CHAPTER 1

Operations as the Center of Gravity

The Omnihouse Model

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If you picked up this book, you are probably familiar with the term *entrepreneurial marketing*—not the mainstream one but the new genre that essentially attempts to converge various dichotomous elements (i.e., entrepreneurial and professional mindsets) in a business organization. This holistic approach enables companies to be agile, flexible, and resilient in facing the fast-paced, ever-changing, and uncertain business landscape. But when we review the model, namely, the omnihouse model, it is not the marketing element that is the center of the model; it is operations (see Figure 1.1).

Note

Appendix A provides the details of the omnihouse model for those not familiar with it. We also recommend our book *Entrepreneurial Marketing: Beyond Professionalism to Creativity, Leadership, and Sustainability* to learn more about the model.

In this book, we will explore this aspect of operations by looking at how the various elements of the entrepreneurship cluster and the professionalism cluster have an impact on quality, cost, and delivery

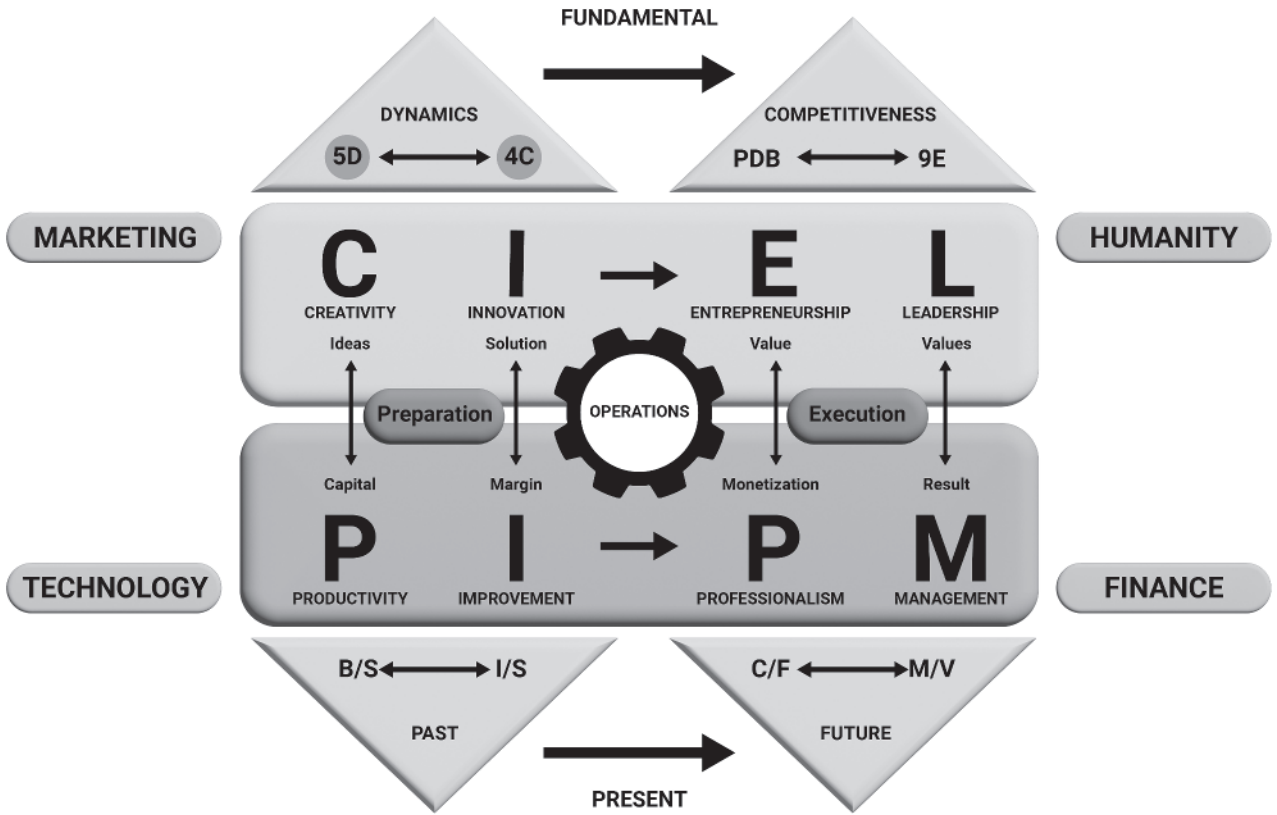

FIGURE 1.1 The omnihouse model

(according to the concept developed by Masaaki Imai) plus service (QCDS). In Figure 1.1, you can note the following:

- The entrepreneurship cluster is sandwiched between marketing and humanity and consists of creativity, innovation, entrepreneurship, and leadership (CI-EL).
- The professionalism cluster sits between technology and finance and consists of productivity, improvement, professionalism, and management (PI-PM).

