

DEVELOPING A CULTURE OF CONTINUOUS IMPROVEMENT

Introduction

Developing a culture of continuous improvement is a crucial aspect of Business Excellence: a culture where everyone is actively and consistently engaged in systematically improving business processes and cultural capability to create better outcomes for everyone associated with the business. A culture that can also be described as a Thinking People System or Learning Organisation.

Defining continuous improvement

Continuous improvement is the ongoing, rigorous, systematic, consistent and disciplined enhancement of technical and cultural capability to build a high-performing business system that is flexible, agile, responsive and resilient, and that stays aligned with the changing needs of its customers. A system that:

- Meets customers' needs right first time, every time
- Is stable and in control, delivering predictably, reliably and repeatably
- Is cost- and resource-efficient, with work flowing smoothly through the processes with no wasted time, effort or resource
- Has the resilience and flexibility to handle challenges
- Has the agility to adjust to longer-term strategic change and to remain relevant and competitive

- Continuously improves, increasing its capability to add value and reduce waste



Figure 16.1: Core principles of Business Excellence

To achieve excellence, every aspect of the business system should constantly be actively managed and improved. This includes:

- The 'technical system', comprising the operational processes that directly serve the customer, the process-management processes, the operational management system and the strategic management system
- The 'social system', comprising leadership and management development, people management, team-building and culture development, which creates a team of engaged colleagues who collaborate and solve problems well

The system should also be evolved as a complete, coherent and functioning whole, as illustrated in Figure 16.1, with attention paid to the interfaces between the different aspects of the system to maintain alignment between them.

In all of this, continuous improvement should be both:

- Top-down: strategically driven, planned, transformational ('kaikaku') change
- Bottom-up: operationally driven local kaizen improvements and structured A3 projects (more on which later)

And finally, continuous improvement should be an embedded way of thinking and set of practices. Part of normal day-to-day operations.

Why bother

■ *'Learning is not compulsory ... neither is survival.'*(W. Edwards Deming)

The performance of your business today is a function of how well-developed and well-managed your people and processes are. And what tomorrow looks like depends on what is done today (and what is not done today) to maintain and improve the systems that deliver that performance.

Plumbing continuous improvement into your business systems builds the capability to consistently develop capability, resilience and agility. And it does this by leveraging existing resources. In contrast, not plumbing continuous improvement into daily management opens the door to the risk of sliding into a non-improving firefighting cycle.

This makes continuous improvement a core organisational capability, and increasing the rate of improvement a task that is of strategic importance.

There are thus four main categories of benefits that come from building a culture of continuous improvement. It:

- Enhances system capability, resilience and agility (and protects against sliding into a non-improving firefighting cycle)
- Optimises the rate of learning and improvement
- Enhances performance and profitability without the need for capital investment
- Enhances colleague engagement, both tapping into, and further developing, people's potential

Let's explore these in turn.

Enhances system capability, resilience and agility

Sustainable high performance requires the:

- Capability to perform to consistently high standards
- Resilience to withstand inevitable turbulence in the operating environment
- Agility to be able to learn and adapt quickly enough and well enough to both a) innovate to create opportunities and gain first-mover advantage, and b) respond to emerging threats and opportunities (both strategic and operational)

Without a systematic approach to continuous improvement, it will be hard to optimise performance and results, particularly in an unpredictable and dynamically changing environment.

Missing this opportunity is bad enough. But it also opens the door for problems to proliferate and for waste and inefficiency to become locked into the system, clogging up the value stream and compromising quality, cost and delivery performance such that the whole system and culture becomes mired in a non-improving firefighting cycle.

This not only limits the business's short-term operational capability, but also further stifles its intrinsic ability to learn, adapt and improve, operationally and strategically.

Optimises the rate of learning and improvement

Perhaps the most profound and wide-reaching benefit is that, when done well, continuous improvement brings (literally) new dimensions to performance capability: second-order capability – the ability to improve the core operational capability – and third-order capability – the ability to turbocharge improvement capability. This furnishes the business with the capability to build capability.

