OPERATIONS TRANSFORMATION

# The Operations Transformation Reality Check

A practical 30-minute self-assessment of the operating system behind flow, service, margin and cash.

> **THE CORE PREMISE**
> A factory can have capable people and expensive systems yet still lose performance through broken handoffs, unstable planning, weak data, and unclear management decisions.

## How to use this assessment

1. Score each statement using current operating reality, not policy or aspiration.
2. Validate with available facts, system records and frontline observation.
3. Where leaders disagree, record the disagreement instead of averaging it away.
4. Flag severe failures separately; the total score does not cancel material risk.
5. Choose no more than three priorities for the next 90 days.

| Score | Meaning | Practical test |
|---|---|---|
| 0 - Not controlled | Inconsistent, undocumented or repeatedly bypassed. | The operation relies on recurring firefighting. |
| 1 - Partly controlled | A process exists but ownership or adherence varies. | People routinely correct the plan manually. |
| 2 - Reliably controlled | Accurate, owned, measured and used consistently. | The process supports repeatable decisions. |

**ASSESSMENT PROFILE | Organization: _____ Date: _____**

Primary operation / site: _____ Current ERP (optional): _____


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## 01 Customer Promise & Order-to-Cash

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 1 | Customer orders are accepted against achievable material, capacity and delivery commitments. | | |
| 2 | Order priorities and promised dates are governed rather than changed informally. | | |
| 3 | Engineering, planning and production receive timely notice of order changes. | | |
| 4 | Late orders have documented causes that are reviewed across functions. | | |
| 5 | Order-to-shipment and order-to-cash elapsed times are measured consistently. | | |

## 02 Demand Planning & SIOP

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 6 | Forecast assumptions, demand sources and ownership are clear. | | |
| 7 | Sales, operations and finance work from a reconciled demand and supply view. | | |
| 8 | Capacity, inventory and supplier constraints are visible before commitments are made. | | |
| 9 | The planning meeting makes decisions with named owners and due dates. | | |
| 10 | Actual demand and plan changes are reviewed to improve future decisions. | | |


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## 03 Procurement & Supplier Reliability

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 11 | Critical supplier lead times reflect actual performance. | | |
| 12 | Supplier delivery misses and shortages are tracked by cause and severity. | | |
| 13 | Buyers operate from a common prioritized supply plan, not competing expedite lists. | | |
| 14 | High-risk components have documented mitigation or alternate-source plans. | | |
| 15 | Supplier quality and total delivered cost affect sourcing decisions. | | |

## 04 Inventory & Working Capital

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 16 | Physical inventory matches system inventory closely enough to support reliable decisions. | | |
| 17 | Cycle counts resolve root causes instead of repeatedly correcting quantities. | | |
| 18 | Excess, obsolete and slow-moving material have identified owners and actions. | | |
| 19 | Inventory policies reflect demand variability, supply risk and service needs. | | |
| 20 | Working capital tied up in raw material, WIP and finished goods is actively managed. | | |


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## 05 Manufacturing Flow & Capacity

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 21 | The primary constraint to throughput is identified and managed visibly. | | |
| 22 | Production has a stable executable schedule aligned to actual capacity. | | |
| 23 | Material is available at point of use when operations are scheduled to begin. | | |
| 24 | Setup, downtime, queue and rework losses are understood and acted upon. | | |
| 25 | Throughput, schedule adherence and actual manufacturing lead time are tracked. | | |

## 06 Quality & Reliability

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 26 | Incoming, in-process and final quality controls reflect material business risks. | | |
| 27 | Nonconforming product is identified, segregated and dispositioned reliably. | | |
| 28 | Rework, scrap, warranty and customer complaints are classified by cause. | | |
| 29 | Corrective actions are verified for effectiveness after implementation. | | |
| 30 | Cost of poor quality is measured and linked to operational priorities. | | |


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## 07 Warehouse & Fulfillment

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 31 | Warehouse locations, material movements and staging practices are standardized. | | |
| 32 | Pick, pack and ship processes meet required accuracy and timeliness. | | |
| 33 | Inventory and shipment status are visible across warehouse and production teams. | | |
| 34 | Expediting, partial shipments and premium freight are tracked. | | |
| 35 | Fulfillment handoffs and carrier/service failures have clear escalation rules. | | |

