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What's the Problem with Continuous Improvement?

Many companies identify continuous improvement as a principle for success instead of integrating it into the foundation of organizational culture. Savvy businesses, however, know how to make this idea a profitable part of their business processes.

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Many surveys show continuous improvement is one of the key areas identified by customers to their logistics providers (3PLs and carriers) for improvement. In other words, logisticsproviders need to improve upon their improvement skills. Customers also need to improve upon their internal improvement capabilities. Given its recognition as a valued process, why is it often a struggle to develop and sustain a culture of continuous improvement? By answering the following questions first, we'll find the answer we are seeking:

• What is continuous improvement?
• Why is continuous improvement difficult to understand and implement?
• How can we develop an organizational culture that embraces and drives continuous improvement?

Continuous Improvement: The Bare Facts
At a basic level, continuous improvement is about improving organizational performance. This seems obvious. But many companies lack a formal process for improvement and as a result, their ongoing goals for corporate betterment will not likely succeed.
These days, continuous improvement is part of the Lean Six Sigma lexicon. In Lean it is known as "Kaizen" and in Six Sigma, the drive for 3.4 Defects per Million Opportunities has continuous improvement imbedded and implied in the Define, Measure, Analyze, Improvement, Control (DMAIC) model. Consequently, any initiative in Lean or Six Sigma will eventually lead to organizing around a continuous improvement infrastructure. This continuous improvement infrastructure is instrumental in the development and sustainability of corporate improvement.

Continuous improvement is not an event. The term "Kaizen Event" has done a lot of damage to the principles and values of true Kaizen. Although focused improvement initiatives are important, and should be completed, they need to flow through an organization like a river rather than as isolated, sporadic bursts of improvements.

When continuous improvement flows through an organization, we immediately recognize that it does not happen in larger-than-life re-engineering initiatives. Instead it comes from small, incremental improvements. The paradox of true continuous improvement is that, at times, the improvements can be so small that they appear to be non-consequential and may not be able to be quantified. It may not have a Return on Investment (ROI) or the operational dynamic may not even be visible to the average onlooker. However, these small incremental improvements will, over time, create processes and operations that are highly efficient and effective.

Incremental improvements create best practices and eliminate all the challenges that come with change management involving larger re-engineering initiatives. This is a critical point. Organizations that do not embrace continuous improvement will follow destructive patterns of re-organization, re-structuring, layoffs and other reactionary management techniques that make executives feel they are doing what's right. That fact is, these executives do not understand their business as a "total system" and consequently their actions are nothing more than tampering with a natural system at work.

To draw an analogy, consider that an organization is like a sailboat trying to move from point A to point B. Clearly, the shortest and fastest way to reach point B is to move in a straight line. However, similar to sailing, things will happen that will force us to change course from time to time. These forces may be external or internal dynamics. Uncertain economics, changing customer requirements and staffing shortages all represent dynamics that change our course throughout a fiscal year. An organization that embraces continuous improvement will see and act on these changing dynamics quickly and will consequently make small incremental adjustments to the course set by the organization. These adjustments can be so often and small that the appearance may be that the boat is continuing in a straight line the entire time. In contrast, organizations that do not have continuous improvement infrastructures will be blind to forces of change and eventually make dramatic, reactionary changes in course. The image of this would be a sailboat attempting to go in a straight line by continuously tacking at forty-five degree angles. Unfortunately though, perfect forty five degree angles are hard to sustain and eventually the organization will be making ninety degree turns or perhaps going in circles.

The Challenges of Continuous Improvement Implementation

It's difficult to find anybody that would publicly say continuous improvement is bad for an organization. Yet, the harsh reality is that many of us do not strive for improvement in our daily activities. This is the continuous improvement paradox. That is, continuous improvement is something we all sincerely believe in, but fail to enact. Leadership theory would suggest this happens for one of two reasons. The first is that we are capable (we have the skills, knowledge) of continuous improvement but consciously choose not to improve. The second possibility is that we truly want to improve, but do not possess the skills and knowledge to develop, implement and sustain an effective continuous improvement strategy. Although the former may be true in environments with poor labor relationships and impoverished employees, the truth is that the latter is, by far, the reason why continuous improvement does not flourish inside our organizations. In other words, we want to improve. But we don't know how to do it. Consequently, we need to uncover and address the key drivers that keep us from reaching our organizational and personal potential.

