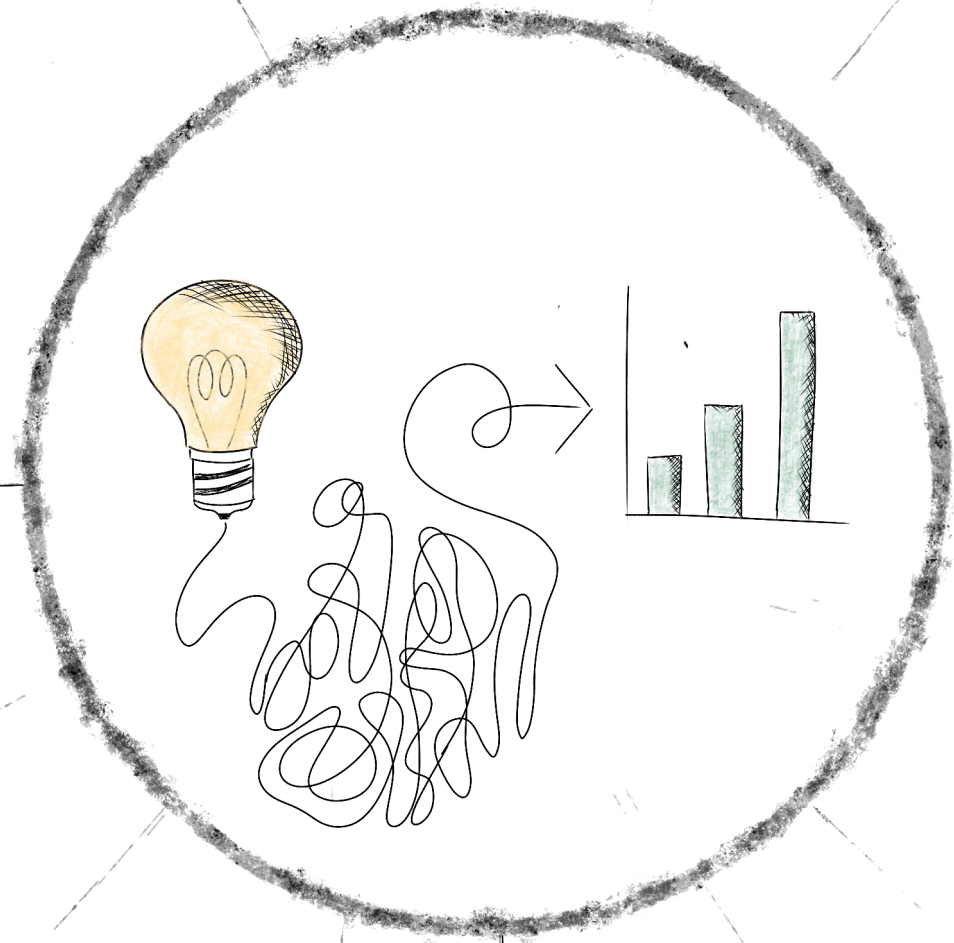
How can identify strategy?