We will use examples from companies in various Asian countries and other parts of the world in line with Asia's increasingly significant role in the world economy in recent decades. At least five Asian countries (China, India, Indonesia, Japan, and South Korea) are now members of the G20.

Introducing a New Model of Entrepreneurial Marketing

The concept of a new genre of entrepreneurial marketing discussed in this book was developed because of our experience from the crisis triggered by the COVID-19 pandemic: a company cannot survive if it relies only on a professional management approach. The business is constantly changing; hence, management needs to change accordingly. Competitive companies constantly adapt, either incrementally or radically.

DuPont is one example of how gradually adapting can become a company's foundation and even make it more competitive. DuPont started as a producer of gunpowder and explosives needed during the Civil War. Over time, DuPont gradually adapted and eventually developed a wide range of products that are part of our daily lives, such as synthetic rubber, polyester, nylon, and Teflon—which also entered into a diverse set of fields: health care, electronics, and nutrition. That expansion was also made possible through the company's exceptional commitment to R&D.[1]

Something similar happened in the case of PPG Industries, Inc., which produced only plate glass when it was founded in 1883. Now, it has diversified with various products covering all types of glass, chemicals, paints, optical materials, and biomedical systems.[2]

Some companies' small but high-speed adaptive capabilities during the COVID-19 pandemic saved their future. CareSignal, a remote patient monitoring platform, created a new service line to provide COVID-19 education when they realized the pandemic would significantly affect their business. It took the CareSignal team only a few days to set up and launch the new service, which was called COVID Companion and was designed to monitor health care workers exposed to or infected with COVID-19 and low-risk patients who could manage their illness at home. It provided a dedicated platform for remote monitoring and helped health care system manage the surge in cases and ensure the safety of both patients and staff.[3] Chemical producer BASF also made a gradual transformation to improve competitiveness and secure long-term growth several years ago. Various acquisition and divestment efforts are expected to generate significant cumulative transformation and impact.[4]

Some other companies have opted for radical transformations. Let's look at Apple's journey. It started out by making computers and software but then quickly expanded to offer various products, from music streaming and AI-powered personal assistants to wearables. Likewise, Netflix started as a DVD rental service but underwent an extraordinary revamp and eventually became a major player in streaming entertainment, including creating content.[5] After Netflix made changes to its business model and in line with technological developments, in 2015 the Netflix streaming business (domestic and international) contributed nearly 90% to the company's revenue.

German steel maker ThyssenKrupp also demonstrated a radical approach. Faced with pressure from competitors from low-cost producers in Asia, ThyssenKrupp took a drastic step: leaving the business of making and selling steel. In 2012, the company began investing in industrial solutions, providing capital equipment, software, and services to manufacturers, including refineries and automakers, which then grew very fast and now contribute almost half of the company's total revenue.[6]

With examples like these, we can understand a new type of entrepreneurial marketing that helps business organizations become highly adaptive and avoid marketing blind spots, such as ignoring changes in the macroenvironment, misalignment of marketing and finance, disharmonious marketing and sales relationships, weak integration of online and offline marketing, overlooking human capital, and lacking humanity in marketing. Marketing blind spots are a condition in which a company has carried out various marketing management processes properly but does not realize there are still many unconnected elements that hinder the company and ultimately cause it to lose its ability to compete.

The essence of the new genre of entrepreneurial marketing is about converging the various dichotomies within the organization itself. Learning from the phenomenon of marketing blind spots, a business organization must be able to converge elements of marketing and finance, technology and humanity, as well as the two main clusters in the omnihouse model that have so far been considered opposites, namely, the "entrepreneurship" cluster (which consists of components of creativity, innovation, entrepreneurship, and leadership) and the "professionalism" cluster (which includes productivity, improvement, professionalism, and management). This convergence process—let alone combining two opposing mindsets—as a holistic approach to the new genre of entrepreneurial marketing is not easy, especially if an organization has significant rigidity and inertia.

Forming an interconnected, flexible, and results-driven organization will put immense pressure on the operational aspect, because it must balance rigidity and flexibility to remain relevant in a dynamic business environment, increase organizational survivability in various turmoils, and be sustainable in the long term.