There are many reasons that companies do not succeed with continuous improvement. However, the common problems across the industry are:

- Lack of a problem solving and continuous improvement model
- Lack of time and trained resources to commit to continuous improvement
- Lack of discipline and corporate infrastructure to sustain improvements

Bridging the Gap

Organizations need a model to use in order to improve. This map or model becomes a common language that all members of the organization use to articulate the value and work plan of any specific improvement initiative. Although there are many models available to us (such as "Plan-Do-Check-Act" from Lean, "Define-Measure-Improve-Control," from Six Sigma), they all drill down to a similar approach to problem solving. This approach is to look at a situation where we intuitively know improvement is required and answer the following questions.

- What is the current condition of this process?
- What is the desired condition of this process?
- What is the actual-desired gap?
- What can be done to close the gap?
- How can we sustain the improvement over time?

Depending on the complexity of the problem, answering these questions may be simple and require few analytical tools, or we may require special skills and analytical tools. However, the ultimate goal is to be able to communicate where we are today, where we want to go and how we will get there. This takes time and resources.

Executives can be very misguided when they roll out continuous improvement problems without considering the time, energy and skill required to truly improve. Simply declaring that continuous improvement is the new way will undoubtedly result in frustration and failure.

Continuous improvement and problem solving require trained people who have the time and the proper tools. This is no different than any process inside our organizations. Indeed, continuous improvement is a process and needs to be managed in the same way as we manage other important processes. People must be afforded sufficient time to work on improvement initiatives. Too often, managers will get their team together, sell the merits of continuous improvement and then send the team back to the floor with the mandate to improve the operation. Yet, the team members have full-time responsibilities that have not changed and, therefore, they lack the time to work on continuous improvement initiatives. This point is even more pronounced in the logistics industry where many of our day-to-day activities require urgent attention. In this environment, it is virtually impossible to manage regular activities and complete any improvement projects.

Some may argue that this is a "self fulfilling prophecy" in that if you take the time to initiate improvements, you will stop the "firefighting" or urgent issues from happening. This argument has merit in theory. However, experience shows that we will never eliminate urgent issues from arising, particularly in logistics functions. Consequently, for any continuous improvement program to be successful, employees must be given the time to work on continuous improvement projects. This is why the Six Sigma movement has been so successful. In a true Six Sigma environment, companies will train as many as two percent of their employees and pull them out of their full-time jobs so that they work exclusively on improvement initiatives.

Training People

Training people for continuous improvement can be daunting. What should we train them on? What skills do they need? Do we need engineers and statisticians on staff? Although these are good questions, the reality is that the skills required for successful continuous improvement are counterintuitive. At first glance, we will think we need process engineers and mathematicians in order to design processes and measure data to analytical limits. These skills may be required in complex problems, but the reality is most business problems do not require that level of sophistication. In fact, in many cases, employees know the answer and solution to a problem, yet they cannot change the way things are done. Clearly, rigorous analytical abilities are required or important. However, in most cases, particularly in service industries (trucking-3PL), the

processes are not so complicated that advanced statistics techniques are required to analyze a problem.

So, what is required? Oddly enough, the real training that is needed is the “soft stuff”. Project management, teamwork, change management and leadership are the skills people require to sustain a continuous improvement program.

Working through any continuous improvement program requires project management skills. The ability to create and manage timelines and Gantt charts is crucial to keeping a project on task and holding all stakeholders accountable for tasks that need to be completed. An in depth understanding of teamwork is required to get people involved and ensure that improvement initiatives cross departmental and functional lines in order to get optimal results. Leadership skills are crucial in order that significant, sustained change can happen.

Sustaining improvement initiatives is the most difficult part of these programs. People and processes are impacted from a natural inertia that physically draws processes to go back to the way they were. As one famous CEO once said, “the system wants to be a bureaucracy. Everyday, we need to fight to keep the bureaucracy from taking over.” Although this may sound like science fiction, there is no question that natural forces work to challenge the sustainability of continuous improvement. Consequently, all employees, from the CEO down need to be educated in leadership and change management issues. Significant improvement will only happen when the entire organization recognizes, understands and believes that continuous improvement has a purpose and true meaning for an organization.