It doesn't change with changing
cicumstances

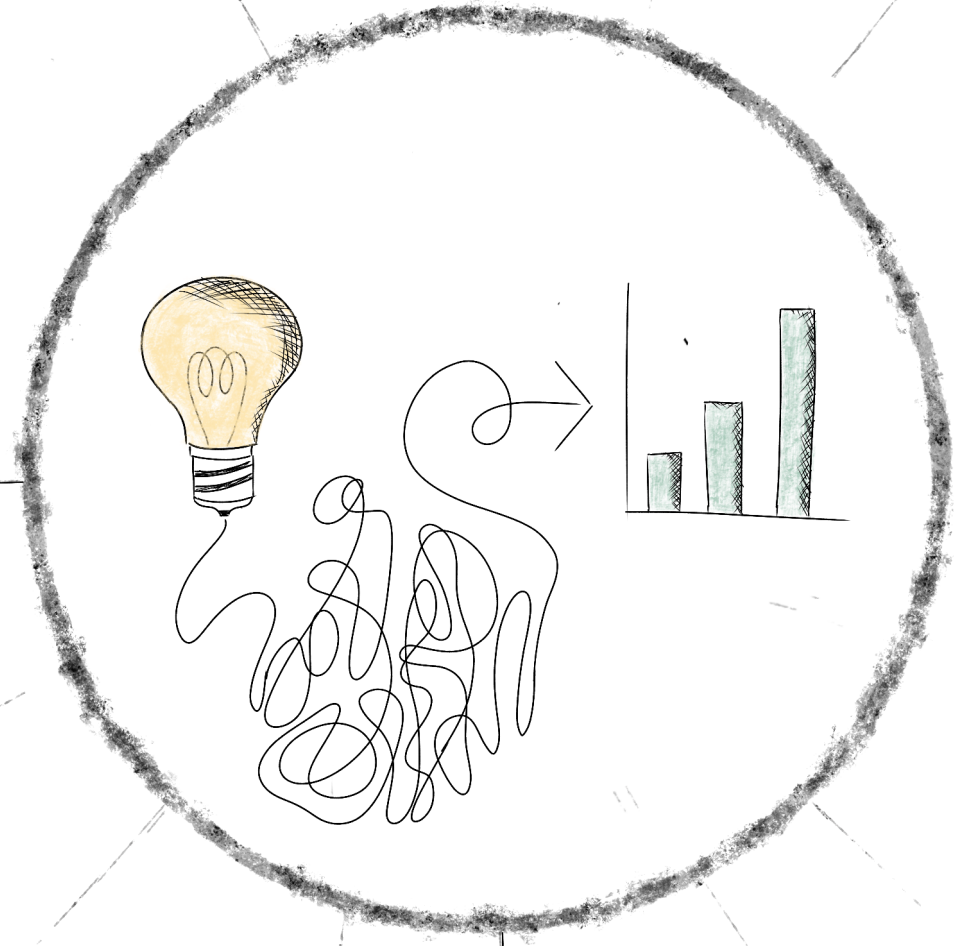
**What's
your
plan?**

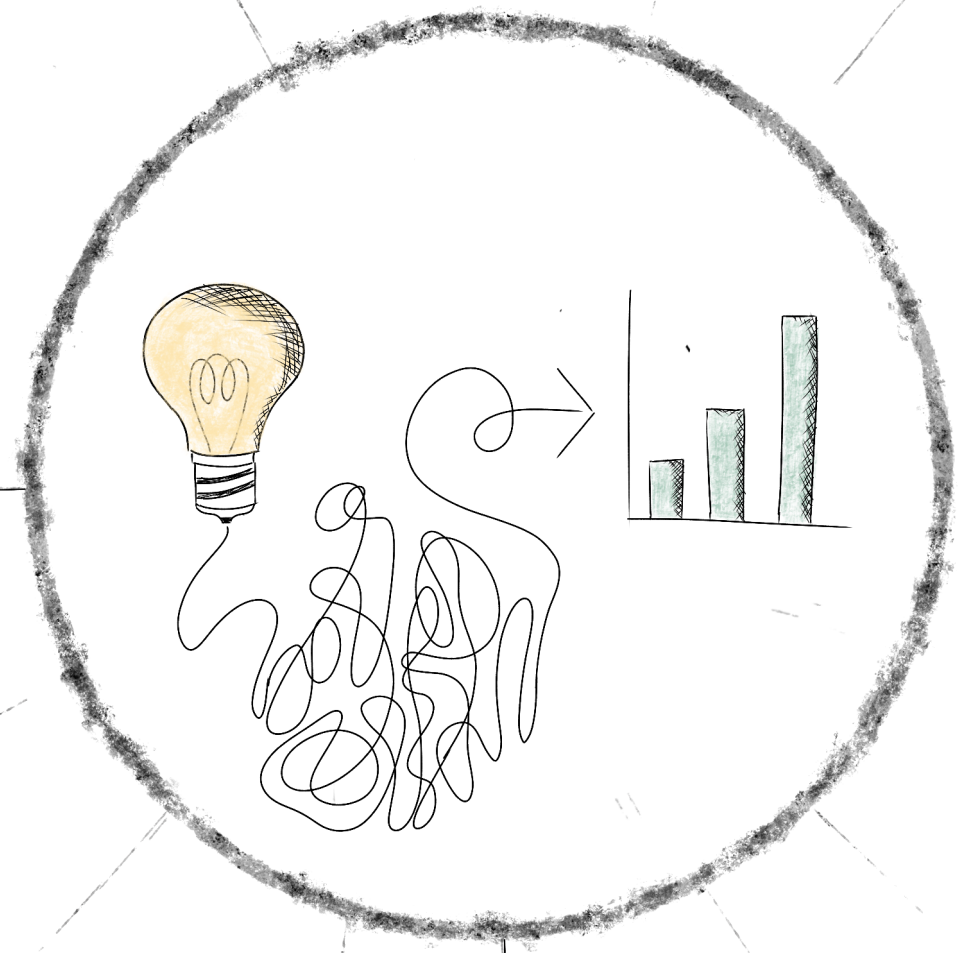
**You always choose. Whether
you want to, or not.**

What is your Winning Aspiration?