In an era when it has been observed that the only remaining source of competitive advantage is the ability to adapt, these capabilities underpin competitive advantage and make the business a particularly attractive bet for further investment.

Enhances performance and profitability without capital investment, by leveraging existing resources

When done well, continuous improvement drives two key aspects of business performance: adding value and removing waste. And, it is worth emphasising, it does so by leveraging existing technical and social resource – doing better work with what we already have – rather than requiring any additional capital investment. Let's quickly recap what we discussed in Chapter 15.

Adding value: creating loyal customers by discovering, and consistently delivering, what they want and will pay for

The central aim of a business, and golden opportunity number one, is to create loyal customers, and thus secure the consistently profitable revenue streams that are the lifeblood of the enterprise. Satisfied customers may still shop around and

look for discounts, but loyal customers willingly return, are low-maintenance and recommend the business to others.

The keys to creating loyal customers are to a) discover and b) consistently deliver what they want and will pay for. That is:

- Understanding with sufficient clarity, depth and accuracy the Voice of the Customer (VoC) – what existing and potential customers want and will pay for, including their unmet needs. And to continually and actively track this to keep it fresh and relevant
- Delivering consistently well by ensuring that the value-adding processes are:
 - Aligned with customer needs
 - Consistently delivering to promise
 - Evolving adaptively to meet emerging needs

All of this serves to consolidate the pool of existing customers and attract new customers through reputation, and in turn to optimise revenue growth and pricing. It also positions the business to gain first-mover advantage in the face of evolving threats and opportunities.

Removing waste: delivering effectively and with optimal efficiency

Waste is anything that consumes time and resource but does not contribute to any monetisable customer value. Waste is public enemy number one. It actively destroys value, damages profitability and hobbles growth potential in two main ways:

- The financial cost of the waste comes right off the bottom line, and
- Waste misappropriates capacity that should be producing chargeable value

The good news is that the reverse is also true. Every cost saving goes right onto the bottom line. And every defect avoided and every bit of waste removed improves flow, delivery performance and productivity and frees up more revenue-generating capacity (including people's time, energy and enthusiasm) to do more productive and profitable things. This results in less variation, greater throughput and greater quality for less cost. All without the need for capital investment and without the risk of undermining performance by playing process Jenga.

Enhances colleague engagement

Continuous improvement is also the ultimate colleague engagement tool, as it:

- Respects colleagues by taking problems that affect their work seriously, and by listening to their ideas
- Develops people, unlocking and bringing into play more of their potential (individually and collectively) as they:
 - Increase their understanding of how their process, and the business overall, works
 - Develop the technical skills required to be an effective problem-solver
 - Develop the emotional, interpersonal and teamworking skills required to problem-solve collaboratively with others
- Increases the pride and satisfaction that people can take from their work
- Equips, empowers and enables people to lead improvement initiatives
- Increases people's confidence in themselves and their willingness to take ownership and responsibility
- Encourages greater and more natural collaborative, cross-functional problem-solving to overcome the horizontal and hierarchical boundaries, barriers and silos imposed by the social structure, which create territorialism and impede vital collaboration

All of this develops and unlocks cultural capability.

A significant opportunity

Continuous improvement – using the field-proven, time-tested tools and techniques that have been around for more than 80 years to empower everyone to solve problems and reduce wasted time, money and materials and serve the customer better – might sound like common sense, particularly in an era of rapid change, but it's still not common practice. Thus, achieving excellence in this key strategic capability remains a significant opportunity for most businesses.

Principles

There nine core principles of effective continuous improvement:

1. Better outcomes for everyone associated with the business

2. Embed continuous improvement and make it an integral part of everyday work at all levels
3. Everything is in scope (all processes, all aspects of the social system, all levels and the collective system)
4. Increase value-add and reduce waste by focusing on right-first-time quality
5. Take a systemic approach (understand system interactions and dynamics)
6. Take a systematic and disciplined approach
7. Involve everyone
8. Develop a continuous improvement mentality
9. Improve continuously

We'll look at each of these principles in detail below.

