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Continuous improvement—make good management every leader’s daily habit

Continuous improvement at scale—across a whole enterprise—requires management discipline at scale. At a few organizations, digital innovation is helping managers make a daily habit of good discipline.

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Think of the last time your organization made a real effort to instill a continuous-improvement culture, whether in a plant, function, or more broadly throughout the business. Think of the investment and effort that went into identifying the first wave of improvements, and changing how people work and leaders lead every day.

How much commitment did it take—of time, money, human energy?

How much did performance improve after the first wave of changes? Is it still improving today?

How many managers and senior leaders changed their daily routines? How many reverted to their old habits?

The hope for any organization is that instilling a continuous-improvement culture becomes a catalyst that makes further improvement easier. But even organizations that have spent many years successfully investing in continuous improvement are telling us that they are not achieving the ongoing, incremental impact they want. The reason? Their leaders and managers haven’t fundamentally changed how they lead and manage.

Identifying what managers should do on a regular basis is straightforward. If you ask any group of people about the best managers they've encountered, they'll typically start describing the same characteristics. Essentially, good daily management rests on a few basic disciplines: understand how people are actually delivering for customers, give people regular feedback and coaching, teach people how to solve problems, and create a physically and emotionally safe environment where people can engage in meaningful dialogue about their work.

Indeed, a recent survey of 189,000 people at 81 organizations, each with 7,500 to 300,000 employees, underscored the importance of these principles. Four leader behaviors—be supportive, focus on results, seek different perspectives, and solve problems effectively—accounted for almost 90 percent of the variance in leadership quality between strong and weak organizations. And, as many organizations we have worked with illustrate, the more consistent leaders and managers are in these behaviors—in other words, the more they turn the behaviors into a new standard for how they work—the more continuous improvement they are likely to achieve.

On the ground, these organizations look and feel different from their peers. Their people collaborate

much more often, and much more effectively, because they know what they're working toward and why. Every person has a deep understanding of how their daily activities contribute to the overall goal or strategy. There's a confidence that people can rely on one another to ask questions and contribute ideas.

That's not typical yet of most organizations that have attempted to instill continuous improvement at any meaningful scale. The uncomfortable truth is that few leaders and managers make the choice to follow these behaviors well or consistently. And in any one organization, the odds are vanishingly small that many, let alone all, leaders and managers are following them well and consistently.

For continuous improvement to take off, the vast majority of management must consciously work together, as one very large team, to execute these disciplines every day as "leader standard work." We'll highlight observations from two organizations that are trying new approaches to overcome this fundamental challenge: one of the world's largest banks, and a multinational food manufacturer with more than 100,000 employees. Both are tapping into the new power of digital and analytics to help large groups of leaders internalize the routines and habits needed for continuous improvement at scale.

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Turning new behaviors from burden into boon

If organizations know that these leadership disciplines are instrumental to their long-term health, what's getting in the way of actually doing them?

Part of the answer is simply that few sponsors of continuous-improvement transformations recognize just how hard these changes are. Instead, they make an implicit, conflict-avoiding assumption: that "leaders" should be able to figure out how to adjust their routines and habits once they become aware of the promised benefits for them and the company. They can internalize these new routines and habits while paying 100 percent attention to everything else that comes their way, too, such as the new product launch that's run into problems, the acquisition that needs to be integrated, or the new CFO who wants a new set of monthly reports.

As a result, the effort to learn and practice these new routines becomes something for leaders and managers to do in their spare time. That's a new hobby, not a new habit. And without a clear link between the new behaviors the company says it wants to see and the business results the leaders are expected to achieve, the vast majority of leaders gravitate back to their old ways.

The bank and the food company both recognized that they had to make the new behaviors easier for their leaders to keep following. Each created a supporting leader-standard-work infrastructure to help clarify what the leader's priorities really are—while, equally important, helping the organization understand how well the leader is doing at fulfilling them. Leaders throughout the organization saw their peers and mentors changing as well, creating further reinforcement. Over time, the behaviors become so intrinsic to the job that leaders stop seeing them as anything separate or additional.

Building better leaders everywhere

At heart, leader standard work comprises four fundamental elements that an organization tailors to its needs.

1. Define what leaders do—every day

Because the expected behaviors aren't new, what differentiates organizations is how they make the behaviors pervasive. They start by defining very precisely what the behaviors involve, on a practical, day-to-day basis, for all levels. At the food company, for example, a plant manager follows a pattern each day (exhibit).

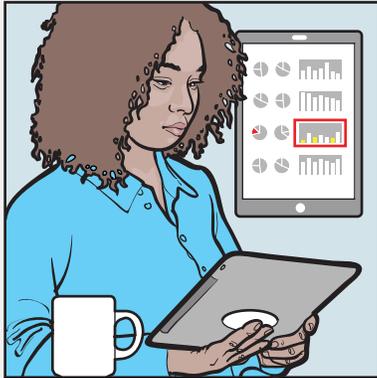
That's a lot of her day. Top organizations understand the implication: if leaders are to do all of these new things, they'll probably have to stop doing some—or even most—of what they're doing now. What follows is a difficult round of trade-off discussions in which the top team commits to protect leaders' time for fulfilling the new set of standards. They do this by making explicit, synchronized calendars for all managers and leaders, sometimes referred to as a WILO or MILO ("week in the life" or "month in the life"). For each leader, low-value activities, such as information-sharing meetings, are either canceled or replaced, so that the leader can instead devote the time to engaging in real performance dialogues with his teams, solving problems, improving standard work, building skills, and providing coaching.

