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Build Improvement **Capability** Quickly, Safely, and Affordably



*In a series of articles, we discuss key challenges and solutions to making business improvement more effective, efficient, and sustainable. The third article is about **Improvement Capability**.*

Solve Problems and Leverage Opportunities

With increasing levels of change and competition [1], most companies need to ensure that they have the capability to solve critical business problems and leverage improvement opportunities effectively and at a sufficient pace. In his bestselling book *Good to Great*, Jim Collins writes, “companies fail to grasp the fact that solving problems can only make you good, whereas leveraging your opportunities is the way to become great” [2].

The good news is that because problems and opportunities are very similar, the same capabilities can be used to tackle both of them. Both problems and opportunities can be seen as gaps between current and wanted performance.

A problem is a performance gap that is perceived negatively because the current performance deviates from the normal and expected performance [3] (Figure 1, scenario 1). Opportunities, however, are also performance gaps but they are perceived positively because current performance matches expectations and is believed to be further improved (Figure 1, scenario 2). The difference between problem and opportunity lies then in the perception of whether the “glass is half full or half empty.”

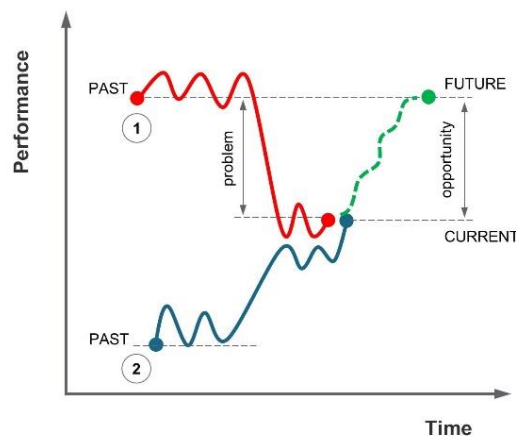


Figure 1. Problems and opportunities defined as performance gaps.

Create a Shared View of Improvement Capability

Whether you perceive them as negative problems or positive opportunities, performance gaps will likely not be closed without sufficient capability. However, before an organization begins to evaluate and develop its improvement capability, it first needs to define what capability actually is.

Capability is one of those words that people know but have different definitions of what it really is. One common view is that capability is people’s ability to carry out a work task [4], essentially making capability synonymous with competence, experience, and skills. Another common definition is that capability is the ability of a process to produce an output that fulfills requirements [5].

In the context of business improvement, both these definitions are correct but still incomplete. A more suitable definition is that capability is the whole work system’s ability to fulfill the customer’s

and other stakeholders' needs and wants [6]. The Eight Elements model defines the generic capability areas (or elements) that together form a work system (Figure 2). Each capability area (or element) can be further defined in detail until a complete picture of the most important capabilities emerges.

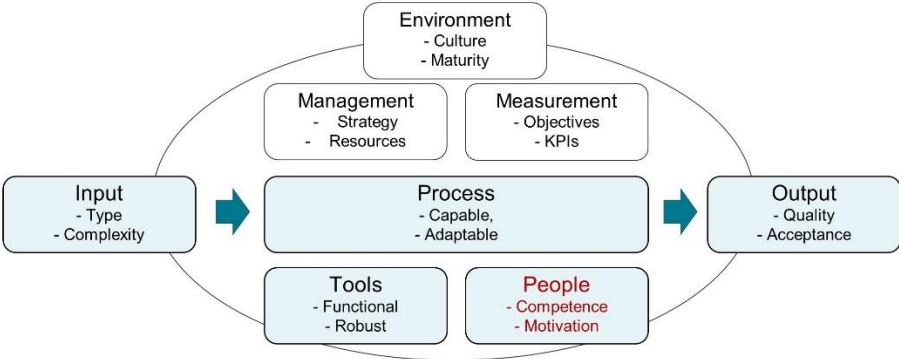


Figure 2. Key capabilities for business improvement.

Evaluate Current Improvement Capability

The capabilities required to succeed with business improvement are rather generic across functions and companies (Figure 2). For example, improvement leaders always benefit from having the right competencies and motivation, and access to functional and robust tools. It is also always valuable to be guided by a solid improvement method and robust work processes with clear objectives.

Since improvement capabilities are generic, a best practice reference model such as the business improvement maturity evaluation tool (BIMET) can be defined. BIMET provides a standard against which the organization can objectively evaluate its improvement capability, and identify strengths, weaknesses, threats, and opportunities, before planning actions to close gaps (Figure 3).