1. Better outcomes for everyone associated with the business

In an excellence culture, improvement is explicitly aimed at improving the outcomes for, and experience of, everyone the business affects. As Charles Koch put it, creating virtuous cycles of mutual benefit for customers, colleagues, investors, the communities the business interacts with, and the wider environment.

There is both a moral and a practical dimension to this. Continuous improvement works best when everyone is actively involved in driving it, so it is only wise, politic and fair to consider what's in it for the people we wish to engage. If there's nothing in it for them (given that all change and experimentation risks a degree of vulnerability), then they have no incentive (and perhaps a disincentive) to get involved.

2. Embed continuous improvement and make it an integral part of everyday work at all levels

Continuous improvement, it is worth emphasising, should be integral to everyday work and deeply embedded in management routines, disciplines and habits (kata). It is these kata that are the source of stability, resilience and adaptability in the face of change and challenge (and the absence of them correlates strongly with levels of chaos and inconsistency in performance).

These disciplines should therefore be the backbone of the management system, hard-wired in and tightly monitored throughout the management chain from the top, to ensure that they are run as scheduled and to standard.

3. Everything is in scope (all processes, all aspects of the social system, all levels and the collective system)

Businesses sometimes narrowly focus their improvement efforts on the operational processes. But of course, operational process performance will never be better than the wider business system that supports (and often limits, constrains and undermines) it.

Therefore, every part of the business system should constantly be actively managed and improved. This includes all aspects of the systems shown in Figure 16.1; the strategic management system, the operational management system, daily management processes and the operational processes, all aspects of the social system, leadership, operational management, front-line management, and colleague attitudes and behaviours.

And of course, these elements cannot be meaningfully improved in isolation. The technical systems need to work as an integrated, functioning whole, as does the social system, for it to foster the high levels of trust required to facilitate rapid and effective collaborative problem-solving across all parts and all levels of the business. And the technical and social systems need to be integrated and evolved together as a coherent sociotechnical system.

4. Increase value-add and reduce waste by focusing on right-first-time quality

Continuous improvement, as discussed earlier, is the art of finding ways to improve outcomes for all stakeholders by doing two things:

- **Increasing value-add:** Accurately understanding and meeting the ever-evolving needs of the customer, and designing and consistently delivering a product, service or experience that the customer wants, and will pay for, consistently, on time, right first time, every time. This means ensuring that the value-adding processes are:
 - Aligned with customer needs
 - Consistently delivering to promise

- Evolving adaptively to meet emerging needs
- **Removing wasted time, effort, friction and resource** in the process of delivering the promised product, service or experience. This means taking a holistic, systemic and rigorous approach to identifying and removing the superfluous, to allow the process to deliver only, and exactly, what the customer wants, right first time.

There are two important, but often overlooked, points to stress here which sound like common sense, but are far from being common practice. In our zeal for efficiency improvements, it is important to remember that:

- Adding monetisable customer value is goal number one. The primary focus
- The efforts to reduce waste should be intelligently and rigorously researched, designed and tested to ensure that they are actually removing waste rather than inadvertently destroying value

5. Take a systemic approach

The business is a system in which everything affects everything else, so here are five useful insights to guide our interventions. These will increase the odds of success and reduce the danger of unintended negative consequences.

- Address the **'rocks in the river'** and *only* the rocks in the river. Ensure that we are addressing genuine barriers to flow – process constraints which, if reduced, will enhance the quality, delivery or cost performance of the end-to-end process (see Figure 16.2)

