



Staying on track with continuous improvement

Managers too often get derailed in their efforts to build a culture of excellence.

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In the February 2005 issue, we discussed the fact that successful companies have continuous improvement built into their corporate DNA.

These firms know that seeking out and implementing ways to enhance their offerings and service is not a program – it's a way of life.

That makes sense, but how do you infuse your organization with the “continuous improvement gene?” Those companies that have succeeded are often described as being deliberate, simple and systemized, and adaptable in the way they do business.

Leaders create such successful, improvement-minded organizations by being deliberate in defining what they want to do, how they want to do it, how they'll monitor progress and how they'll make adjustments.

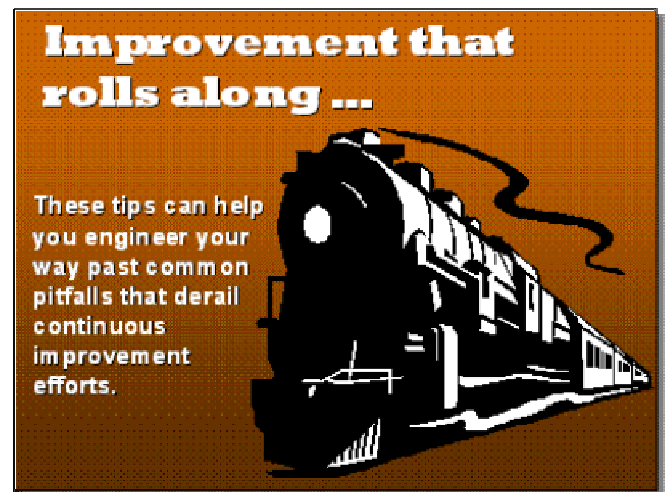
Yet even leaders with the best of intentions can get off track. Creating an organization that is focused top-to-bottom on continuous improvement is difficult, and it takes time.

What causes these derailments? Let's look at 10 common mistakes that business leaders make in their efforts to achieve continuous improvement:

1. **Pay lip service.** Actions speak louder than words. You – and the organization – lose credibility when you say one thing and do another.

For example, allowing “business as usual” to be used as an excuse for ignoring improvement tells everyone that you're not serious.

Maintain a laser-like focus on improvement – talk about it, publicize it, measure it and participate in it.



2. **Launch a bolt-on program.** Programs don't work ... you can't simply “bolt-on” improvement by creating a committee or adding responsibility to people's daily workload.

Improvement must be part of your culture, part of the normal course of business – a fundamental, integrated, ongoing effort that involves the entire organization, day in and day out.

3. **Lead with blurry vision.** Too many leaders fail to clearly communicate how they define success for their organization. A bad case of blurry vision hampers everyone's ability to perform.

Are you seeking higher revenue? Higher profitability? Faster cash flow? Better customer satisfaction? Product or service quality? All of the above?

Articulate your vision and define what success looks like. The gap between that vision and your current

results will tell you where to focus your improvement efforts.

4. **Make piecemeal improvements.** You can't improve your organization by breaking it into pieces and perfecting individual departments or processes. Improvements need to be integrated; they must tie to the overall performance of your company.
5. **Practice MBGF (Management By Gut Feel).** You've heard of MBO and even MBWA. But too many managers practice management by gut feel – failing to accurately measure critical facets of their company's health.

Determine the key metrics you need to gauge progress, and keep a close eye on them. Manage with facts, not just intuition.

6. **Equate quality with consistency.** You're in business to satisfy your customer's needs. Being proficient or consistent is of no value if what you're doing isn't actually good for the customer or the company.

Lots of companies spend lots of time performing tasks that could be eliminated – and performing them well. You must define what's important to your customer, and enhance your quality in those areas.

7. **Expect immediate results.** Organizational changes often require perseverance and patience.

In fact, efforts to improve the company often produce lower productivity and morale at first, while people adjust to the mechanics and spirit of the change. Stick with it.

8. **Solve the wrong problem.** Be deliberate and thorough in your understanding of a problem before implementing solutions. Otherwise, you may wind up solving the wrong issue.

Example: A distribution company with healthy sales had a cash flow problem, with many customers paying invoices late. They hired an additional receivables clerk to make collection calls, but cash flow didn't improve. Turns out the other clerk routinely held invoices for a few weeks because he preferred printing and processing invoices in large batches.

The company solved the wrong problem – wasting time and money in the process.

9. **Treat training as a luxury.** Improvement and learning are inseparable.

If you consider training – whether classroom style, hands-on OJT, or even business coaching – to be a

cost rather than an investment, you'll forever struggle to keep pace.



Feedback??

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Or call us at 713-627-3569.

10. **Don't provide adequate resources.** You can demand better results, but you won't get them if your employees are overloaded with other responsibilities.

There are three key ways to overcome the "no time" problem.

First, stop doing things that aren't important to the customer or that don't affect the customer's experience with your firm.

Second, delegate duties more effectively to free up time from key contributors.

And finally, employ temporary resources that have the specialized knowledge or skills you need.

By putting into place the suggestions we discussed in the February newsletter – defining your goals, creating the proper systems and managing to your objectives – and avoiding the 10 major missteps listed above, you can create a culture where continuous improvement thrives.

It won't happen overnight, but the results will be both valuable and lasting.

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.

Author's Note: Tim Smith is a Principal with The Plaid Group. The Plaid Group helps companies simplify and stabilize their business operations to improve financial performance and gain a competitive edge.