Exposing the myths of continuous improvement

An Insight Article from Newton

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Twenty years after Tom Peters’ seminal ‘In Search of Excellence’, which probed the reasons why some companies consistently outperformed others, the search still goes on. And among manufacturers, wrestling with the challenges of competition from low-cost overseas economies, the search is even more intense. For every ‘dumb, fat and happy’ manufacturing business, content to carry on doing tomorrow more or less what it did yesterday, many more are looking to a variety of improvement tools to transform their competitive stance — Lean, Six Sigma, Continuous Improvement and so on. Yet equally evidently, many of those businesses are failing to derive from these tools the scale of improvement that they originally sought. Hype and expectation invariably surpass the prosaic reality of what actually happens on the shop floor. Yes, there have been improvements—but rarely of the scale, scope and durability that management had hoped for.

Equally clearly, it doesn’t have to be that way. Look at a manufacturer such as General Electric, for example, and you’ll see a business genuinely transformed by Six Sigma, consistently underpinned by capable and ‘in control’ processes. Or Toyota, where a fusion of Lean, Continuous Improvement and other shop floor methodologies have created a truly world class automotive business—as Detroit’s struggling behemoths know to their cost.

It’s easy to make the mistake of thinking that such businesses are somehow special, blessed—by accident or design—with superhuman manufacturing engineers and managers, who can succeed where others fail. General Electric, in particular, is renowned for its robust approach to employee development, and as long ago as 1956 had established at Croton on Hudson, New York, a ‘company university’ that has become renowned for its graduates—just look at the numbers of former General Electric employees heading up other successful manufacturers.
But such an assumption would be mistaken. Yes, Toyota and other successful manufacturers have smart and capable manufacturing engineers and managers—and quite possibly a greater proportion of them than the average company—but to regard this as the explanation is far too simplistic. Indeed, as Lean guru and influential academic Dan Jones has observed, one of the truly intriguing aspects of the whole question of Lean and other transformation approaches is how businesses with outstanding people can generate average results, while other businesses with average people go on to deliver quite outstanding results.

What is it, then, that does make for a long-lasting difference? Which factors impact most on a transformation tool’s success rate, enabling it to deliver the sought-for improvements? Based on our own experience of implementing manufacturing transformations—including Lean—in manufacturing businesses both small and large, we offer the following insights into what makes for success.

Continuous improvement can’t be bought

By definition, continuous improvement is for the long term. In other words, while external advisors can help to implement change and set up sustainability, ultimately the level of success depends on the local management team. For them, the trick is to lead, drive and ‘own’ the process—but at the same time empower the people on the factory floor to engage with it. By acting as a catalyst, external advisors can certainly help, but the ultimate success will depend on the commitment of senior management. The organization cannot abdicate responsibility to external advisors.

At Skelmersdale-based Frederick’s Dairies—Britain’s largest UK-owned ice cream manufacturer—for example, a 30% increase in efficiency and a 50% reduction in waste in just six months was achieved in an initiative driven by Frank Frederick, the owner of the business, and by David Taylor, the deputy managing director.
Together, they had identified the fact that no one was tasked with spearheading improvement activities—so they did, themselves.

Actions speak louder than words

Without too much difficulty, it’s possible to name a dozen or so highly-regarded mainstream manufacturing improvement disciplines—each with its own particular strengths, area of focus, and adherents. In our experience, too many manufacturers spend too long trying to decide between them. The result is a sort of ‘analysis paralysis’ as they try to decide which technique would be best-suited to the problems they are experiencing. The result? Inaction.

In fact, almost any approach is better than no approach. Fundamentally, at the core of every improvement discipline lies a process of prioritising problems and solving them. Any rigorous improvement discipline will do this for you. Some will be better than others—but all will be better than nothing.

At Frederick’s, for example, the word ‘Lean’ was never mentioned until the extent of the transformation received some publicity in the press. The success was due to the drive and ownership of the top people in the business, who set a clear and simple vision and rigorously followed it through. The improvement processes involved came from the Lean toolkit—but the initiative itself was only dubbed Lean after the event.