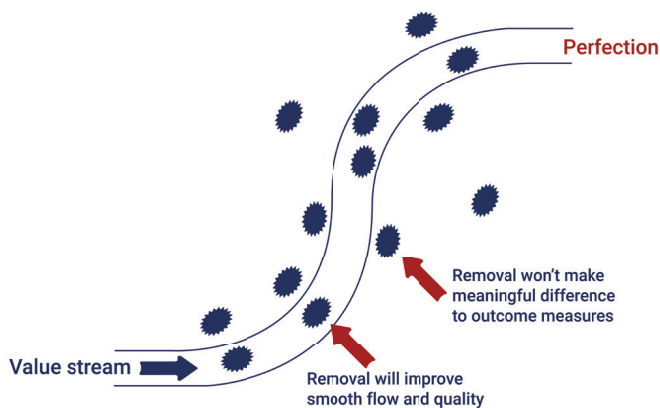


Figure 16.2: Focus on removing problems in the value stream

- Look for, and mitigate against, the risk of **push-down-pop-up problem-solving**: that is, be careful not to make changes in one part in the process that create bigger problems elsewhere
- **Maintain overall systems balance and coherence**: In making changes to component parts as discussed above, and in how we pursue improvement to key aspects of process performance such as quality, cost, delivery performance or colleague engagement, be aware of how ‘target fixation’ on any one factor, pursued without consideration of the wider system effects, might create imbalance and trigger widespread problems. For example, a focus on cost reduction might affect quality, which might in turn increase rework costs, customer dissatisfaction and colleagues’ confidence in management
- Understand the difference between **common causes** and **special causes**. Common causes are factors inherent to the process, related to its fundamental design and management. Special causes are not. They are generally random and hard to predict. They include such things as bad weather and bad luck; for example, delayed delivery due to a flat tyre. Distinguishing between the two avoids the costly error of attempting to address every random factor that affects outcomes, and allows us to focus our short and precious improvement time on factors that will make a sustained difference. (It is also worth noting here that it is important to be aware that arbitrary changes in demand, or changes to process operation made by management, are often themselves the special causes that are destabilising processes and damaging process operation and outcomes)
- **Find and address root causes**: Avoid the practice of simply throwing additional resource at problems or putting in additional checks, steps or processes

6. Take a systematic and disciplined approach

Continuous improvement must follow a disciplined, structured and rigorous approach, based on PDCA thinking, which systematically identifies and removes the root causes of waste and other problems so that they are resolved permanently.

This includes:

- Using daily meetings, informed by reliable facts and data, to understand process performance and identify barriers to optimisation
- Using value-stream mapping (see below) to understand the dynamics of a process and identify waste and other barriers to flow

- Applying Lean principles, including flow, and waste reduction, to identify impediments to process excellence
- Making strategic project selections to target the highest-leverage opportunities
- Using structured problem-solving with root cause analysis to ensure that problems are fully understood and the underlying causes identified
- Planning improvement projects effectively
- Executing projects effectively and seeing them through to successful completion
- Consolidating gains and embedding them into operational standards
- Sharing key learnings across the business to save others time, effort, risk and money

Continuous improvement pursued in this way creates a performance ratchet by consolidating and building on successive gains, as illustrated in Figure 16.3.

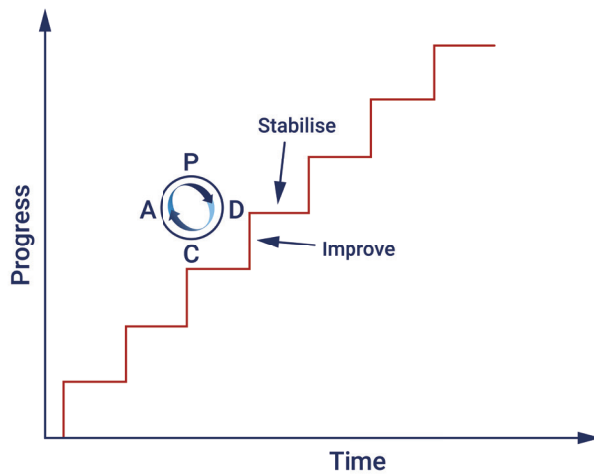


Figure 16.3: The performance ratchet

Figure 16.4 illustrates further how this builds capability progressively over time through both locally led kaizen improvements as part of the daily management process, and top-down strategic breakthrough improvements.