Reviewing Operational Excellence

In the past, certain companies wielded operational excellence as a crucial element in their competitive advantage, providing new insights regarding operational excellence that we often refer to today.[7] Examples include the following companies:

- Ford introduced the conveyor belt assembly line, which is the cornerstone of modern mass production processes.
- Toyota put forward the concept of continuous improvement and a production system "just in time."
- Amazon is a digital era icon that combines process orchestration with digital technology support that can integrate online virtual worlds with the real world.

When achieved, operational excellence can optimize business processes to increase efficiency and productivity, affecting the company's operating margin, net profit, employee turnover, and customer satisfaction. Additionally, the engagement of workers with their companies will increase and can positively affect companies' profitability and employee turnover. Finally, business organizations that achieve operational excellence will become agile and flexible and have a sustainable competitive advantage. In short, operational excellence is a long-term strategic role for the company.[8]

Operational excellence is strategic for companies because it has several essential characteristics:

- **Focus on value creation.** Operations are the fulcrum of various organizational departments that form an integrated value chain within a company. Operations is an intermediary between marketing, which usually focuses on the top line, and finance, which prioritizes the bottom line in the income statement.
- **Maximize efficiency.** Operational excellence significantly affects a business organization's efficiency (and, in turn, productivity) through various cost/expenditure savings, which significantly increase operating margins and net profitability.
- **Support innovation.** Operational excellence enables companies to have sensitivity, adaptive ability, and flexibility to deal with various changes in the business environment, see new problems and challenges, and immediately respond in the form of innovations.
- **Nurture improvement.** Operational excellence encourages everyone involved to have a good understanding of what is going on in the company, what is going well and what is not, so that

everyone can make the necessary improvements in various value-creation processes on a day-to-day basis.

- **Improve competitiveness.** Having better operational excellence than competitors will improve a company's competitive position in an industry and business competition in general and provide an opportunity to be more sustainable than its competitors.
- **Focus on people.** Operational excellence can be achieved only with strong employee engagement. Therefore, it is a consequence for the company to provide the best for its employees so that they also offer the best for the company in all processes, from production, distribution, and sales to services.
- **Put customers first.** The best of operational excellence is offering customers the highest quality products and services that can be delivered according to customer expectations at the most optimal costs to provide reasonable prices.
- **Implement sustainability.** Through various improvements and innovations, companies can develop operational excellence oriented toward sustainability and, even more broadly, on the environmental, social, and governance (ESG) aspects through implementing cleaner/greener processes, reducing waste, implementing a circular economy, and so on.

These strategic aspects are why the operations element is central to the omnihouse model of entrepreneurial marketing.

Moving Toward Flexible Operations

The new entrepreneurial marketing concept of operations as the center of gravity emphasizes that companies must be able to converge professional and entrepreneurial capabilities to advance toward a successful future. Hence, companies must possess strategic flexibility because managing rigidity and flexibility is critical.[9]

Companies can no longer be fixated on improving business by pursuing only efficiency improvements, which will later be reflected in various financial ratios such as return on sales, asset turnover, return

on assets, return on equity, and so on. So, high flexibility in the operational aspect required to deal with the ever-changing market becomes increasingly crucial in the current and future complex business environment.[10]

The business environment is becoming increasingly complex, aligning with the involvement of companies in the business ecosystem (both conventional and digital). This ecosystem provides a substantial entry barrier, solutions for more extensive problems, and versatile platforms. As companies become more integrated, operations must be able to execute various value creation and objectives from multiple functions, including marketing and finance. Additionally, operations must realize the idea of technology for humanity.[11]

Stretching the Flexibility Frontier

The active involvement of companies in a business ecosystem requires a more advanced form of operational excellence. Hence, operations must rely on more than just the company's internal resources and capabilities due to dynamic interactions with multiple parties in a business ecosystem increasingly influencing them. The company's flexibility will be significantly affected by several characteristics that form the company's new operational excellence (see Figure 1.2), namely, the following:[12]

- **Seamless interdependency.** The integration of a company depends on the number of parties that cooperate with it in the same business ecosystem, the extent of interdependence, and the seamlessness of the relationship. The more parties that collaborate, the higher the interdependence, and the more seamless the relationship, the higher the integration is formed.
- **Flawless compatibility.** Companies must examine the compatibility of technology used in their operational activities with other organizations in the same ecosystem. Additionally, organizations must employ a similar process, methodology, protocol, governance references, and culture. The more perfect the compatibility with other organizations in terms of process, methodology,