Soft targets hide the true potential

Every improvement process has a target to aim at—but often, these are based on measures that are in themselves flawed. By measuring themselves against budget, or last year’s performance, or some arbitrary utilisation figure that allows for changeovers, maintenance, tea breaks and so on, management actually disguise the real potential for improvement, and so limit the rigor with which it is pursued. Aiming for perfection is undeniably a
As Steve Downey, operations director at Newton client Interfloor recalls, a suggestion that it might be possible to increase machine speeds by as much as 10% was dismissed as fantasy—it was, he says, “common knowledge that quality and reliability problems always resulted.” But when it was actually attempted, the application of simple problem solving tools eliminated the difficulties that arose. On some of the lines, increases of over 35% in running speed were achieved.

Improvement isn’t expensive

A fundamental error made by many manufacturers—and by their factory floor employees—is to assume that improvement methodologies will require significant amounts of capital expenditure. Not so. Excuses like ‘This machine is too old or too worn out to produce the required level of consistency’ are simply that—excuses.

Time and again, we find that distinct progress is possible with only modest expenditure, and that the real problem is a failure of imagination. Locked into a mindset that tends to associate improvement with large expensive lumps of new machinery, many manufacturers fail to see the additive power of lots of small, inexpensive improvements. So, as both Interfloor and Frederick’s found, incremental improvements actually unlocked their ‘hidden factory’—productive capacity that had been bought and paid for, but which was lying unused, obscured by low utilisation rates, poor efficiencies, and slow running speeds.
A prior step change in culture isn’t required

Just as commonly, we encounter a supposition that a manufacturer needs to achieve a huge change in its internal culture before improvement activities stand any chance of success. It’s a mistake that stems from the fact that such changes are often seen in plants that have successfully transformed themselves through improvement disciplines. In fact, these cultural transformations have come about through the improvement process, as a ‘by product’, rather than being engendered beforehand.

Our advice? By all means recognize a change in culture—with celebratory base ball hats, T-shirts and the like—but do it in response to improvements that have come about. Recognition without results leads to ridicule, and runs the risk of debasing the whole process.

Continuous improvement isn’t an 'add on' to the business

We sometimes encounter companies where continuous improvement activities are compartmentalised—becoming an activity that takes place outside the normal day-to-day operating routine of the business, and not as a part of it. The distinction is more than one of timetabling or progress monitoring: the danger is that by keeping it separate, the initiative becomes more vulnerable to disruption or abandonment.

As soon as the business hits a rough patch—and every business does, at some point—there’s a temptation to curtail the improvement activity, seeing it as a cost or a distraction. In
contrast, built into the very fabric of the business, not only is it invisible, it’s also impossible to excise.

**Improvement doesn’t have to be company-wide**

Ultimately, the goal is the transformation of not just the entire factory floor, but also the rest of the business, together with its extended supply chain. But that isn’t going to be attainable straightaway—a fact that curiously stops some businesses from starting at all! As a result, we recommend starting on a small scale, making a demonstrable improvement to just one part of the business. It’s a better way to build true momentum, and also serves to ‘sell’ the idea to other parts of the business. Make a genuine difference, and soon people will be asking for help.

**The employees aren’t the problem**

Managements sometimes tell us that improvement activities will be made more difficult by employee-related issues—resistant, indifference, or even outright hostility. They couldn’t be more wrong. In fact, almost without exception, all the employees we meet are desperate to have their problems solved, and are keen to be part of the solution process. At car manufacturer Honda, for example, employees take a genuine pride in being challenged to achieve seemingly-impossible improvements—and then going on to deliver on those improvement targets.

A bigger problem, in fact, is management—often for all the various reasons outlined above. At Newton, we’re particularly fond of a quote from one improvement practitioner, which for us sums up the situation very succinctly: “Of the 43 companies I have worked with, I have only ever had problems with one group of employees. I have, however, had problems with 43 management teams.”
So where does this leave us? With an anecdote that serves as something of a warning. A company that we spoke to recently—which for obvious reasons will remain nameless—asked us in to advise them on new initiatives to implement.

“We did Lean two years ago, and Six Sigma last year, and we’re really interested in what new processes you can add,” we were told. Yet the performance of the site had been flat for the last five years—despite the significant effort poured into Lean, Six Sigma and the initiatives that had preceded them. Our response—that they should get the current improvement processes working, rather than adding any more—fell on deaf ears.

We were disappointed, but not surprised: real improvement, we know, calls for focus, not fashion.

About Newton

Newton is a specialist industrial consultancy that works with manufacturing organisations to improve operational efficiency by 10% - 50%, in 2 – 6 months with no capital expenditure.

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