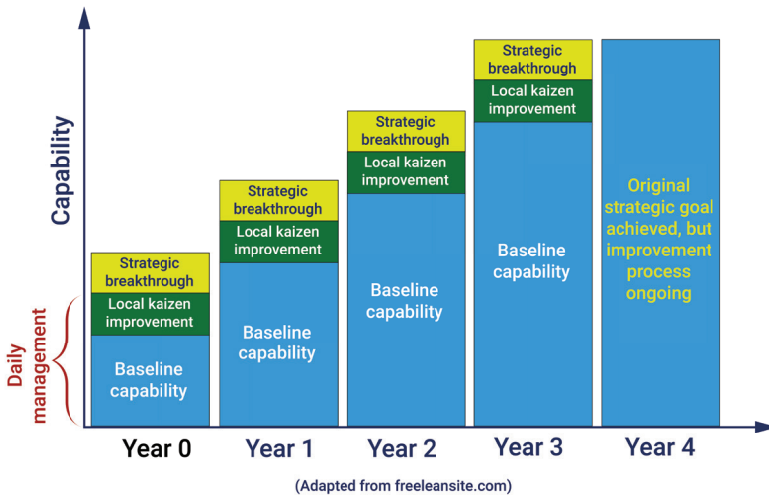


Figure 16.4: Aggregating gains – cumulative capability improvements

7. Involve everyone

'People are rarely the problem but are in fact your most valuable problem-solvers.' (Thomas L. Jackson)

To maximise the potential impact of continuous process improvement, everyone should be actively engaged in it. Everyone on the payroll is, after all, responsible for four things:

- Doing their job well
- Improving how they do their job
- Collaborating with others to enhance their local processes
- Collaborating with others to enhance shared processes and the overall business system

Senior leaders are thus primarily responsible for improving the strategy process, operational managers for improving the operational management processes, front-line managers for improving the daily management process and front-line people for improving the operational processes.

THE SOCIOTECHNICAL NATURE OF CONTINUOUS IMPROVEMENT

Continuous improvement is a sociotechnical process in two respects:

- The improvement of the technical process requires people – usually in teams working collaboratively
- The underpinning social processes of managing and developing people to build capability and foster trust collaboration and teamwork are themselves subject to ongoing development and enhancement

Engaging people in continuous improvement therefore brings the triple benefit of simultaneously a) developing their understanding of the processes and systems and their problem-solving and teamworking skills, while b) improving the process to c) to improve performance. This creates the virtuous cycle (Figure 16.5) which, over time, consolidates into a culture of continuous improvement (aka a Thinking People System or Learning Organisation) which is the foundation of the business's ability to build and maintain capability, resilience and agility.

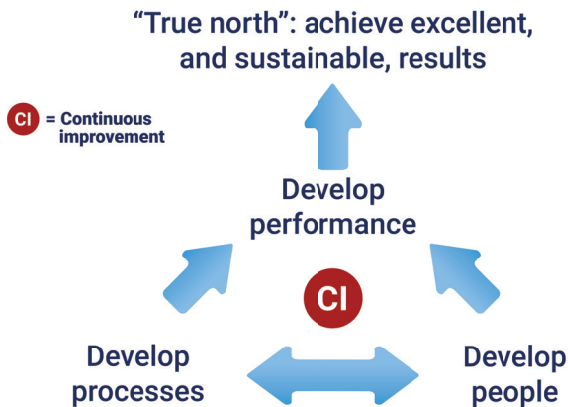


Figure 16.5: Upward spiral of co-development of people, process and performance

8. Develop a continuous improvement mentality

Tools, techniques and systems thinking are of course both valuable and necessary, but what brings them to life is developing the right mindset toward problems, toward experimentation and dealing with setbacks, and toward conflict and debate. We'll look at these in turn.

Attitude toward problems

Opportunities for improvement sometimes present as good ideas, but, more often, come in the shape of problems; quality fails, delays, low productivity, customer complaints, cost overruns etc.

It is therefore important to lead and encourage people to find, expose and eliminate such problems, rather than ignore them, hide them or work around them. As far as possible, to develop a 'stop-and-fix' mentality. To solve the problem there and then, because:

- The longer the delay, the colder the trail and the harder it will be to find the root cause
- If left alone, small problems accumulate in number and grow in size
- It may be forgotten about and recur

Attitude toward experimentation and failures, mistakes and setbacks encountered in the process of learning

Following on from the above, it is useful to differentiate between different types of failure. We are often too tolerant of the wrong kind of failure, and too intolerant of the right kind.