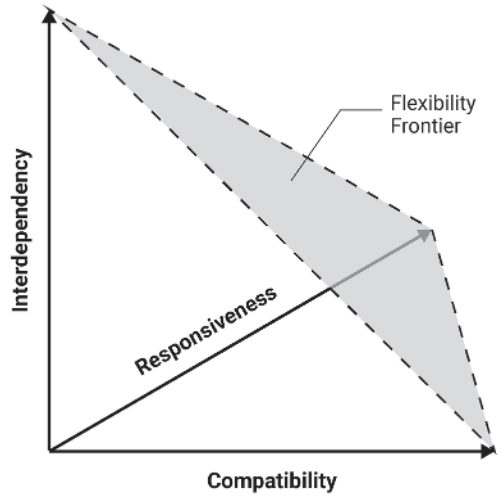

FIGURE 1.2 Stretching the flexibility frontier

protocol (including IT protocol), governance references, organizational structure/flow/bureaucracy, vision, mission, and culture in a business ecosystem, the more it shows the character of operational excellence.

- **Immediate responsiveness.** Companies can use a business ecosystem to remain relevant in an ever-changing business environment, responding quickly to changes even if they show discontinuous trajectories. The faster the operational responsiveness of the company supported by its ecosystem, the stronger the indication that the company is performing operational excellence.

Suppose companies have increasingly seamless interdependencies, have flawless compatibility, and can respond to changes in the business environment, including various changes in the market or industry. In that case, companies can push the flexibility frontier further to gain capabilities beyond the operational excellence we have known.[13] Every company needs a post-operational excellence capability that enables it to create a competitive advantage (through operational competitive advantage), which is essential for fast organizational learning processes and making changes accordingly.[14]

Stretching the QCDS

Operational excellence, as a systematic approach widely applied in various business organizations, aims to achieve the best performance in quality, productivity, and delivery, including service delivery.[15] One reference component of productivity is cost. This component aligns with Masaaki Imai's quality, cost, and delivery (QCD) concept.[16] We add to Imai's idea the service (S) aspect as an element that needs to be given greater attention, which we call QCDS. Therefore, the delivery aspect will be focused only on the product, which will then be complemented by several supporting services, which will be discussed separately in the service aspect.

If simplified, there are several stages (see Figure 1.3) that a company will usually go through for the four QCDS aspects.

Stage 1: Divisional-Centric QCDS

At this stage, quality is still determined by the input. The company seeks to find the best inputs (from various suppliers) at the lowest possible prices, which will later be used in the production process. Therefore, the purchasing or procurement department/division role is very central. The company's financial orientation is still on cutting costs as much as possible—especially when input prices cannot be reduced to become cheaper—without overthinking the indirect impact. Most important, costs must be kept as low as possible to lower production, primarily to increase profitability.

The delivery of products (goods and services) depends on the company's readiness or other reasons, such as meeting a minimum quantity or economies of scale. Therefore, companies can often provide only an estimate to their customers regarding when their products can be delivered (and received). The support services offered are standard (with rigid procedures) and apply equally to all customers.

Stage 2: Company-Centric QCDS

The company's value chain has been prioritized to focus on producing the best quality product from inputs and production processes. The company's financial direction is more on cost reduction, namely,

