

Ask an expert: Successful Continuous Improvement (CI)

A panel of experts and advisors provide sage advice on how to make Continuous Improvement (CI) efforts stick

Panel: Randy Cook, Deryl Sturdevant, and Jim Waters
Interviewees: Andy Eichfeld, David O'Halloran

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Our new virtual panel discussion is in response to some of the more frequently asked questions we get. Have a question or questions you'd like to see addressed? Send to operations@extranet.com.

Our experts often get questions around Continuous Improvement (CI). In today's discussion, Senior expert David O'Halloran (Cleveland) and Director Andy Eichfeld (Washington, DC) speak with senior advisors Jim Waters (formerly the executive responsible for the Caterpillar Production System) and Deryl Sturdevant (formerly President, Toyota Canada) as well as Expert Randy Cook (Washington DC, formerly Director of Education for The Shingo Prize).

Andy: *Can you describe some of the mechanisms and structures needed to support enterprise-wide continuous improvement?*

Deryl Sturdevant: Perhaps the most important enabling tool or managerial process for continuous improvement (CI) is how you **connect metrics and goals from the CEO down to the frontlines** and, conversely, receive strategies for closing the gap between current and desired performance from the frontlines.

Visible (well-placed), consistent **dashboards** can support this in three ways: 1) they **enable transparency** on goals and results; 2) they provide a **basis for communication**, and 3) they **support better fact-based decisions** about the strategies, solutions, and the process changes needed to improve and reach the goals. [See related article, "Integrated Planning and Performance"]

Jim Waters: You also need to **create an environment that catalyzes improvement**. Building a team's spirit of belonging, fostering healthy competition and celebrating wins will help unleash team-initiated performance improvements. Why can a zealous sports fan remember a hundred performance stats and bring energy and ideas for how the team could improve? It's because of community, energy, competition, identity and belonging. And wanting to win!

Deryl Sturdevant: I think it's important to **standardize for innovation** as well. Only by defining standard work precisely and executing it rigorously across every employee will it be possible to see waste and opportunities for additional improvement. Said another way, **consistent errors are easier to spot and fix than random errors**. Employees and leaders alike have to shift their mindsets away from the idea that standardization squashes innovation. In fact, the opposite is true: making the work more straightforward actually frees up time and energy for everyone to be innovative.

Randy Cook: In addition to these critical systems, in Shingo Prize recipient organizations, we see time dedicated to continuous improvement, using a consistent rigorous problem-solving process, and by assigning resources to support the frontline CI effort (coaching process engineers and techs.) Leaders across the organization must engage in this process by attending problem solving meetings, asking probing, open-ended questions, and resisting the temptation to provide “the answer.” This should become part of their weekly routines.

David: What other mindset changes are necessary?

Jim Waters: In essence, **every job** needs to be **redefined**. Employees have to shift their mindset from “my job is ‘primarily’ to do my assigned tasks” to “my job is to figure out how to make my/our processes and assigned tasks simpler, easier, and better every day while meeting our goals every day.”

Deryl Sturdevant: CI is the relentless pursuit of perfection. There must be a **clear** and **constant vision of perfection** so that when targets are about to be met or exceeded, there is an automatic push to the next level, rather than waiting until someone else sets a higher target. I really believe that the biggest problem is when people say “no problem,” or when they aren’t looking for challenges. You should know what next year’s target is relative to this year, and the improvement should be **double-digit big**. In fact, the vision should be clear that the **journey is multi-year** (between 10 and 15 years), but has performance milestones along the way (for example, 10-year, 5-year, 3-year, 1-year, and quarterly).

David: Since improvement ideas are at the heart of any CI effort, how do you both foster and manage them?

Jim Waters: It’s important that **leaders** demonstrate every single day that they **support employees and their goals**. They need to **acknowledge the relevance of employee ideas** in order to sustain the inflow. Initially, only 10 percent of the ideas are likely to have a clear ROI, but this will improve with time. Leaders should implement the majority of ideas (the 10 percent with clear ROI, and at least 80 percent of the ones with some potential).

Deryl Sturdevant: Yes! And encouraging new tools, even imperfect ones, also helps to focus employees on **improving their own backyards**. The majority of CI ideas generated by teams should be solvable in their own area and require limited capital. If that’s not the case, additional communication and training will be critical to reinforce a hierarchy about where to pay attention: 1) to what you can change for the better **yourself**; 2) to what you can change for the better **with your team**; 3) to what can be changed with simple interactions with **closely related departments**; and 4) to what requires **greater coordination, planning, or technical effort** across the enterprise more broadly.

Randy Cook: Leaders **must** truly **believe** that employees can and will contribute **significant improvements** if properly **trained** and **guided**. Associates are the experts in their processes.

Andy: You spoke earlier of catalyzing teams. Where and how does formal learning fit in?

Randy Cook: Leaders need to move the skill and will of their teams and **accelerate cycles of learning**. They need to make **coaching, role-**

modeling, and **delegation** their primary modes of interaction. To do this, they should dramatically increase how **quickly** they provide **feedback** to their organization—daily, for example. Daily huddles, constant process confirmation, regular reflection and most of the other lean tools establish a faster cadence for learning cycles.

Deryl Sturdevant: I would add that it's important to have a **disciplined focus within those cycles**. At all times, you need to know as a team what the **few** critical things are to work on and finish. As an individual, you need to know your role in bringing those few critical things to completion.

Andy: *How do you replicate improvements across multiple locations, but quickly and without overwhelming local CI initiative?*

Jim Waters: **You have to make some choices**. First you need to decide the relative importance of **energizing frontlines versus ensuring a common outcome globally**. The answer will determine how you invest in infrastructure that supports consistency and replication of continuous improvement ideas across an organization.

There are two ways to replicate solutions. You can do it through a **push system**, such as having regular knowledge days or global updates of standard work. Or you can do it through a **pull system**, where you have clear performance metrics to ignite competitive improvement cycles, with supplemental metrics and rewards for the number of ideas that are stolen or adapted from other areas.

Whichever you choose, though, you need to consider that **forcing change** will only **jeopardize** the cultural **shift to fast CI**. You should limit change activities to a small set of critical, highly valuable standard work. If you hold knowledge days, for example, you need to make sure that there is an understood attendance norm, such as “each person must complete one focused improvement project per day away.” ■

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