

By Lars Jönsson
TrueEight Business Improvement Consulting
www.trueeightconsulting.com
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Adapt Improvement Strategy to Opportunity and Capability



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

None or Fixed Improvement Strategy

The outcome of an improvement initiative is mainly dependent on how the organization's improvement capabilities are adapted to the specific situation and put into action to leverage opportunities and solve problems. This plan of how to transform opportunities and problems into effective improvements is what we call business improvement strategy (Figure 1).

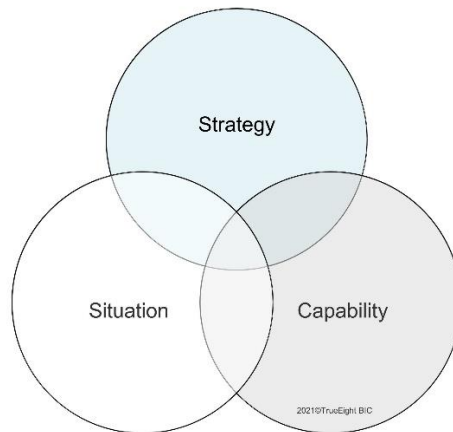


Figure 1. Strategy as the plan for how to use capabilities in a specific situation to achieve objectives.

Whether for small projects or large programs, business improvement strategy is primarily determined by the applied improvement method. If no method is provided, the improvement team will likely not formulate a strategy and instead be driven by external circumstances and stakeholders. However, even if a method like Agile, Lean, Six Sigma, and Change Management is provided, thereby giving the team a standard strategy and plan how to drive the project, the risk is imminent that the standard way will not be very effective and efficient for the specific situation. Instead, business improvement strategy needs to be adaptable to available capabilities and the situation at hand and allow for fast updates as frequently as the circumstances require [1] [2] [3].

Primary Improvement Strategies

Although each improvement opportunity and situation are unique, they can still be typified into groups based on key characteristics. By studying how these common groups of improvement opportunities and situations have been managed in large companies going back to the early 1900s, the “best” improvement strategies can be understood and defined [4].

One of the most common improvement strategies is to improve performance (Figure 2). It is the strategy used in methods like Six Sigma, Design Thinking, Lean Five Principles [5], A3, and 8D problem-solving [6]. The improve performance strategy is an outside-in approach that starts from the customer's needs to define performance requirements before developing own solutions that establish the capability required to produce the correct output.

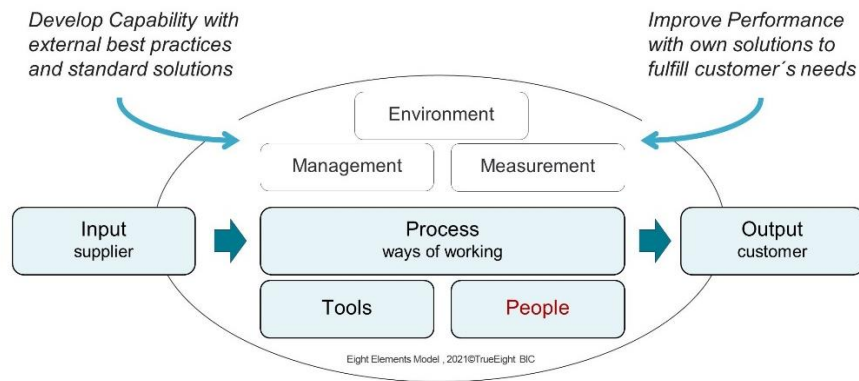


Figure 2. Primary improvement strategies, improve performance and develop capability.

The other primary improvement strategy is to develop capability (Figure 2) by implementing best practices and standard solutions developed and used by others. It is the strategy applied in Lean, CMMI, EFQM, BPM, and other standards and collections of best practices. Rather than reinventing the wheel, the approach is to implement solutions and ways of working that have worked well for others. It is an inside-out approach that starts with implementing proven practices to strengthen internal capabilities, which is expected to result in better products, services, and performance.

Combine and Adapt Strategy to the Opportunity

The two primary business improvement strategies have much in common but are still two different approaches. This explains why people are still entangled in a seemingly never-ending discussion on how to combine best Lean and Six Sigma. They do not view them as strategies and cannot sort out how to fit them together. This frequently leads to either adding some Lean tools and practices to Six Sigma, or that Lean is pursued with Six Sigma being discarded as the same as A3 problem solving.

The inability to combine the unique strengths of Lean and Six Sigma is a telling example of how poor understanding of business improvement strategies leads to ineffective and inefficient improvement projects and programs. Figure 3 illustrates how the primary improvement strategies (and Lean and Six Sigma) can be combined by selecting the most suitable approach for the opportunity at hand.

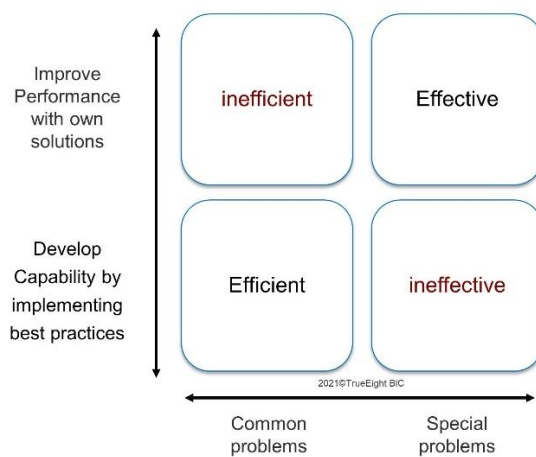


Figure 3. Adapt the improvement strategy and approach based on the opportunity at hand.