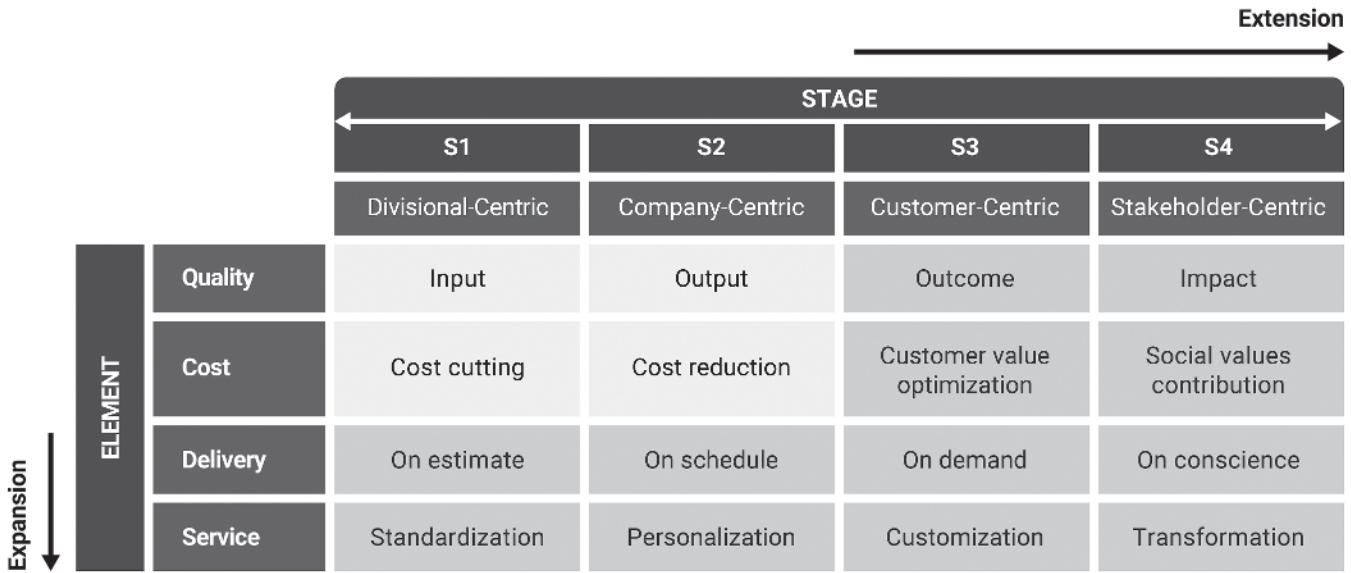

FIGURE 1.3 Stages of QCDS

systematically looking for ways to reduce multiple costs to increase profitability without sacrificing the quality of its products. Cost reduction can be made by eliminating various wastes, improving efficiency (which affects productivity), ensuring consistent quality control to lower repetitions of work processes or scrap, reducing downtime, and so on.

The company has realized the importance of various elements in the value chain to optimize output quality. Product delivery can be done according to a specific schedule with different choices to meet customer expectations. The company has also started applying a personalization approach to a certain level for its customers, especially for the segment that significantly contributes to its total sales. The role of enterprise resource planning (ERP) is vital. However, this input-output approach is still oriented solely to the company's interests.

Stage 3: Customer-Centric QCDS

The company has defined quality based on the customer's perspective, and this is reflected in the outcomes, which can indeed provide diverse solutions to various customer problems, making customers feel satisfied and become loyal customers (even willing to provide advocacy), and the company can achieve a level of sales that can be immediately converted into cash inflow.

The company continuously performs cost optimization, for example, by integrating diverse processes with various parties in a supply chain, simplifying different processes or bureaucracy, implementing digitization and automation of various operational aspects, and so on. The company seeks to optimize every penny spent for everything it can get and, at the same time, maximize customer value. This effort will reduce costs, improve output quality, and increase business value (and profitability).

Delivery can already be done on-demand according to customer preferences. This on-demand delivery aligns with efforts to provide supportive services that can already be customized according to individual customer preferences. Integration with the supply chain (both upstream and downstream) is crucial in optimizing customer value. In this regard, the role of customer relationship management as part

of ERP is becoming increasingly important, and, likewise, the role of supply chain management is also critical to achieving seamless integration with the supply chain.

Stage 4: Stakeholder-Centric QCDS

The company has defined the quality of its products based on their impact on the broader community, including those related to the environment. Various considerations of costs are no longer purely monetary but take into account different social costs. The company already has a systematic approach to eliminate various outputs that harm society. The company has placed social values as a reference in setting quality standards, such as providing high-quality products through a green process, enforcing a low (or even no) carbon footprint policy, using recycled materials, implementing a strict circular economy regimen, and many other results. The ESG criteria, which are sustainability benchmarks considering various impacts on stakeholders, have been implemented.

Delivery also provides a broader choice, not only on demand but also by implementing a delivery system with a less harmful impact on the environment, for example, by using an environmentally friendly transportation mode with low carbon emissions, using packaging that is also environmentally friendly or made of recycled materials, and so on. All refer to a collective conscience to do the best for the broader community and the environment.

Various supporting services are transformative by educating customers to also become more environmentally conscious, for example, implementing a paperless system, involving local communities as part of the service process, implementing the 3R principles (reduce, reuse, and recycle), and so on. Corporate responsibilities are becoming increasingly complex, so not all matters can often be handled by the company alone. Therefore, companies should be part of the business ecosystem to collaborate with various other parties and harness the ecosystem advantages, including streamlining the product development process and supporting services.

Becoming part of an ecosystem will provide companies with broader opportunities to access new sales channels as an alternative or

complement existing ones, expand capabilities, strengthen interactions (and even engagement) with customers, and take advantage of various possibilities for developing new products and supporting services.[17]

Looking at the Impact of CI-EL and PI-PM on QCDS

The criteria for quality elements (input and output) and cost (cutting and reduction) in stages 1 and 2 are standard practices in various companies. Therefore, as we embark into the post-operational excellence era, companies must be able to expand the "benefit" approach solely based on quality and cost of delivery and service. In addition, we must also be able to extend from divisional-centric and company-centric to customer-centric and even to stakeholder-centric stages.