Preventable failures – those caused by inadequate training, poor processes, tools or information, complacency, low standards or arrogance – need to be rooted out.

But it is essential that we recognise that a degree of intelligent failure – temporary setbacks encountered in the disciplined pursuit of improvement through ongoing experimentation and learning – is an inevitable part of the improvement process. Such experimentation yields valuable insights that can inspire subsequent significant breakthroughs. Indeed, many high-performing and rapidly improving businesses advocate the policy of 'fail faster' with respect to the disciplined and systematic pursuit of improvement.

This inevitably involves a level of managed risk, so it is important to value the challenging, complex and risky work involved. Ultimately, that's the leader's job – to encourage and support people to tackle problems and to innovate to make the business better.

Attitude toward conflict and debate

'For good ideas and true innovation, you need human interaction, conflict, argument and debate ... we have to see it as thinking [together], and then we have to get really good at it.' (Margaret Heffernan)

Problems are generally problems because they present a barrier to progress with no straightforward, guaranteed or universally agreed approach to overcoming them. Working through them therefore requires collaborative problem-solving which, at a professional level, works best when supported by appropriate technical tools and social disciplines.

The key technical tool is structured problem-solving – for example, a method such as A3 problem-solving (more on which shortly) that frames discussions and guides them through stages of accurate problem-definition, root cause analysis, proposed countermeasures, and review. This brings a degree of structure, objectivity, rigour and discipline.

A useful guiding concept for the social aspect is John Vervaeke's notion of 'oppositional processing' (in contrast to 'adversarial processing'), where all available, relevant facts, data, insights and perspectives from those involved are sought and drawn out. The journey through root cause analysis to proposed countermeasures is then pursued in an emergent fashion characterised by constructively testing the data, thinking and analysis; by looking for what has been erroneously assumed, missed, rejected or ruled out; and by seeking valuable insights, alternatives, problems or unintended consequences that might have been missed.

9. Improve continuously

'Continuously' means two things; that improvement is:

- **A daily activity**, part of normal operations. Routine work, not a crisis-response: problems should be identified and addressed while small and relatively harmless and not be allowed to escalate into crises. (After all, the best and least expensive time to be wise is before the event rather than during it or after it)

- **Ongoing**, driven by the quest for excellence. The focus on improvement shouldn't end when the issue of the moment has been dealt with. The classic Lean injunction to 'seek perfection' should be pursued; the complete elimination of waste so that the customer can be served exactly what they need, and only what they need, when they need it, with no delay and at minimum cost. It is of course recognised that perfection is not wholly achievable, but that pursuing it maintains humility and high standards, fosters a winning mentality, keeps the business moving forward, and will deliver the best of what is possible – excellence and constant, meaningful progress

Building a culture of continuous process improvement

The above principles lead us to the following steps to build a culture of continuous process improvement. These are to:

1. Develop the right understanding at leadership level
2. Provide leadership to create the right vision and mindset throughout business
3. Equip people with the tools and training that allow them to take a structured approach to problem-solving and to remove root causes
4. Engage people and create the right environment
5. Develop deep understanding of the business processes and systems
6. Embed continuous improvement as a core discipline and habit and constantly build capability maturity

Let's look at these in turn.

1. Develop the right understanding at leadership level

First, leaders will themselves have to genuinely recognise that continuous improvement is strategically vital: that unaddressed waste, errors and inefficiency just increase costs, damage customer service, profitability and morale, and limit the capacity and flexibility of the business and its potential for growth. Then, recognising that, they have to actively lead continuous improvement. First by doing their bit, ensuring that their own leadership processes are fit for purpose and continually improving. Then holding their direct reports accountable for ensuring that their processes are fit for purpose and continuously improving, and directing that they in turn hold the next level similarly accountable, all the way to the front line.

2. Provide leadership to create the right vision and mindset throughout the business

Leaders should establish a mindset throughout the business of actively looking for problems, bringing them to the surface and acting quickly to address them, because problem-solving is a part of daily work and the core responsibility of every front-line manager to lead, not an optional task or something that can be postponed until there is 'enough time'. They should also empower front-line people to be actively involved in continuous improvement.

