



Making continuous improvement a way of life

Programs and campaigns don't work. But good management does.

By Tim Smith

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Are you tired of wasting your valuable time and your company's resources on worthless quality/improvement programs?

Then pull the plug. Abandon the program.

It's not that improvement itself is bad. On the contrary – constant improvement is a critical value successful companies share. As MIT professor Dr. Peter Senge, who popularized the concept of the learning organization, says: "Today's problems come from yesterday's solutions." Meaning, of course, that even the best solutions eventually stop working, so there is always a need to improve.

But the "program" mentality has led many companies to pour millions of dollars in cash and staff resources into improvement efforts, only to abandon them once a few enhancements were made – and everyone drifted back to "business as usual."

You can almost hear them explain: "We implemented a continuous improvement program but we finished it."

Improvement Isn't A Program

Adjusting to market forces isn't optional. You have to fine-tune your business regularly just to keep pace as technology, regulations, competition, the economy and customer expectations change constantly.

In addition, your company needs to improve to grow. Even if business is fine today, you won't get bigger or more profitable without getting better.

The secret?

Those countless little adjustments, along with the necessary get-ahead enhancements, need to be built into

Successful companies have 'improvement' built into their DNA

Make continuous improvement part of your company's ongoing operations:

- **Define performance goals and standards**
- **Monitor performance versus goals**
- **Make adjustments at three levels – enterprise, process and people**

the normal course of your business – not considered a one-time "program" with a beginning and end. Successful companies are always improving ... it's built into their corporate DNA.

Deliberate – Simple – Adaptable

And speaking of initials ... one of the names I initially considered for my company was DSA Consulting, an acronym for Deliberate, Simple and Systematized, and Adaptable. Those are the qualities I believe are critical for a focused, nimble, healthy company, and I wanted my services to reflect and promote those core competencies. Though I later decided on The Plaid Group as a name, I still believe in DSA:

- **Deliberate** means being focused, with crystal-clear intentions, on a plan for the future and a commitment to following it without wavering.

- **Simple** means keeping an organization, its processes, policies and ways of working as straight-forward and easy to understand as possible so that they are manageable. It means consciously designing your business as a system for producing the results you want.
- **Adaptable** is about being flexible to change, so that you can improve and grow as needed to meet external challenges and internal objectives.

Leaders who are deliberate in what they want to do, how they'll do it, how they'll monitor progress and how they'll make adjustments are the ones who create successful, profitable businesses that can stand up to any competitive challenge.

Steps You Can Take

As I always say, you must begin with the end in mind by visualizing what you want your organization to achieve. Here are some concrete steps you can take to create an always-improving organization:

Step 1: State Your Purpose

Define and articulate the purpose of your company. Start by describing your customers. Who are they? Be as specific as possible, and provide details not only on demographics but also motivation. What do they need?

Next, visualize how your company can help meet those customer needs. Create a vivid picture of what a successful enterprise looks like, now and at various times in the future. Put these thoughts on paper. Include planned objectives, such as sales, expenses, profits, etc. One example goal might be, "We will increase our revenues by 50 percent in two years by focusing sales efforts on higher-margin products and increasing profitability of lower-margin products."

This clear purpose – knowing your customers, and defining how you will meet their needs – serves as the framework for all future decisions about the organization.

Step 2: Design Your System

Next, deliberately design how your company will fulfill its purpose through its products and services, as well as the systems and processes necessary to deliver those products/services.

Most companies are somewhat haphazard about how they fulfill their marketed promises. They evolve with no real plan or long-term direction, adding customers – or products and services – seemingly at random until they've created a business that's not only complex and disjointed, but also only moderately profitable. Choose your customers carefully, and be deliberate and specific in detailing how you'll meet their needs.

Step 3: Steer Your Business

The third step is about maintaining control. Be vigilant in keeping the business on track by actively monitoring performance trends of key *financial* measures such as revenue, gross margin, net income, cash flow, and *non-financial* measures such as sales backlog, production cycle times, customer satisfaction ratings, and employee turnover. The Plaid Group can help by developing a "dashboard" of appropriate measures that you can easily monitor.

Then, you can steer your business by:

- Defining performance goals and standards
- Monitoring actual performance versus goals/standards
- Making needed adjustments at three levels – enterprise, process and people – to guide performance toward company goals

Step 4: Take The Next Step

Finally, it's time to grow.

If you are managing improvements properly, growth becomes a much simpler effort. You have detailed knowledge of your company's design and dynamics ... now you can cycle back through steps 1, 2 and 3 with a focus on new initiatives, markets, locations, etc.

The Way We Do Business

A learning organization is one that is continuously focused on understanding its reality – and making improvements where needed to achieve visualized objectives. Don't worry about implementing a "one-off" program – successful firms of all sizes incorporate these techniques into their management philosophy so that improvement is integrated into daily operations.

For them, continuous improvement isn't a trend. It's simply the way they do business.

More Information? If you'd like to learn more about how to make continuous improvement a part of your company's DNA, please send an E-mail to tim@plaidgroup.com, visit our web site at www.plaidgroup.com, or call us at 713-627-3569. The Plaid Group publishes a free bimonthly e-mail newsletter filled with insights and ideas you can use to enhance your company's operational performance, spur growth and increase bottom-line profits. To subscribe, change your e-mail address or unsubscribe, please visit The Plaid Group web site at www.plaidgroup.com/newsletters_subscribe.asp.

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