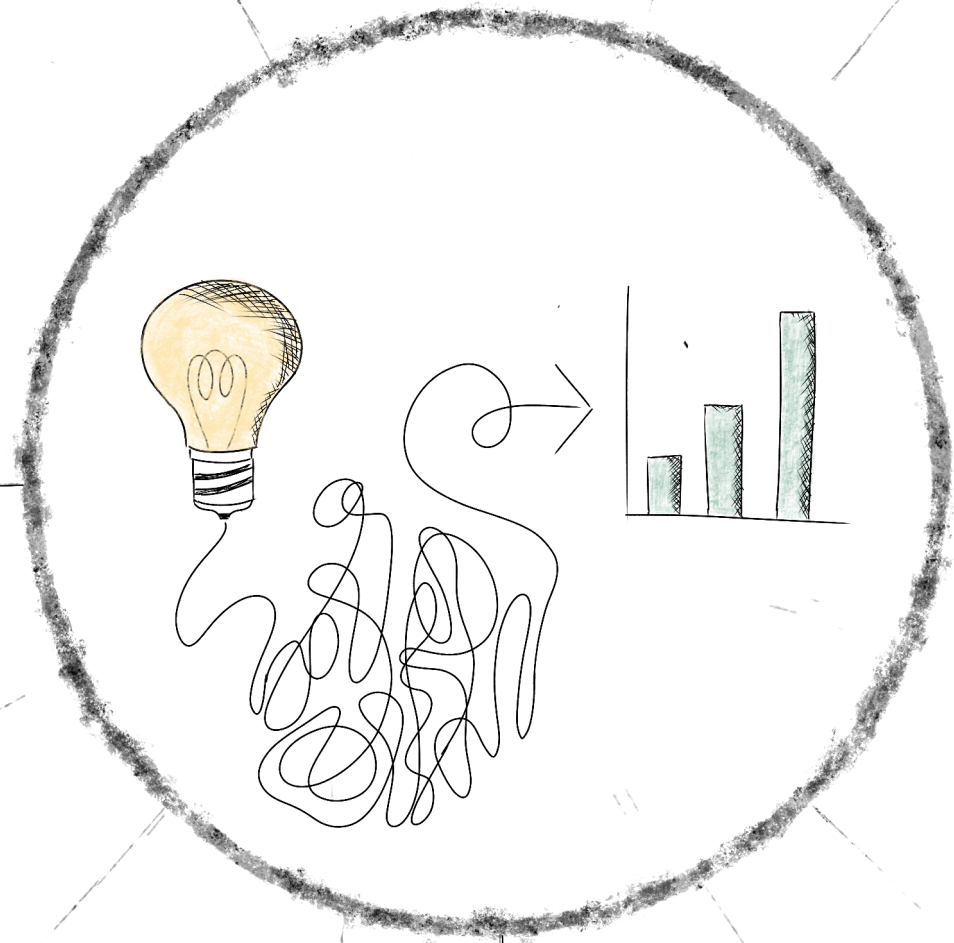


Where will you play?