3. Equip people with the tools and training that allow them to take a structured approach to problem-solving to identify and to remove root causes

Provide continuous improvement tools that everyone can learn the basics of quickly, and then, with the right guidance and coaching, build expertise and experience through solving real problems. (There are additional tools and techniques that will become useful and relevant as more challenging problems are tackled, but these tools, and instruction on how to use them, can be provided as and when required, by a skilled coach.) Also, where problems occur that are beyond the current capabilities of the team to solve, it will be useful to have someone with experience available to provide direct assistance. However, experts such as David Hutchins have observed that in their experience, about 80% of operational problems that arise can be solved with a small number of core tools.

Two powerful tools that everyone can learn to use quite quickly are value-stream mapping and A3 problem-solving.

Value-stream mapping

Value-stream mapping is an excellent visual tool, neatly described by Rother and Shook as 'learning to see', as it graphically reveals information about the process flow and dynamics that is hard to see when we are fully immersed in it. In value-stream mapping, the steps in a process are simply mapped out from beginning to end. Opportunities for improvement (the 'pain points') are then identified by looking for any barriers to flow or for signs of the muda wastes (discussed in Chapter 14).

This is often done in the first instance with sticky notes and a large sheet of brown paper. The main purposes of mapping are to:

- Create a constructive dialogue and develop a shared understanding of the process

- See the whole value stream and understand how it works as a system
- Identify relevant improvement opportunities

In highly sophisticated processes, value-stream mapping can become very technical, precise and detailed, and may require specialised process-mapping software. But most processes, particularly early on in an improvement journey, can be meaningfully and sustainably improved with this foundational approach.

For a fuller explanation of value-stream mapping, see Appendix B.

A3 problem-solving

A3 is a tool that provides the vital structured approach to problem-solving. It takes people along a logical path of problem definition, target-state definition, root cause analysis, solution development, action planning and review. It gets its name from the sheet of paper onto which people are encouraged to fit the entire analysis and solution, to keep their thinking and communication tight and clear.

The nine steps of A3 problem-solving are:

1. Theme/background
2. Problem definition
3. Goal/target state
4. Root cause analysis
5. Containment measures
6. Proposed countermeasure(s)
7. Action plan
8. Impact check
9. Next actions

Technically, A3 is straightforward enough to be used by all colleagues. It is also very flexible in scope and scale. It can be used to understand and solve operational problems, and also to structure strategic improvement projects.

Developmentally, it sharpens people's critical thinking skills so that they can more confidently propose their own solutions to problems. (And A3 problem-solving is, in itself, an excellent tool for coaching people to develop problem-solving skills.) Socially, it provides a focal point that helps people to problem-solve collaboratively.

For these reasons, value-stream mapping and structured problem-solving are arguably the most practical, powerful and relevant team-building activities available.

For a fuller explanation of A3 problem-solving, see Appendix C.

4. Engage people

Developing a culture of continuous improvement requires that the right environment is created, that adequate time is made, that trust is built, and that the collective and collaborative intelligence across the business is mobilised. Let's explore these in turn.

Creating the right environment

The aim is to develop an environment where problems can be highlighted and discussed openly and honestly without defensiveness, fear, blame or recrimination, and where people are encouraged and supported to take a disciplined approach to problem-solving.

Central to this are regular accountability meetings. People must feel safe enough at these to engage psychologically and socially. When problems are identified, if people anticipate some version of 'Whose fault was that?' being asked, most will be inclined to disengage to protect themselves. If the question asked is, instead, 'How did the process let this happen?' people are more likely to get involved and venture a thought.

Time-blocking

Time for continuous improvement will, of course, never be found. It must be set, prioritised and protected. While there is no rule for how much time should be set aside, Ishikawa suggested that small teams of workers trained in problem-solving spend approximately one hour per week tackling problems and presenting their solutions to their manager. The gold standard for organisations committed to continuous process improvement is typically around two hours per person per week.

