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*I have found another article that I thought you would find of value and it parallels the P Squared philosophy on Continuous Process Improvement. The shared industry perspective on the importance of adopting a continuous process improvement culture shows that gaining or sustaining competitive advantage can be achieved... and is critical to your future business success!*

## **Mission Critical: Continuous Process Improvement**

*By Fred Fishman, Manager of Strategic Procurement Programs, TechSolve, Inc.*

Bookstores are crowded with large print, 90 page bestsellers that tout the next miracle cure for every business ill. Unlike these "flavor- of-the-month" moneymakers, the idea of Continuous Process Improvement is a relatively simple concept that has a proven track record and is adaptable to nearly every business. Putting it bluntly, Continuous Process Improvement is what it says it is, introducing improvements continually.

Imagine a product assembly line where each week brought some small but useful improvement to its process. A better tool might be introduced one week, an easier to reach point of assembly the next, a common part replacing two similar parts the next, and so on. While each change was simple and of limited impact, the steady accumulation of these improvements over time made for a dramatically improved operation.

Continuous Process Improvement in the front office might be the elimination of steps in an order review and entry process where it can be determined that many of these steps slowed the process without adding true value. Why did these extra steps exist? Upon investigation, the answer is typically found to be unknown or what is called "office folklore." Once participants see that change is possible, the floodgate often opens for further rounds of investigation and improvement - but change must be embraced by upper management.

In the same way that compound interest accelerates the rate of growth of an investment by adding interest on top of the interest, the positive effect of continual and uninterrupted positive change on an organization can be enormous.

The term Continuous Process Improvement also serves as an umbrella spanning a great many improvement processes with different and more exotic names. While these various techniques appear quite different on the surface, experts in these respective fields generally acknowledge that most share a common theme - improvement.

## **Winners and Losers**

Some companies have taken these concepts and have run with them to achieve incredible success. The giant of the giants would probably be Toyota, rising to (near) dominance in the auto industry from its genuinely humble beginnings. Unfortunately, many other automakers have not applied the continuous improvement philosophy with comparable zeal and the results speak for themselves.

Companies who treat continuous improvement as a trendy, something nice-to-do activity to fill-in the time, or an assignable task with a clear beginning and end, miss the entire point. Continuous improvement is a different way of operating, not a modification of business as usual.

Continuous improvement requires an organization to have a high level of confidence in itself, and the willingness to inspire individuals to be fearless and constructively critical of everything they, and others, do. Continuous improvement is a process of continually trying to achieve a better way - understanding that while not every attempt will be a winner, the large number of attempts will result in plenty of successes.

An interesting paradox exists, however. To achieve the compounding benefits of a continuous improvement process, a company must take deliberate action. Simply accepting change when it happens to occur is not enough. They must require change.

Conversely, a company that likes where it is already (i.e. *does nothing*) typically undergoes *compound deterioration*. Just as unprotected steel eventually turns into a pile of rust, processes left unattended invariably get worse all by themselves - the theory of entropy.

Many companies are oblivious to the shortcomings that limit their performance and profits. Some of the largest and most powerful corporate names of the past few decades no longer exist, or exist as a shadow of their former glory.

These powerhouse companies basked in their success and felt good about themselves while their competition better recognized and worked harder, more nimbly, and more open minded, and more opportunistically, to improve their own shortfalls. The common excuse of burdensome legacy costs (older facilities, higher-paid long service workers, pensions and healthcare, etc.) becomes irrelevant when you peel back the layers and see the real reasons for failure - overconfidence, poor planning, lavish spending, and inability to promote real and positive change good for the business and its employees.

To gauge the extent of this problem, you need only to casually compare the companies included in the various US stock market indexes over the past 30 years. It's apparent that astounding reversals of fortune have occurred in corporate status.

### **Getting Help**

While many companies have successfully embraced Continuous Process Improvement on their own, others have found the process much tougher than it looks. This is where a skilled consultant can add significant value. Some quick questions to consider:

- Are we working as hard/fast as we can and still cannot compete?
- Is our best pricing model not enabling profitability?
- Is the CEO demanding better performance yet all indications are that we are working at maximum capacity?

The reaction that companies have to improvement recommendations, whether initiated by a consultant or by their own employees, is very indicative of their ultimate success, or lack thereof. Large and mature companies can be the most difficult to convince. Many strong-willed entrepreneurs, however, exhibit similar denial. These entrepreneurs can micro-manage their companies in their own image, not realizing that others, outsiders who have seen scores of similar situations, can pinpoint fatal errors in their company's approach or processes.

One thing is certain. Whether you use a consultant to guide you, or do it yourself, applying the Continuous Improvement methodology is not an option - it's a requirement for business survival. *Get going, or get out of the way.*