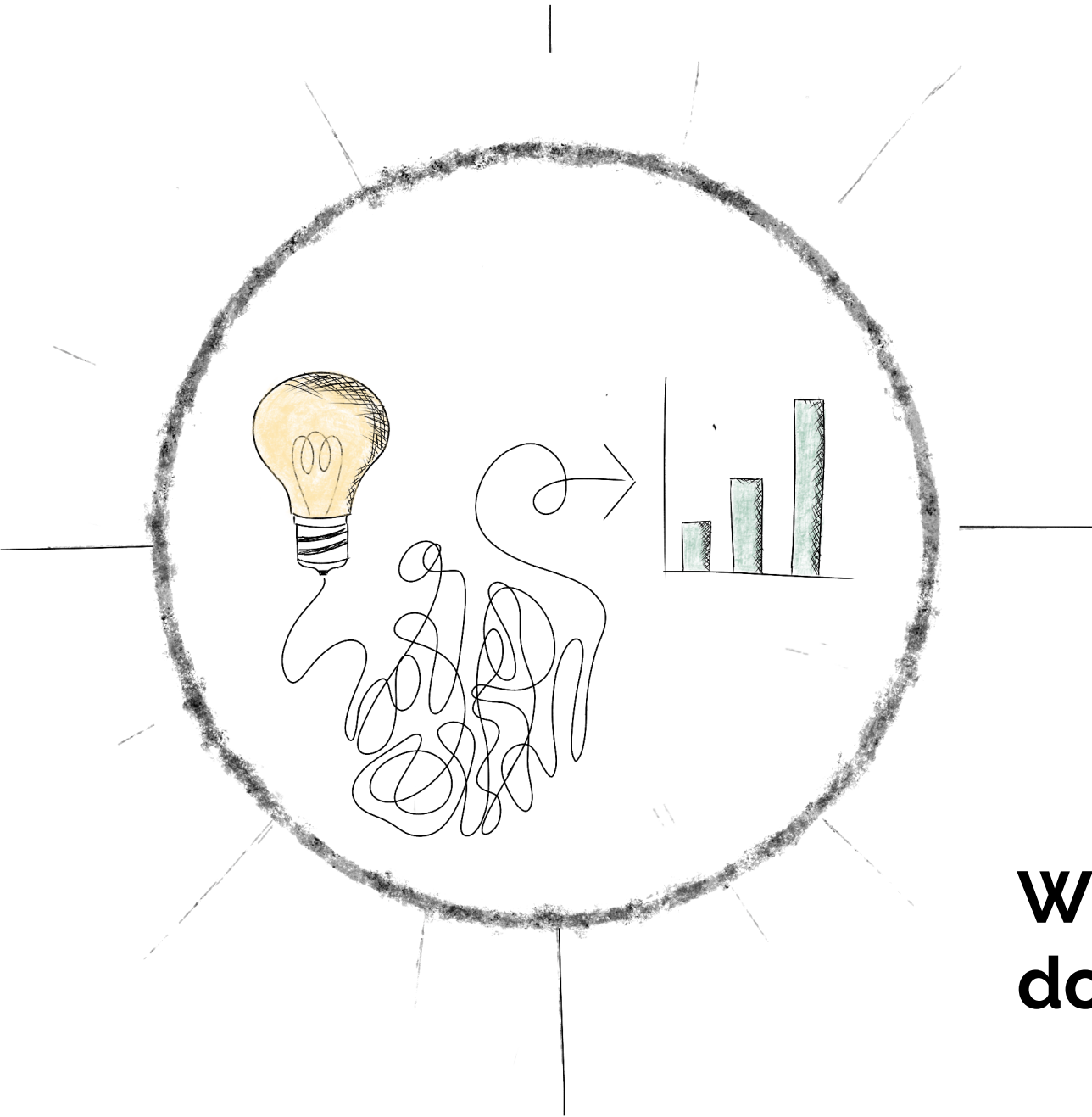




— **How will you win?**



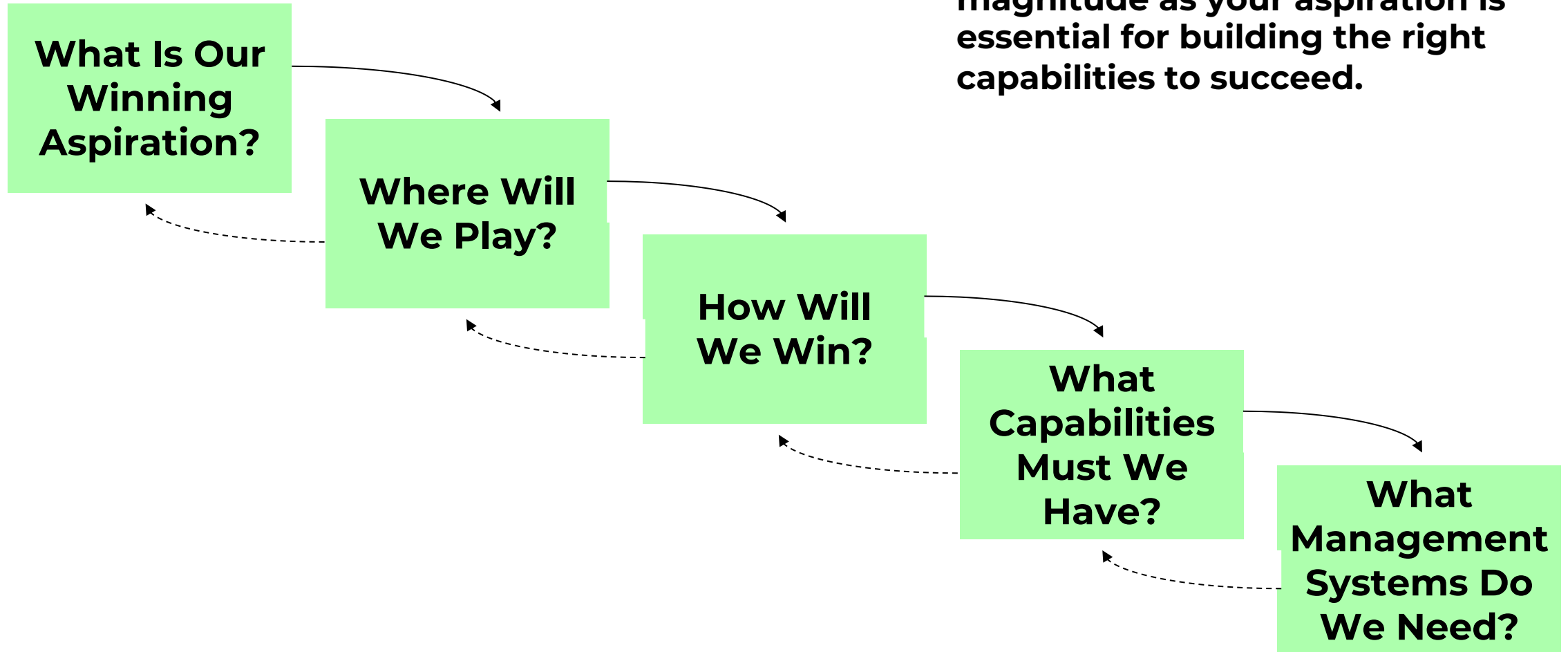
**What capabilities must
you have?**



**Which management systems
do you need?**

The Choice Cascade

Planning in the same order of magnitude as your aspiration is essential for building the right capabilities to succeed.

