

Identifying Operational Challenges

Identifying Operational Challenges – Study Notes

1. What Are Operational Challenges?

- **Definition** – Obstacles that hinder an organization’s day-to-day processes, affect efficiency, or jeopardize the achievement of strategic goals.
 - **Scope** – Can arise in any functional area: production, supply chain, technology, human resources, finance, customer service, etc.
-

2. Why Spotting Them Early Matters

Benefit	Impact on Business
Cost control	Reduces waste, overtime, and rework expenses
Quality improvement	Prevents defects and boosts customer satisfaction
Risk mitigation	Lowers the chance of service disruptions or compliance breaches
Strategic agility	Enables faster response to market changes
Employee morale	Removes frustration sources, improving retention

3. Common Categories of Operational Challenges

Category	Typical Symptoms	Example Indicators
Process Inefficiencies	Long cycle times, bottlenecks, redundant steps	30% of orders delayed >48h
Resource Constraints	Overutilized staff/equipment, frequent shortages	Overtime >15% of labor hours
Technology Gaps	Legacy systems, lack of integration, frequent outages	System downtime >5% per month
Supply Chain Disruptions	Stockouts, long lead times, unreliable vendors	20% of parts sourced from a single supplier
Quality & Compliance Issues	High defect rates, audit findings, regulatory fines	2% product return rate

Identifying Operational Challenges

Category	Typical Symptoms	Example Indicators
Data & Analytics Deficiencies	Inaccurate reporting, delayed insights	KPI dashboard refreshed weekly instead of daily
Workforce Challenges	Skill gaps, high turnover, low engagement	25% vacancy rate for critical roles
Customer Experience Gaps	Slow response times, inconsistent service	CSAT score <70%

4. Systematic Approach to Identify Challenges

1. Map Core Processes

- Use flowcharts, swim?lane diagrams, or value?stream mapping.
- Highlight decision points, handoffs, and data flows.

2. Collect Quantitative Data

- Cycle?time, throughput, error/defect rates, utilization percentages, cost per transaction.
- Pull from ERP, MES, CRM, ticketing systems, and time?tracking tools.

3. Gather Qualitative Insights

- Conduct structured interviews, focus groups, or “gemba walks” with frontline staff.
- Use surveys (e.g., employee pulse, customer satisfaction).

4. Benchmark & Set Baselines

- Compare against internal historic performance and external industry standards.

5. Apply Diagnostic Tools

- **Pareto Analysis** – Identify the 20?% of causes that generate 80?% of problems.
- **Root?Cause Analysis** – 5 Whys, Fishbone (Ishikawa) diagram.
- **Process Capability (Cp, Cpk)** – Assess how well a process meets specifications.

6. Prioritize Findings

Identifying Operational Challenges

- Score each issue on **Impact** (financial, strategic) × **Probability** (likelihood of recurrence).
- Use a simple matrix (high, medium, low) to focus on “high?impact, high?probability” challenges first.

7. Document & Communicate

- Create a concise “Operational Challenge Register” (see template below).
 - Share with stakeholders; align on ownership and next steps.
-

5. Sample “