## 08 Unit Economics & Margin

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 36 | Product, job or customer profitability is visible at a decision-useful level. | | |
| 37 | Material, labor, overhead and freight assumptions are regularly refreshed. | | |
| 38 | Operations and finance reconcile inventory, WIP and manufacturing costs. | | |
| 39 | Price, mix, inefficiency and quality losses are distinguished in margin reviews. | | |
| 40 | Business cases for changes include cost, service, cash and risk tradeoffs. | | |


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## 09 Leadership & Operating Cadence

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 41 | Each critical operational metric has an owner, definition and review frequency. | | |
| 42 | Daily and weekly meetings produce decisions rather than status presentations. | | |
| 43 | Escalation thresholds and decision rights are understood across functions. | | |
| 44 | Standard work reflects actual methods and is maintained when processes change. | | |
| 45 | Improvement initiatives are owned, resourced and checked for realized results. | | |

## 10 ERP, Data & Automation Readiness

| # | Diagnostic statement | Score 0-2 | Evidence / notes |
|---|---|---|---|
| 46 | Operational decisions use trusted and clearly defined system data. | | |
| 47 | Key transactions are recorded at the appropriate time and point of activity. | | |
| 48 | Spreadsheets and workarounds have clear owners and are not the hidden system of record. | | |
| 49 | ERP, reporting and shop-floor data are reconciled where they affect decisions. | | |
| 50 | Automation opportunities are evaluated only after processes and controls are stable. | | |


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# Score the operating system

Add all 50 responses. Maximum score: 100. A score is a conversation starter, not a statistically validated maturity certification.

| Score | Working interpretation | Recommended response |
|---|---|---|
| 0-35 | Uncontrolled / reactive | Stabilize basic controls and transaction truth. |
| 36-60 | Fragmented execution | Fix the highest-impact handoffs; assign ownership. |
| 61-80 | Managed but inconsistent | Remove critical constraints and harden governance. |
| 81-100 | Integrated and scalable | Target specific improvements; verify benefit realization. |

## Red flags that override the score

- [ ] Customers are promised dates that capacity or supply cannot support.
- [ ] No one can reconcile physical inventory with operating or financial records.
- [ ] The actual throughput constraint is unknown or routinely ignored.
- [ ] Critical safety, quality or traceability failures lack effective containment.
- [ ] WIP, backlog, margin or cash reporting materially disagrees across departments.
- [ ] Past-due orders and purchase commitments remain in plans as though achievable.
- [ ] Engineering changes and shop-floor practices diverge without control.
- [ ] Cross-functional problems recur without a single accountable decision owner.
- [ ] The same issues are expedited every week without permanent correction.
- [ ] Automation/AI is being added to unstable or ungoverned operating processes.


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# Your domain scorecard

Score each domain out of 10. Record the owner and the next action that would improve operational outcomes.

| Domain | Score /10 | Owner | Next practical action |
|---|---|---|---|
| Customer Promise & Order-to-Cash | | | |
| Demand Planning & SIOP | | | |
| Procurement & Supplier Reliability | | | |
| Inventory & Working Capital | | | |
| Manufacturing Flow & Capacity | | | |
| Quality & Reliability | | | |
| Warehouse & Fulfillment | | | |
| Unit Economics & Margin | | | |
| Leadership & Operating Cadence | | | |
| ERP, Data & Automation Readiness | | | |

**TOTAL SCORE _____ / 100**

**RED FLAGS IDENTIFIED: _____**


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# Translate your score into action

Choose three priorities that matter to service, cash, throughput, margin or operational risk - not simply the easiest housekeeping tasks.

| Priority | Problem / operating consequence | Owner | 90-day measurable outcome |
|---|---|---|---|
| 1 | | | |
| 2 | | | |
| 3 | | | |

## A practical order of operations

01 Establish reliable physical and transactional facts.

02 Identify and protect the system constraint.

03 Stabilize planning, supplier commitments and handoffs.

04 Rebuild the daily management and escalation rhythm.

05 Improve flow, quality, inventory and cost controls.

06 Only then scale analytics, technology and automation.

### What to do next

A low score does not automatically mean you need new software, equipment or headcount. Start by understanding the operating constraint and the few interventions that will create measurable value.

DISCUSS THE OPERATING CONSTRAINT THAT MATTERS MOST

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This self-assessment is general educational material and is not a substitute for a full diagnostic, site observation, control test, or professional evaluation.


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