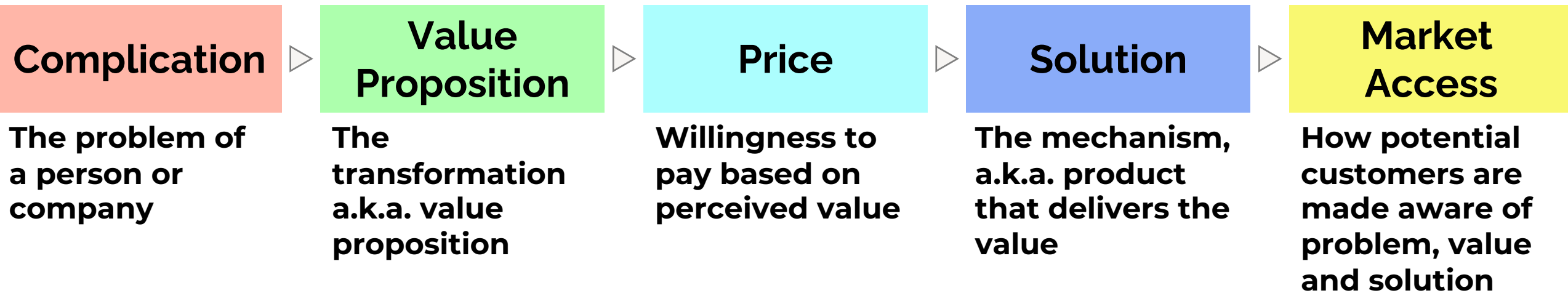


**How do I / my
product
become
valuable?**

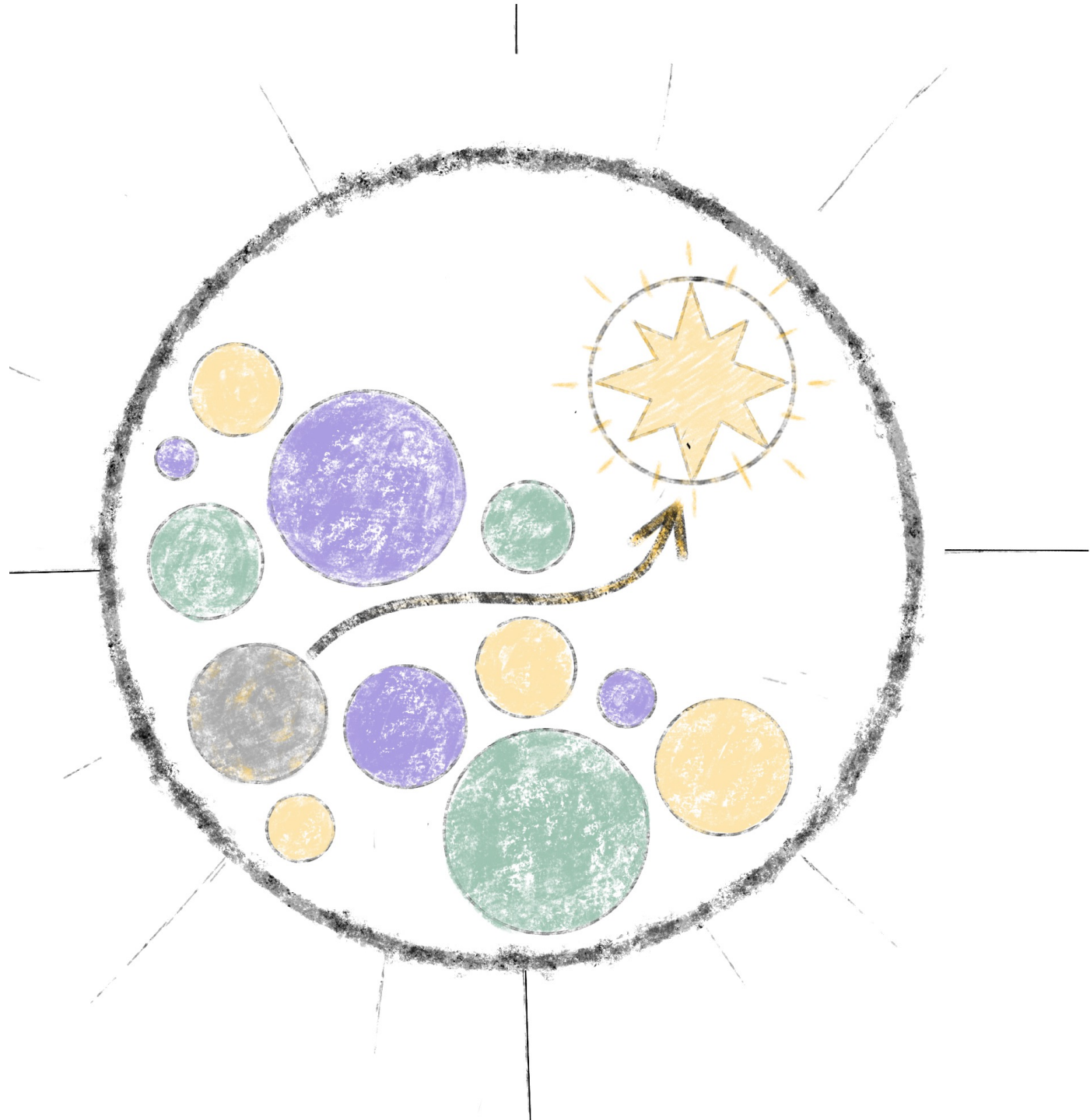
What most enterprises do



What actually works:



Decisions under Uncertainty



Solution 1:

Crunching
the
numbers
+ X %

vs Reality

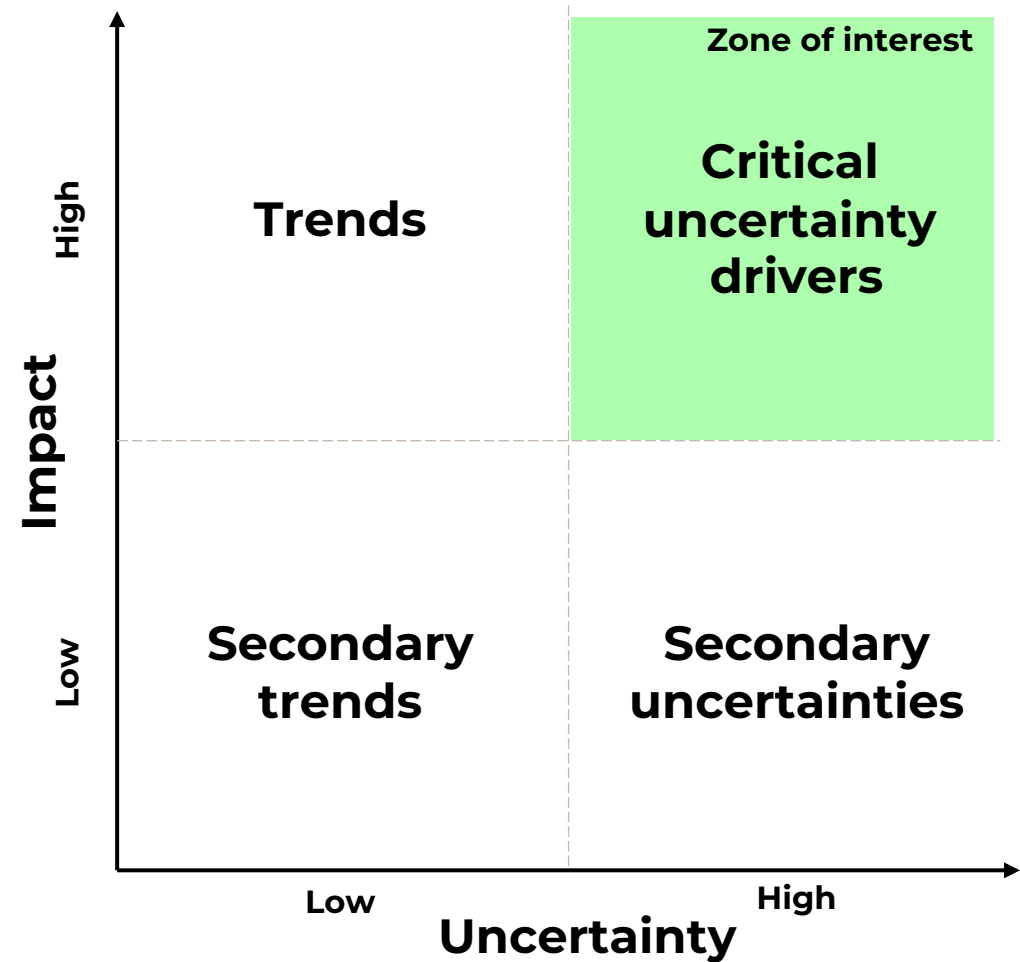
The world is **volatile**.
It's uncertain. It's
complex. It's
ambiguous!
It often **just won't fit**
into your models.

The Status Quo VS The Future

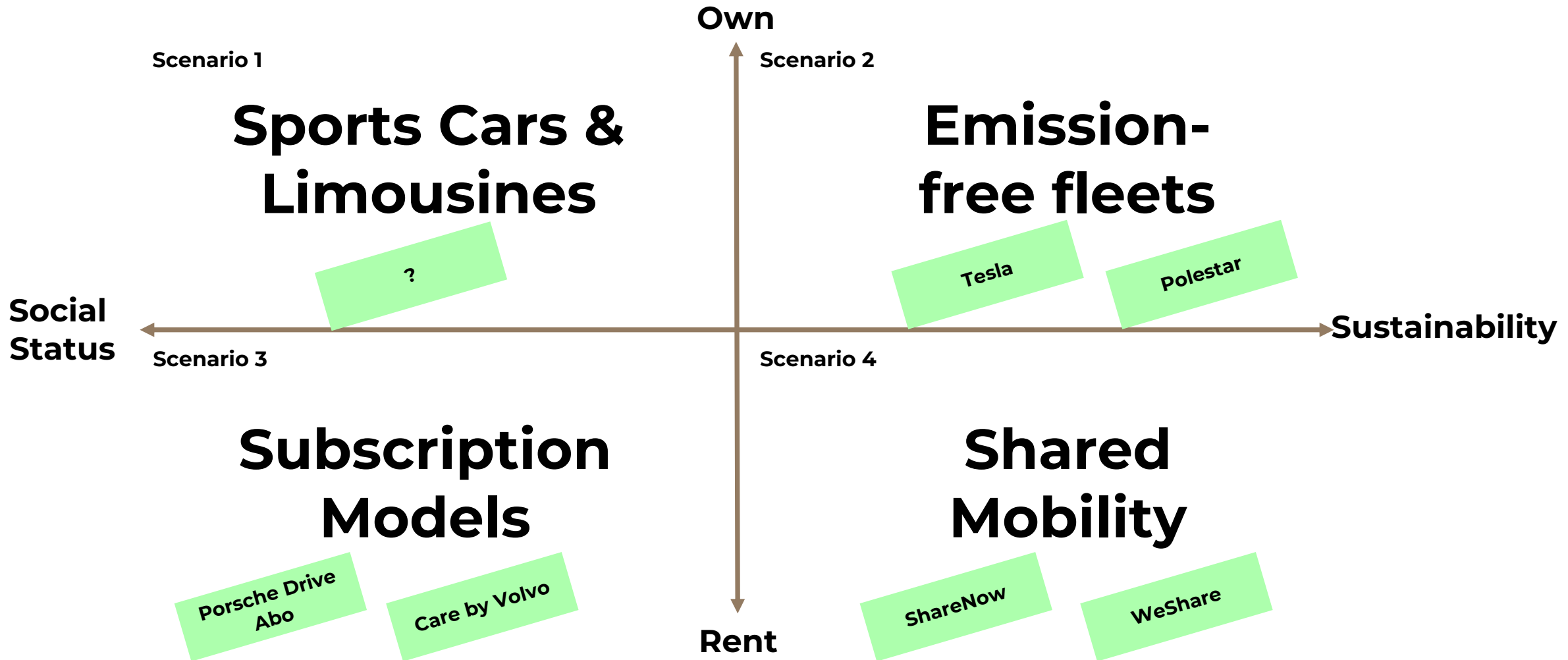
**...how do you
currently approach
this challenge?**