Whether or not improvement time is explicitly scheduled is a crucial leadership signal. If it is, people understand through the leaders' commitment the strategic importance of improvement. And if it is not, they can justifiably conclude that it is not something worth committing their time and effort to.

Building trust

Usually, only a small number of colleagues (around 10-15%) will actively engage at first, but this is enough to get things moving. This can be done by encouraging and supporting them to work on a problem that they are keen to tackle and that they know something about. Ideally it will be something they have raised themselves.

There are normally many such opportunities. Early successes will build confidence and show that getting involved is safe, beneficial and enjoyable.

Even if starting from a low baseline of engagement, and beset by an abundance of problems with performance, culture, attitudes and working relationships, this approach establishes constructive dialogue and works through some existing issues while (re)building trust and establishing firm foundations for a more improvement-focused culture.

Developing distributed intelligence

Finally, getting everyone involved develops the invaluable organisational capability of distributed intelligence, mobilising the collective knowledge, experience and insight from across the business and the transformational power of collaborative problem-solving.

5. Develop deep understanding of business processes and systems

The business system is a complex, dynamic set of interacting processes. The more fully we can understand the operation of each process, how they interact and influence each other, and how they operate as a whole to shape the overall outcomes, the better placed we will be to identify the key variables and leverage points and how, where and when we can most usefully intervene to maximise the impact of our continuous improvement efforts.

A deep understanding of the business system and how it operates technically and socially can be developed progressively over time through the process of mapping, measuring and experimentation outlined in this and earlier chapters, informed by an understanding of systems-thinking principles to help identify the connections and dynamics.

6. Embed continuous improvement as a core discipline and habit and constantly build capability maturity

The continuous improvement process can be established by continually cycling through the following steps:

- Establish process ownership
- Identify the process's customers (internal or external)
- Map the existing process

- Establish (or ensure that existing measures provide) relevant, actionable, real-time information
- Monitor process performance (the Voice of the Process) through daily meetings and gemba walks
- Identify status against the 14 process excellence criteria
- Identify improvement opportunities
- Execute the immediately actionable kaizen opportunities
- Prioritise the remaining improvement opportunities
- Address the priorities by taking a structured approach through A3 problem-solving
- Seek perfection: the relentless pursuit of adding value and removing waste
- Rinse and repeat, improving processes and continuously building capability (both technically and socially)

Further building and maturation of continuous improvement capability can be promoted by, first, doing the continuous improvement reps; maintaining focus and discipline by repeatedly running the kata to develop deep process understanding, distributed intelligence and collaborative problem-solving capability. And second, progressively adding to the business's repertoire further – potentially transformational – concepts, tools and techniques from the large range available.

Fully developing and maturing continuous improvement capability requires constancy of purpose and long-term thinking. Leaders can best promote this by supporting a steady and disciplined long-term approach to building capability, balancing this with the need for ongoing delivery of excellent operational performance.

Summary

To achieve excellence, every aspect of the business system should constantly be actively managed and improved. This includes not just the operational processes that directly serve the customer, but also the process-management processes, the operational management system and the strategic management system on which they depend. Social capability must also be consciously and consistently developed, to create a team of engaged colleagues who collaborate and solve problems well. This requires consistent attention to leadership and management development, people management, team-building and culture development.

Engaging people throughout the business in continuous process improvement simultaneously develops their understanding of the process and their problem-solving and teamworking skills, while improving performance. It also creates a virtuous cycle which, over time, consolidates into a Thinking People System (or Learning Organisation), which brings the capability to adapt to changing circumstances rapidly and effectively at all levels.

The key steps in building a culture of continuous improvement are to:

1. Develop the right understanding at leadership level
2. Provide leadership to create the right vision and mindset throughout the business
3. Equip people with the tools and training that allow them to take a structured approach to problem-solving and to remove root causes
4. Engage people and create the right environment
5. Develop deep understanding of the business processes and systems
6. Embed continuous improvement as a core discipline and habit and constantly build capability maturity

All of this requires committed, informed and tenacious leadership to develop it to its full capability and maturity.