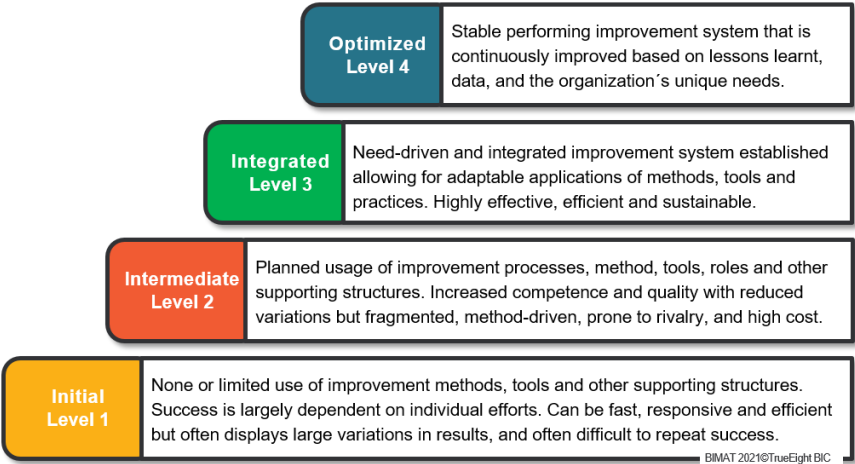


Figure 3. The business improvement maturity evaluation tool (BIMET).

The BIMET is divided into four maturity levels, similar to the well-established Capability Maturity Model Integrated (CMMI) standard [7].

The initial level is characterized by limited usage of improvement methods, tools, practices, and other supporting structures. Success is heavily dependent on personal knowledge, experience, relationships, and efforts. This level of business improvement can be quick, responsive, and efficient but often displays significant variations in results, and it is difficult to repeat success at this level.

The intermediate level is characterized by increased usage of processes, methods, tools, roles, and other structures to support the organization’s improvement work. This level of business improvement is often method-driven with higher levels of competence, better output quality, and fewer variations but also prone to method competition, rivalry, and high cost.

The integrated level is characterized by a need-driven application of methods, tools, and practices, which are integrated and adapted to match the opportunity at hand. At this level, methods, processes, tools, roles, and other structures are integrated into an improvement system that results in higher improvement effectiveness, efficiency, and sustainability.

The optimized level is characterized by the continuous improvement and optimization of the improvement system based on lessons learned, facts, data, and the organization’s unique needs and requirements. At this level, business improvement is a strategic asset that reliably turns opportunities into effective improvements at will and pace.

Build Improvement Capability Faster with Lower Cost and Risks

Many organizations find themselves on level 1 and 2 where it can be hard to create sufficient business value to sustain the improvement effort over time [8]. To support organizations to reach a more value-adding and sustainable level, the adaptable and integrated improvement model (AIIM) was established. It is a complete business improvement system on an *Integrated* maturity level (Figure 4).

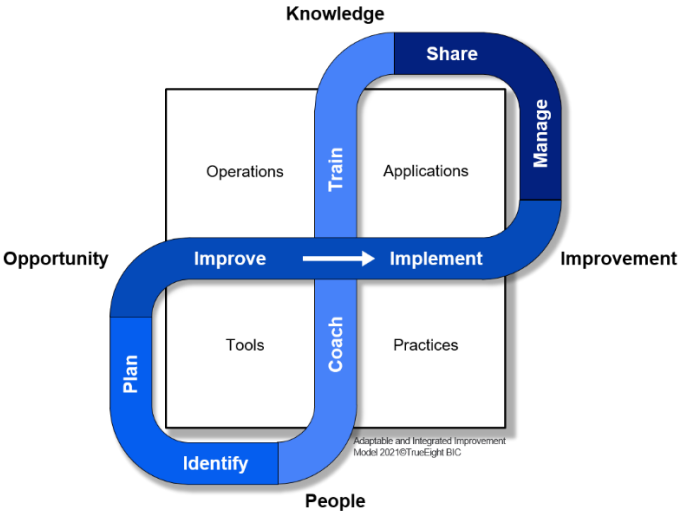


Figure 4. The adaptable and integrated improvement model (AIIM).

AIIM contains an 8-step continual improvement cycle and can quickly be adapted and scaled to fit the organization's improvement needs, whether it is to solve complex problems, drive process improvement projects, implement lean practices, or develop new processes. The model integrates and adapts the best components of methods like Agile, Lean, and Six Sigma to the opportunity at hand.

Organizations can benefit from AIIM when building improvement capability in several ways. AIIM can be used as a reference model to compare against and get guidance when building one's own improvement system. Alternatively, AIIM can be used as a repository of best practices to "cherry-pick" individual elements that are needed, thereby reducing the cost, time, and risk associated with developing own solutions from scratch.

The third way to benefit from AIIM is to copy and implement it as a complete system, which is the quickest way to give people access to best practices. Either way, AIIM provides a fast, safe, and affordable way to build up the organization's capability to succeed with effective, efficient, and sustainable business improvement.

References

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