It should also be noted that the CI-EL and PI-PM components also influence the operations element as the centerpiece of the omnihouse model (see Figure 1.4).

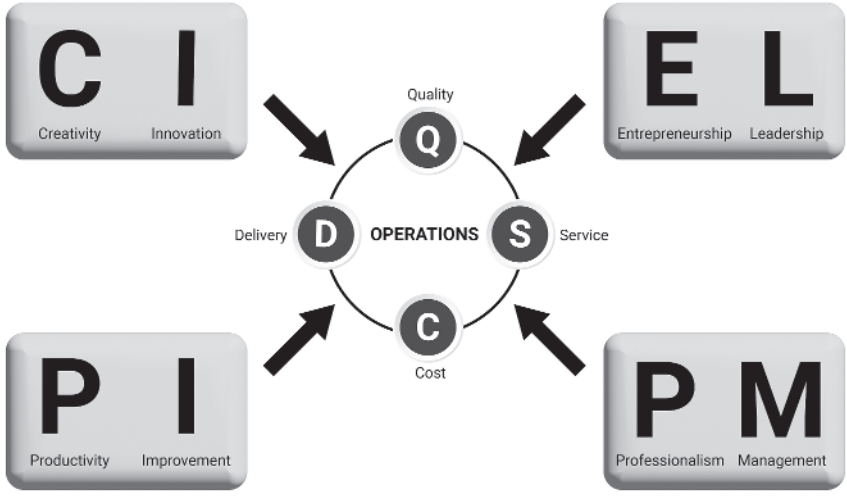

FIGURE 1.4 The impact of CI-EL and PI-PM on QCDS

Creativity and QCDS

According to Enriko Ceko from Canadian University College, creativity and quality management are subjects that have recently attracted the attention of various groups worldwide. His studies show strong evidence of a link between creativity and quality management.[18] The process of creative thinking will encourage the implementation of quality management.[19]

In his article "Quality and Creativity: Enemies or Allies?" Paul Sloane asked a provocative question: Can quality and creativity be on the same side, or are the two opposite? Quality is usually achieved by eliminating unwanted variations, setting strict standards, and eliminating waste and errors. Meanwhile, creativity (and innovation) is concerned with exploring radical, unorthodox ideas, deliberately deviating from existing standards, and often experimenting. It may seem like two opposing philosophies, but both can and should coexist. Every organization must find out how the paradox of creativity and quality will lead to successful innovation.[20]

We need creativity to reduce the company's various costs, especially in times of crisis. We need to be creative in reducing multiple expenses while maintaining the value of the money spent by the company and ensuring that the company's operations continue to run smoothly.[21]

Companies must be creative to reduce costs, especially with increasingly cost-conscious customers. So, companies must think differently, not just how to run the same business more cheaply, but how to do business differently. In short, companies need to run more cheaply and do business differently.[22]

Creativity is essential for product delivery. As many restaurants lost their primary way of delivering food due to the pandemic, they changed the delivery method by sending food orders directly to homes through customer orders, and some even pivoted their business into selling frozen food. This creativity can save a company from bankruptcy.

Creativity is essential for overcoming complex problems due to significant volume problems in handling orders, receiving calls, and answering emails. Creative solutions like chatbots can help maintain service quality, especially during first contact. Creativity drives the team to be more adaptive and brings the company to excellence.[23]

Innovation and QCDS

Marina Artunes, professor at Lisbon Accounting and Business School of the Lisbon Polytechnic Institute, and her colleagues tried to find the connection between innovation and total quality management (TQM). One of the findings is that companies that adopt innovation as their strategy in various processes promote adopting TQM practices. Statistically, there is a significant relationship between product innovation and implementing TQM practices.[24]

Cost innovation aims to increase the value of a business by making various improvements in managing multiple costs. This innovation can be pursued, for example, by automation, which can increase the speed of the production process and improve quality; dematerialization—using less material without compromising the value; using various tools to increase employee productivity; mass customization; and many more.[25]

Various innovations in delivery have enabled us to use autonomous delivery vehicles, which significantly speed up delivery times and reduce labor costs. Warehouse automation is becoming a mainstay for retailers to streamline their supply chains, and using robotics technology with minimal human involvement results in a fast and error-free delivery process. This method can also reduce labor costs, making delivery costs cheaper.[26]

