

Continuous Improvement Basics

For this issue, we are going to take a look at what CPI is. According to the APICS® Dictionary, 9th Edition, CPI is: “A *never-ending* effort to *expose and eliminate root causes* of problems; *small-step improvement* as opposed to big-step improvement. Syn: continuous improvement”. There are three parts italicized and I want to take these sections and explore them.

“Never-ending” is a self-explanatory term and, in the context of CI, is the “Continuous” part of CI. Essentially, an organization embarking on the CI road is undertaking to never stop looking for methods of improving themselves. By improving themselves they provide increased value to customers and improve the position of all stakeholders in the organization.

“Expose and eliminate root causes” of problems is more problematic than simply looking for processes or metrics to improve. For instance, how many times have you heard the phrase: “We have an inventory problem”? Inventory is not a problem...it is a symptom. If an organization has too much inventory the root cause will be something like lousy forecasting or manufacturing run amok (those are only two of many potentials). The first issue to tackle is to identify *root causes* of problems and not chase symptoms.

Take Small Steps

“Small-step improvement” is a warning. Organizations that try to accomplish too much too soon fail miserably to accomplish much of anything...except to cause frustration amongst CI team members and waste resources. For instance, one organization had set a goal of 98% cycle count accuracy. While this is a target worth achieving, you do not go from 64% to 98% in one jump, which is what they were trying to do. This creates two issues: (1) the timeline is too long; and, (2) there may be multiple root causes that cannot be attacked simultaneously. In fact, some of the lesser root causes may not be found until later. Small-step improvement means setting a goal that can be quickly achieved with the identification of one major root cause. For this organization the achievement of greater than 75% was quite easily achieved by making only one person responsible for the quality of data input into the system. Major cause eliminated: People who had incorrect information would ‘fake’ their input or ignore it altogether.

Continuous Improvement – Everywhere

CI is not only for manufacturing and inventory management operations improvement. The application of CI projects can include: customer order cycle cost and time reduction; purchase order administration cost and time reduction; average days aging of accounts receivable reduction; time to market reduction; and other processes that are not directly involved in the manufacture or distribution of products or delivery of services.

Within CI is a broad range of methodologies that are employed. In future columns we will explore topics such as: Quality-At-Source (QAS); Vendor Managed Inventory (VMI); Just-In-Time (JIT); Lean Manufacturing; Single Point Of Contact Service (SPOCS); Total Quality Control (TQC); Total Productive Maintenance (TPM); and many more.



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There are also many technologies available to assist CI. We will delve into subjects such as: Advanced Warehouse Management (AWM); Data Warehousing and Retrieval; Electronic Data Interchange (EDI); Business Process Management (BPM) many others; and, of course, the evolving use of the Internet. Note: CI can also be applied to improving the on-time, on-budget delivery of information technology projects.

People Make The Difference

The most important component of CI is people. To succeed, the organization needs educated, motivated and empowered people that function in targeted teams to implement CI. This must be with the direct involvement and support of senior management. As many organizations have found out...you can purchase technology and management can "talk the walk". However, unless management *invests* in the education and team building of personnel and *invests* their time to understand the initiatives, support the people and eliminate obstacles then management will fail to "walk the talk".

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.