**You can bring
structure to
uncertainty
with
Scenario
Planning**

With the Impact-Uncertainty Grid you can categorize the factors that have a major influence on the (un-)certainty of the future

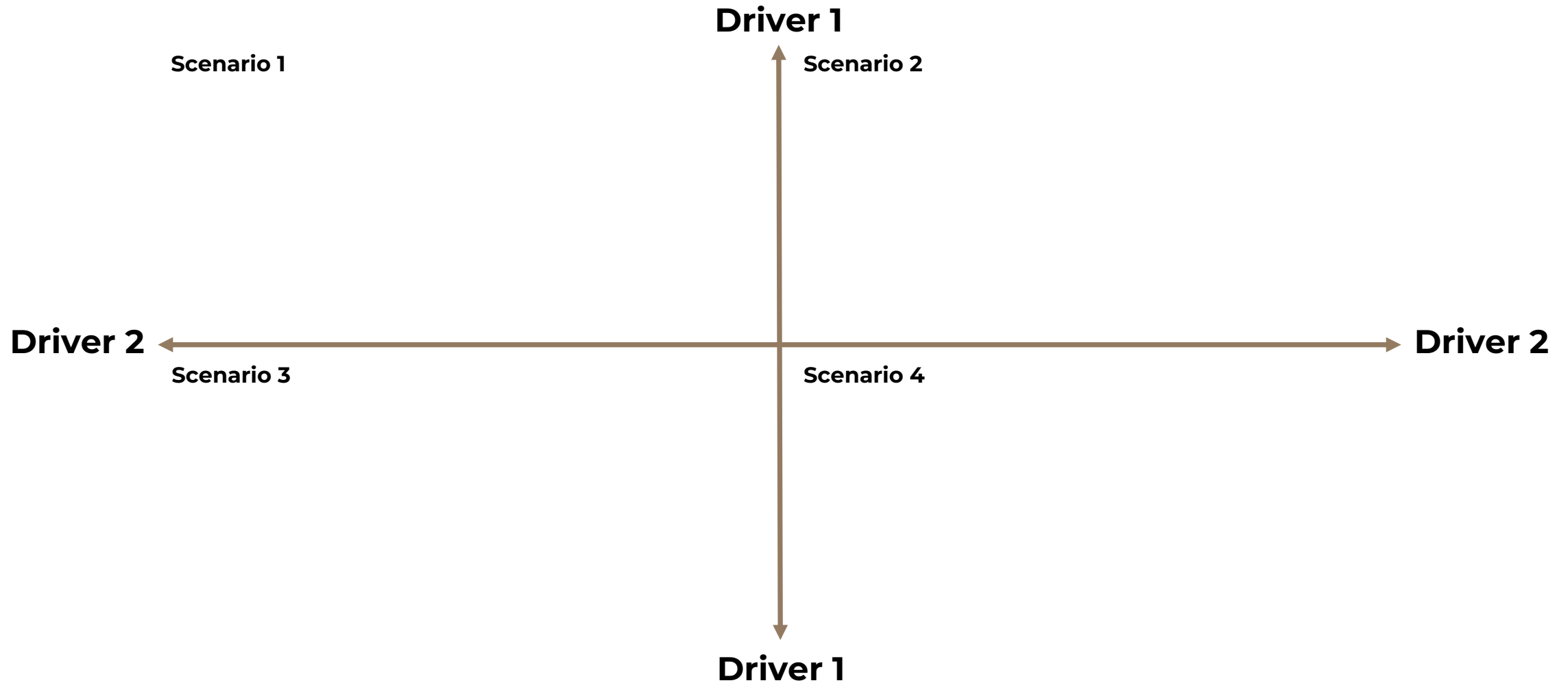


Example: Automotive / Mobility

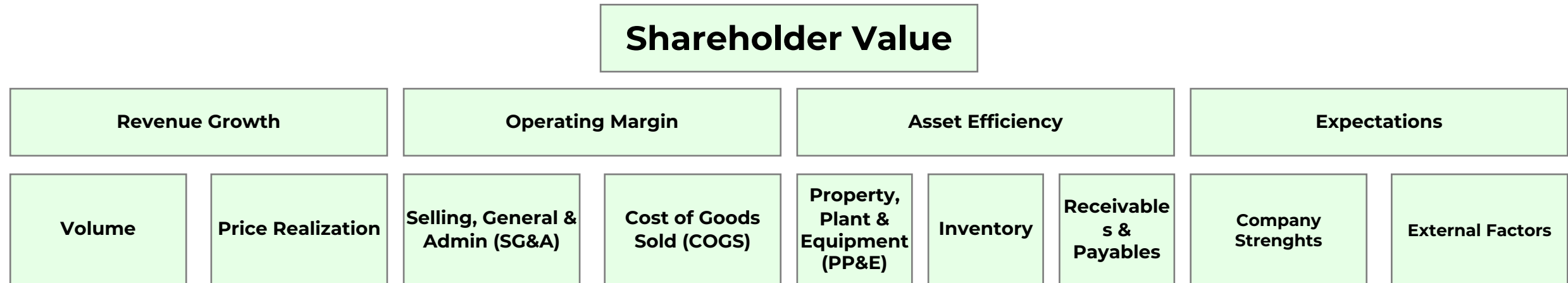
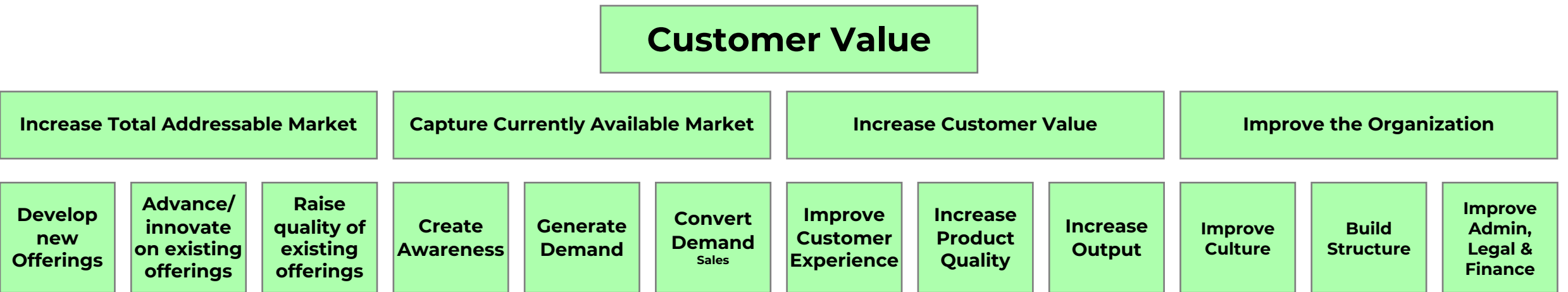


Scenario Modeling

Select two factors and define the ends of their spectrums



The Gueth.com Customer Value Map



Putting it all together:

**Should you opt for a
bottom-up or top down
approach for innovation
and transformation?**

First idea: Be specific

Strategy: Approach top-down

