

One Of The Four Elements of a Continuous Improvement Management System

Performance Indicators and Visual Management via Displays.

BRIEF

MANAGEMENT of continuous improvement is not something that is normally deeply considered, yet it is critical. (David Mann, "Creating a Lean Culture".)

Lean (a term "westernised" for continuous improvement) implementations invariably fail long term because management (all levels) fail to recognise that they too must change their ways in the way they manage. A previous article provided a brief description of the 4 Essential Elements of a successful Continuous Improvement System. If we don't have the right accurate information easily accessible to those that can improve the process or operation then sustained improvement will be unlikely no matter management's intent ... This article expands on this statement.

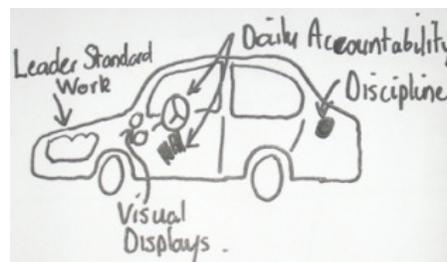
RECAP – FOUR ELEMENTS

There are four essential parts of a Continuous Improvement Management System. They are not complex or complicated. They are all dependent on each other. All four must be present and working well in order to drive your improvement work.

These four elements are:

- Visual Displays.
- Leader Standard Work.
- Daily Accountability.
- Leadership Discipline.

The analogy of a car was used to describe the four elements. The car and four parts are drawn below.



Visual Management via Displays is the dashboard of the car. I will now expand on this.

VISUAL MANAGEMENT VIA DISPLAYS

One of the very first questions should be “what indicators are critical to the success of our operation?” Success of most operations is largely measured by quality, productivity and safety.

The second question is then “are these measures clearly visible on the work floor in a form relevant to those who actually impact them?” In other words, does everyone know the answer to the question “Are we doing a good job right now?” and is everyone’s answer the same. Too often in work places, the workers answer to this question will be quite different to middle managements, whose is often different again to senior managements!

As quoted at the start of this article, if we don’t have the *right accurate information easily accessible to those that can improve the process or operation* then sustained improvement will be unlikely no matter management’s intent. Effective Visual Displays communicate vital process information in a manner easily understood and interpreted by those who work in the area, or are accountable for work in the area.

We have lots of information in our workplace ... too much especially in the modern age of computers and technology. Thus the very first question is “what information is *vital process information*”? What are our performance indicators? To answer this question we apply 2 further questions in a work area.

- What do we need to measure, that if we do well, will increase business profit?
- What do we need to measure that, if done badly, would result in a cost or potential cost to the business?

Once we have listed the answers to these 2 questions, we then ask (of the list) “What is *critical to the performance* of our area from the *perspective of the customer*, and for the *management of risk*? (The customer is both internal and external, more so internal feeding backward from the external customer.)

We now have a list of things we must measure that are critical to the performance of our area from the perspective of the customer, and for the management of risk. The next question is how will we know our performance of these measures all of the time? The answer is we make the actual current performance and expected standard *easy to see for everyone in the work area*. We set up Visual Displays that communicate the answer to the question “Are we doing a good job right now?” This supports the Toyota philosophy of “Every employee has the right to know if they have done a good job”.

Visual Displays, if they are to be effective, need to:

- Contain real time information that answers “Are we doing a good job right now?”
- Be quickly and easily interpreted - charts, pictures and diagrams showing operational facts.
- Be centralised where the work is happening.
- Make very clear any differences between what is actually happening and what was expected.

With reference to “real time” we mean information relating to what happened in the last 24 hours, not what happened a week ago. People will not be driven toward change by “old” information, and even if they were, it would be too late. Thus, we are not talking about filling a display with lots of graphs and charts showing historical data.

How will we know if our Visual Display has been effective? An effective Visual Display will drive a change in behaviour of people who use it. Changes in behaviour give rise to changes in results. It is the changes in results, the ones identified as being critical to the performance our area, that we are seeking. If a change in results does not ultimately occur then, no matter how good our display looks, it has been a failure.

Good supervisors and managers will use Visual Displays as a means of effective process control and improvement. The very best supervisors will have a continuous focus on improvement and need Visual Displays to maintain correct focus – a focus on the process. The supervisor will ask 2 things based on what he sees on the Visual Displays:

- What do I need to do to the process or operation right now to get it back under control?
- What do I need to do to the process or operation as soon as possible so that we improve our current standard?

These 2 questions underpin the following 5 actions (by the Supervisor based on what he sees on the Visual Display):

1. Notice changes in a process or operation quickly via a visual display.
2. Understand the situation.
3. Make the right decisions.
4. Determine how quickly we need to correct the situation or make the improvement.
5. Facilitate it – CHANGE BEHAVIOUR.

SUMMARY

Sustained change and improvement starts with knowing first what needs to change i.e. what is critical to the performance of the work area. Then second, make what is critical to the performance of the work area easy for all to see, especially those people who have the greatest impact.

Why do we do all this? Because we need results to change ... no other reason.