At the bank, a new digital app makes adhering to these behaviors easier while also reinforcing accountability in real time. Innovative smartphone applications, meanwhile, build activities such as coaching sessions into the executive's calendar and the team member's development plans. At the end of the session, the app prompts the coach and team member to record how the session went against a set of best-practice questions. If the executive starts missing sessions or if team members

Exhibit

Define what leaders do—every day. Start by defining precisely what the behaviors involve, on a day-to-day basis, for all levels.

A day in the life of a food-company manager



1. The plant manager starts her day by reviewing the overnight and previous day's production, quality, and maintenance reports



2. She joins production manager and frontline supervisors for a walk-through of shift change; departing shift supervisors walk floor together, noting production-line condition and performance



3. Shift huddles begin; plant manager visits different department each day to get deeper understanding of issues



4. Most issues can be resolved without her help, but some involve other departments, so she marks them down for weekly huddle; she also notes coaching opportunities for one-on-one coaching with direct reports



5. Attends cross-functional problem-solving session to address recurring maintenance issue; team analysis during huddle found that combination of a process with recent changeover produced unintended consequences

aren't getting a lot out of them, a senior leader can see the gap and help the manager solve what is getting in the way of completing the leader standard work.

2. Help leaders use their time effectively

But just freeing up leaders' schedules isn't enough: a leader who dutifully "goes and sees" how her teams are working without understanding what she's seeing can't add much value. Instead, leaders need better information so they can develop deeper insights.

Companies are generating terabytes of data, but leaders struggle to find the most important nuggets. Rationalizing the data to the few critical metrics that really matter for performance, and reporting them on a simple dashboard, allows leaders to prepare more quickly and thoroughly for every interaction. Similarly, creating transparency into the commitments leaders are making to their teams and the effectiveness of them allows leaders to focus on a few things with each and every interaction with their team. There's an enormous difference between leaders who walk the floor and leaders who walk the floor with intent.

Making insights portable produces even more impact by allowing leaders to engage in better real-time discussions. The food company is now transitioning to tablet-based reporting, so that executives can easily analyze data during their visits rather than send a flurry of emails after returning to their desks. Site visits are now more purposeful, giving executives updated information at their fingertips in a matter of hours instead of weeks. Moreover, teams now receive the updates in time for their daily huddles and ahead of their regular problem-solving cycle instead of being informed only after performance dips.

3. Double down on continuous improvement

The trouble with defining a new standard of behavior is that it can quickly congeal, impeding

the operational flexibility and faster information flows that the behavior is supposed to support. Accordingly, part of the standard needs to be an expectation that the standard itself must be continually examined and improved (see sidebar, "Pause and take stock of 'leader standard work' every few months").

For the food company, that meant refining how leaders coached frontline managers. Early on, the leaders congratulated themselves for the impact that frontline problem solving had in reducing machinery breakdowns and plant downtime. But the early successes quickly plateaued, and frontline managers and staff both started to see the problem-solving sessions as empty rituals.

On further examination, the company recognized that the issue was not with the frontline staff or managers: it was with the leaders further up in the hierarchy, who were learning how to ask the right questions and coach effective problem solving. Once the leaders engaged more fully in teaching the behaviors in depth—such as training frontline managers to see opportunities in metrics that were stagnant, rather than only those that were declining—problem solving became deeper and the solutions that resulted became more permanent.

The 10 percent reduction in downtime achieved in the first year became a 25 percent reduction in the second year. All production employees and all layers of management now use the same digital app to support their problem solving, allowing leaders to measure the velocity and effectiveness of their problem solving, with full transparency into the problems each team and leader is solving—and thus how they are driving the performance gains.

4. Change isn't just for everyone else—it's for you

Leaders often seem to believe that change is for other people. After all, what they've done

throughout their careers must be right, or they wouldn't be where they are today, would they?

But there is little reason to believe that what worked for leaders—and for you—in the past is likely to keep working in the future. Already, leaders tell us that they often feel isolated, that information reaches them too slowly for them to make effective decisions. That can't change without leaders themselves changing, so that strategic priorities flow more quickly down the organization and intelligence about the business flows more quickly up.

That's why leader standard work is so important for senior executives—especially when it operates on a digital platform. First, it provides leaders with

essential feedback on what people at every level are actually doing: what's working now, what could be working better, and what hasn't even been properly tried yet. Those insights are critical to making better strategic and resource-allocation decisions. Second, it guides executives in their own work, allowing them to make better use of their time in solving high-level problems, developing their reports' capabilities, and serving as role models for the rest of the organization.



Companies looking to realize the full promise of continuous improvement at scale will need new ways to help entire groups of managers choose to commit to leader standard work. The good news

Pause and take stock of 'leader standard work' every few months

Keeping track of all of the changes happening across an organization that's instilling a continuous-improvement culture—and making sure that they're having the right effect on performance—can be daunting. But over time, it becomes even more important for leaders to see on a macro level where they are progressing and where they aren't. That's why the food company, the bank, and organizations that have been following the new behaviors undertake objective assessments that score the maturity of their behaviors at every level. They deploy teams of unbiased examiners who spend a day or two up and down the management cascade, scoring management practices against databases of benchmarks from world-class organizations.

The resulting reports give leaders and managers a detailed picture of where their organization should make additional efforts on instilling leader standard work, and where pockets of excellence could help raise standards for the entire business. That's a powerful way to find new opportunities to improve. When the assessment is in digital form, the data are even easier to analyze for reflection and follow-up—and the assessment itself becomes easier to conduct on a regular basis, further accelerating the continuous-improvement cycle.

is that a variety of new digital capabilities are emerging with the promise to make it easier for organizations to see exactly how effective their leaders are—and to help them become more effective by reinforcing the behaviors that leaders need to follow. With the right commitment and creativity, the result is a leadership standard that keeps improving along with the organization's performance. ■

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