The improve performance (Six Sigma) strategy is suitable for problems that are unique to the organization and, therefore, require special solutions. These problems often need to be adequately defined and analyzed before they can effectively be solved with creative solutions. The develop capability (Lean) strategy, on the other hand, is suitable to resolve common problems that many, if not most, organizations face. Because the problem and situation are the same or very similar, best practices and standard solutions can efficiently be implemented to address these problems.

From above, it stands clear that using Six Sigma to solve common problems with already existing solutions is inefficient and might lead to overthinking a problem and delay actions [7]. Similarly, implementing Lean practices and solutions without first correctly understanding the real problem might be ineffective and lead to inadequate solutions and ways of working that people resist accepting.

Secondary Improvement Strategies

The importance of managing the new solutions and ways of working is recognized as key to successful continuous improvement [8]. Thus, the primary improvement strategies are often combined with two secondary strategies that focus on how to manage and operate the new (Figure 4).

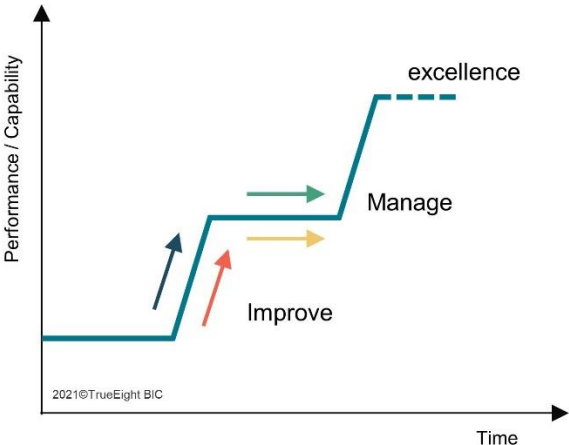


Figure 4. Combining primary and secondary improvement strategies to reach excellence.

The goal of the secondary improvement strategy, process control, is to manage the business through stable and standardized processes that have been carefully engineered and proven to deliver the right outputs when adhered to. In this strategy, the perfect process is developed and then standardized to ensure that people follow the documented best way of working. This strategy is shared by methods like Business Process Management, Lean, Six Sigma, ISO9000, and CMMI that put the process at the center of the work system (Figure 2).

The alternative secondary strategy is team flexibility, which is suitable for managing dynamic and complex work systems that are too difficult and too expensive to stabilize and control via standardized processes. Instead, self-leading and effective teams are developed that make decisions and take actions based on the situation. This strategy is shared by methods like Team Effectiveness [9], Agile, and Scrum that put the team at the center of the work system (Figure 2).

Sub-Strategies

The strategy diamond (Figure 5) shows the primary and secondary improvement strategies along with four common sub-strategies. These proven and validated strategies can be combined and adapted to match a wide range of improvement opportunities and situations.

The focus of the quality sub-strategy is to improve quality and customer value while reducing costs associated with defects and variations. The focus of the lead-time sub-strategy is to reduce lead-time and create flow while reducing cost by eliminating waste. Combined, they form a strong strategy for improving quality, delivery, and cost (QDC) performance, productivity, and profit margin.

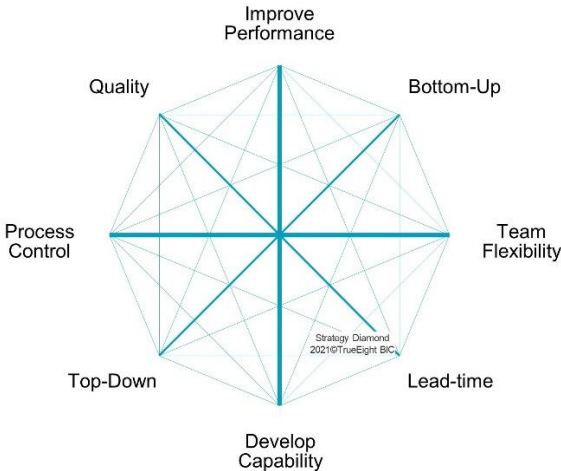


Figure 5. Outlining common strategies for business improvement.

The third and fourth sub-strategies relate to whether the improvement effort should be driven bottom-up, as many small improvement initiatives, or as a central, top-down effort with a few large projects. The former can be used to involve people, influence the mindset, and change the culture, whereas the latter is more suitable for driving large-scale changes and securing economic benefits.

Effective Execution of Strategy

Execution is typically the Achilles’ heel of strategy. Planning is relatively easy compared to actually carrying out the plans. To facilitate the deployment of presented improvement strategies, eight improvement applications were developed.

These applications detail the flow of activities, deliverables to complete, tools to use, and practices to implement. They are simply proven “recipes” for how to best address the most common improvement needs of an organization [10]. By combining and customizing the eight standard applications, a wide range of improvement opportunities and situations can be handled effectively, with an increased likelihood of success.

As described in Figure 6, the different improvement strategies are deployed through the standard improvement applications. For example, the improve performance strategy is deployed with applications 1 to 4, while develop capability is executed with applications 5 to 8, and so forth. The improvement applications are part of the adaptable and integrated improvement model (AIIM), which also supports building the organization’s improvement capability [11] and situational awareness [12], both critical to adaptable improvement strategy.

Applications	Improvement Strategy							
	Improve Performance	Develop Capability	Process Control	Team Flexibility	Quality	Lead-time	Bottom-up	Top-down
1. Problem Solving	X						X	
2. Improve Performance	X		X		X	X	X	
3. Optimize Performance	X		X		X		X	
4. Design New	X							X
5. Make Process Effective		X	X		X		X	
6. Make Process Efficient		X	X			X	X	
7. Make Process Responsive		X	X			X		X
8. Develop Team Effectiveness		X		X				X

Figure 6. Applications turning improvement strategies into action.

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