First product: Start with customer value

Q&A

Ask your questions

Building and leading teams and organizations

Business Strategy

Setting and achieving goals

Intentional Innovation

Build market-relevant products

Organizational Design

Building Teams and Businesses

Career Planning

How to get started and move up

Personal Growth

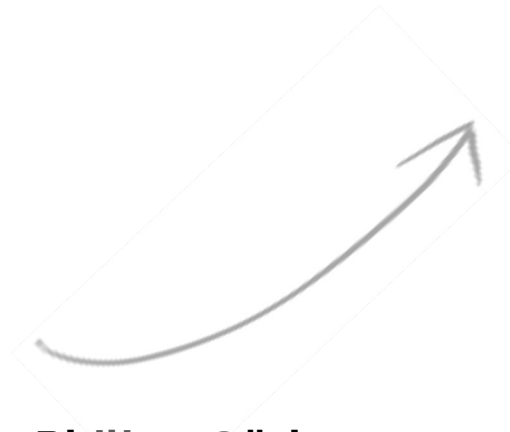
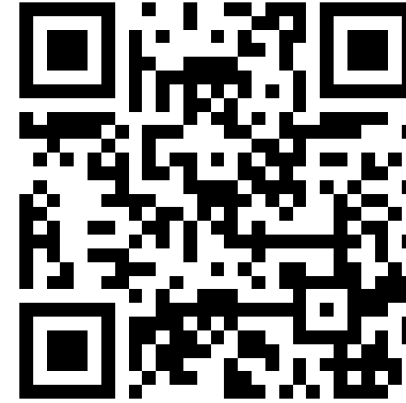
Work, Life & Mindset

Leadership

Leading and growing talents

Stay in the loop!

www.gueth.com



Philipp Güth

Founder & Partner @ Gueth Consulting

Founder & CEO @ Wilson & Oskar

philipp@gueth.com

+49 176 5563 8833

www.gueth.com