In the service aspect, we also see the role of innovation in making significant changes aimed at simplifying the service process for customers through more accessible and faster ways.[27] Through service innovations in various industrial sectors in different parts of the world, companies can provide more value to customers and, at the same time, increase company revenue since customers are willing to spend more and even give referrals to others.[28]

Entrepreneurship and QCDS

An entrepreneurial mindset encourages people to be creative and innovative to create quality products, improve existing ones, look for opportunities and solutions to society's problems, and enable them to be creative and innovative.[29] Entrepreneurship is driven by individuals

with the vision to improve product and life quality for many people worldwide.[30] Entrepreneurship is essential to achieve fast and sustainable economic growth.[31] In a study by Saumyaranjan Sahoo and Sudhir Yadav on hundreds of SMEs in India, it was found that entrepreneurial orientation indirectly affects the firm performance of manufacturing SMEs, which is mediated by TQM.[32]

Researchers in Malaysia proved that entrepreneurial capability has a mediating role between cost management practices and the competitiveness of the strategic priorities of SMEs.[33] Entrepreneurs—in the context of business owners—are responsible for managing production factors and risk to achieve profitability, so they are concerned about reducing costs to attain commensurate margins.[34] This type of professional needs to be able to think, behave, and act like a true entrepreneur while managing a company's business by not only managing production factors but also taking risks. We call these people entrepreneurial professionals.

Leadership and QCDS

Only a little research has been done on the direct effect of leadership on quality. Still, for a long time, the Malcolm Baldrige National Quality Award has included leadership criteria—among several others—to evaluate the quality improvement of various companies in the United States. Quality experts such as Edwards Deming and Joseph Juran have argued that the leadership role of top-level management is crucial in successfully implementing quality management. Their argument is supported by the research conducted by Paul Hirtz and colleagues that show that the type of transformational leadership determines the successful implementation of quality management in the administrative/service domain.[35]

Leaders and their leadership styles affect employee retention. A research study published in early 2020 on employees of manufacturing SMEs in a province in Mainland China shows that a transformational leadership style (moderated by organizational citizenship behavior) affects employee retention. Transformational leadership style can enhance organizational citizenship behavior and employee retention.[36] Good leadership is significant in attracting new talents and maintaining

high-quality existing employees.[37] Employee retention needs serious attention because the costs are also high if employee turnover is high. It can reach 1.5 to 2 times the amount of the exiting employee's salary, not to mention several hidden costs, such as advertising costs for recruitment, new employee training, and costs to recover lost productivity.[38] In short, leadership will have an impact on costs.

One of the critical roles of leadership is maintaining values, including brand values. Strong leadership will ensure the company can deliver all its value propositions to customers based on predetermined brand values. Showing what has been promised by a brand is the responsibility of all parties in an organization.[39] Therefore, strong leadership is needed to unify various management functions and direct everyone to the same goal with the same values. Strong leadership can help create a customer-focused environment within a company, positively affecting how it treats its customers in the various services provided.[40]

Research on service quality at a higher education institution found a significant influence of leadership style on faculty service quality: the more substantial the leadership style, the higher the impact.[41] In another survey conducted in dozens of hotels involving more than 200 frontliners, it was found that participative leadership positively influenced the commitment of frontliners to provide quality customer service.[42]

Productivity and QCDS

There is a concern that efforts to increase productivity can worsen quality; in fact, quality can improve accordingly with increased productivity.[43] High productivity demands require companies to create product output with quality according to predetermined specifications, avoiding unnecessary costs such as scrap due to low quality. An intense productivity regimen will lead to high-quality processes and production results.[44]

A strong productivity orientation will reduce costs for each unit of product produced. Higher productivity can be achieved by using materials without waste and creating products that meet specifications. Additionally, labor can be reduced by increasing output with the same number of laborers. A strong productivity orientation will reduce costs for each unit of product produced.

The most critical detail is that a company must pay attention to the production and product delivery processes to increase productivity. So, companies must ensure high accuracy and deliver products that meet customer specifications and can be received or consumed at the agreed time.

Likewise, with service, a company focusing on productivity will put significant effort into delivering quality service efficiently and simultaneously, ensuring a good customer experience.[45] Therefore, companies must continuously identify and eliminate various irrelevant customer services, especially high-cost ones.

