

Executive Responsibility for CI

I recently spoke with an executive that complained about the quality of information she was getting. Part of her complaint was that she was being “shielded” from certain types of information. These are not that are put up by people that want to protect their turf or appear to be better than they are. Whatever the reason, the result is that the higher the level of management...the more filtered information from the lower echelons of the organization becomes. Sometimes, the information received at the top bears no resemblance to the genesis of the information. CI (continuous improvement) depends upon fast, accurate information.

However, the ultimate responsibility for the success or failure of any CI initiative rests with the CEO. Who else in the organization has the absolute power to force decision-making processes to fall in line with the goals of the organization? Who else has the absolute power to hold all levels of the organization to achieving performance improvement goals? This is something that Jack Welch, former CEO of GE, picked up early in his career and this realization looks to be instrumental in his approach to management and creating the culture of continuous improvement at GE. BTW – His autobiography “Jack – Straight from the gut” is a great read.

Given the filtering that happens, and the dependence on accurate information required for CI to succeed, how does a CEO (or any manager) get good information? Here are some fundamentals for successful CI managers and CEOs.

RAA People

Surround yourself with people that are not afraid to take **R**esponsibility. These people must also be able to handle **A**uthority without becoming authoritarian for teamwork is a fundamental requirement of CI and there is no “I” in the word “team”. They must also have the ability to accept **A**ccountability for their actions...without trying to deflect valid criticism. You, yourself, need to be RAA and supportive of people even in their failures.

The ability to have these people in the organization starts in the hiring process but must be reinforced through management actions during the employee’s career. CI depends on developing processes that can be used repetitively to produce quality results. Human resource management is not excluded from CI. In fact, it’s a foundation. Therefore, quality hiring can be seen as a starting point of creating the CI culture in an organization. Career planning becomes the continuous improvement path and culture reinforcement for the employee.

Management Processes

We have all seen the cartoons and heard the jokes about management saying one thing and then doing the opposite. If a basis in truth weren’t there, they wouldn’t be so funny. Top-down management planning, review and action processes need to be created in such a manner that they can be rolled seamlessly down, or up, the organization as required. A different granularity of information is used, but processes such as Sales & Operations Planning follow the same methodology whether being done at a strategic or tactical level. The same can be said for Cash Flow Planning, Month End Closing, Capital Asset Procurement, Sales Quotations, Order Taking and so forth. The same processes are used whether at corporate level or at the location level.

However, validation of the process must be ongoing. Therefore, a management process that is quite useful is MBWA (Management By Walking Around). Each level of management is responsible for validating the information that it receives. In the absence of factual data, or in the presence of suspicious data, management can utilize the MBWA method of data collection and validation. Essentially, managers need to occasionally take a walk around the departments that their direct reports control and take time to talk to the employees. A couple of direct benefits are: (a) the employees see upper management actively engaged and interested in the progress of CI and the state of the organization in general; and, (b) the direct reports become aware that upper management is actively engaged in validating information and are less likely to present information in anything other than a factual manner.

Information

Fast, accurate information formatted in a matter that can be used by the user to make quality decisions is essential. We have briefly covered data accuracy in previous articles so let's concentrate on tools and methods to support CI here.

First rule: Every organization expecting to implement any type of CI initiative must have a technology acquisition policy in place that specifically forbids activities that will introduce "islands" or "silos" of information to the organization. The creation and enforcement of this policy is the responsibility of the chief technology officer of the organization. For instance, management must first approve any purchase of hardware or software that will attach itself to the corporate information solution.

Second rule: SPOE (Single Point Of Entry). Data does not get entered into more than one program nor is modification allowed by outside applications such as spreadsheet uploads. There are some notable exceptions such as financial budget preparation...but they are extremely rare. The enterprise system design should be a document that incorporates the definition of data entry methods, points of entry and methods of distribution.

There is a tool that I have seen coming along in the past few years that has great potential to assist all levels of CI management: The Digital Dashboard. Next month, we will discuss metrics and the use of the Digital Dashboard technology.

About the author

Ken Cowman has over 11 years experience working in operations management and over 26 years of management and enterprise solutions consulting experience. With over 25 years of executive management experience and 6,500 hours of education and seminar leadership experience, he has the experience to be able to view the organization from all levels and ability to provide the appropriate level of teaching and/or consulting to effectively assist organizations in their quest for continuous improvement.