Improvement and QCDS

Improvements to product quality and various supporting services are essential in shaping customer satisfaction and loyalty, which will affect the company's business growth (as reflected in improved margins). Furthermore, improvements in the company's various business processes can reduce costs, improving operating margins and net income. Advances in multiple processes so that the quality can improve will affect efficiency and, at the same time, meet the customers' expectations, which are increasingly demanding and challenging to satisfy.[46]

The delivery process, especially in this digital era, is very much determined by the process the first time customers make contact through various digital-based platforms, starting from searching for information, ordering, sending, receiving, and using products to after-sales service, which must be able to provide optimal user experience (UX) overall. Website platforms, for example, must pay attention to design, functionality, content, and usability to meet these UX goals.[47]

Improvement in the service aspect, especially in this digital era, needs to focus on several ways to strengthen digital customer service strategy, which can be summarized into three stages: understanding customer journeys (including their needs), using appropriate technology, and measuring success rates.[48] Digital literacy and technology that mimics human characters are essential for successful service delivery through omnichannels. Companies must be able to determine the proportion of service mix provided conventionally and digitally.

Professionalism and QCDS

Professionalism will strongly affect the quality of the products offered to customers. Every production process—from sourcing various input factors, preparation, and manufacture to the finished product delivered to customers—will determine the overall quality. Professionalism provides consistency in the application of the best procedures in various value-creation processes that result in the production of quality products.

By following obvious procedures, a company avoids various non-value-creating activities to save time, effort, and other resources that avoid cost overruns. Professionalism prevents companies from being inefficient in this manner.

If carried out professionally, delivery will provide certainty to customers because they can clearly understand what is happening, avoiding suspicion and frustration due to various uncertainties. Professionalism will form more robust integrity in the company, essential for creating trust for customers.

Support services that are also delivered professionally will ensure that the company's quality of services are maintained. Professionalism also means consistently monitoring all service touch points, immediately making adjustments if there are discrepancies in service standards, minimizing or even eliminating frustration points, and anticipating failures before they occur.

Management and QCDS

Management of quality, also known as quality management, is a framework used by many companies to ensure constant improvement so that companies can continue to produce the best products and services. Quality management will affect the company's competitive advantage by increasing customer satisfaction and loyalty.[49] In addition, it also increases company productivity through efficient value-creation processes and effective use of company assets. Quality management is one of the essential pillars because it aims to maintain quality in all aspects of the business so that the company always stays true relative to competitors in a particular market domain.[50]

Cost management is associated with planning and controlling a company's budget, making projections of future budget use to increase efficiency and effectiveness and avoid overrunning costs.[51] Cost management enables companies to monitor their financial health and obtain critical information to make strategic or tactical decisions to create sustainable growth. This productivity can be seen in reduced costs, increased profit margins, favorable return rates, and opening investment opportunities.[52]

The development of digital technology provides new challenges for companies to manage their point of delivery more efficiently, both in-store and online, so that they can meet customers' purchase delivery demands more conveniently whenever and wherever they are. The in-store delivery experience also increasingly relies on various digital technologies to enhance customers' shopping experience. Therefore, delivery management becomes even more crucial because it must optimize the omnichannel experience for customers.[53]

Delivery management is essential for companies to ensure the successful delivery of products (tangible and intangible) and services to customers. Better delivery management can increase the number of purchases from existing customers and increase the possibility of getting new customers, leading to increased revenue and profitability.[54]

Service management is a discipline aimed at providing relevant quality service to customers. Without service support, customers' interest in buying products can be reduced. Interaction with customers through multiple services is one way to maintain a long-term relationship and create customer loyalty. Consistently making customers happy through various quality support services will build customer loyalty.[55]

Key Takeaways

In this chapter, we reviewed operational excellence and explored how the various elements of the entrepreneurship cluster and the professionalism cluster affect quality, cost, delivery, and service. Following are the key takeaways from this chapter:

- Companies can exist long term only if they continue to adapt to the changing environment.

- The essence of the concept of entrepreneurial marketing is how an organization can converge various dichotomies within the organization.
- Operational excellence has a very strategic role for the company because it is the core of value creation, the foundation for maximizing efficiency, supporting innovation, nurturing improvement, increasing competitiveness, focusing on people and customers, and is oriented toward sustainability. That is why the operations aspect is placed at the center of the omnihouse model.
- Flexibility, including in operations, is essential for the company to succeed in the future.
- There are four stages in stretching the QCDS: divisional-centric QCDS (stage 1), company-centric QCDS (stage 2), customer-centric QCDS (stage 3), and stakeholder-centric QCDS (stage 4).
- Every element of CI-EL and PI-PM influences QCDS.