

PIP SPEAK

THE NEWSLETTER OF
Partners in Performance

Skills – putting ‘Continuous’ back into Continuous Improvement

There is a depressing sense of déjà vu about much business improvement – a series of one-off projects where many of the savings are not sustained and the cycle starts again. PIP looks to set up the systems, wiring and skills to embed continuous improvement in organisations from day one.

- One-off improvement exercises *by definition* typically offer limited long-term benefit
- There is rarely sufficient rigour and investment of time in developing skills required to deliver ongoing improvement.

PIP has developed graduate programs with Melbourne University to develop operations management and improvement skills to bridge this gap.

Over the years we have had the opportunity to work with a large number of companies on operational improvements. Rarely were we the first consulting firm to be called in to help. In many cases, we were not even the second or the third. Through this revolving door process, it has become apparent that many companies look at business improvement as an initiative and not as a culture. There is an old joke that goes something like this:

A woman has gone to the supermarket to do some shopping. While she is there, she bumps into a friend.

The friend asks, “How are you doing?”

The woman replies, “I am doing well. I am on a diet to try to lose some weight.”

“That is really hard.” Says the friend.

“Not really”, the woman replies, “I have done it hundreds of times.”

How easily this same story could be repeated by the managers at many of the companies

at which we work. The punch-line would look very similar: “Cutting costs is easy; we’ve done it hundreds of times.”

It is our view that business improvement is something that, once started, should never have to be started again – it should be an ongoing process in the business, not something that starts and stops in campaigns. Unfortunately we have also learned that this view, while shared by many companies, is not widely practiced. Driving change is easy; getting it to be sustainable is hard.

At the outset, consultants are often called in to launch the flavour-of-the-month initiative. A year on and, in the best cases, efficiency has been found and some process has been changed. In the worst cases, root causes have not been fixed, but heads have been cut. In both situations companies may see short-term benefits; everyone feels good and gets a pat on the back for delivering results. Long-term, the outcome of these initiatives is quite different. In the latter case, ‘fixed’ processes and headcount have returned to ‘normal’ (often with people rehired as expensive contractors) resulting in renewed pressure for another round of one-off interventions. Worse still, the head cutting could lead to a major industrial accident costing millions of dollars and putting employee safety in jeopardy.

Although there are many micro reasons why operational transformations don’t →

Partners in Performance

Partners in Performance is a firm that builds better businesses. We deliver rapid performance improvements in industrial, resource, manufacturing and service companies, using specialist teams and a hands-on approach to lower costs and increase revenues.

PO Box H52, Australia Square,
Sydney NSW 1215 Australia

Phone: +61 (0) 2 9321 0800

Fax: +61 (0) 2 9321 0888

Email: info@pipint.com
www.pipint.com



stick, sustainability is fundamentally reliant on two things: robust organisational systems and processes ('wiring') – as described in the other article in this newsletter – and people with the skills and knowledge to manage the improvement process.

Most companies (and the consultants they hire) realise that the skills and capabilities of managers are core to sustainable improvement. Unfortunately, most methods used to develop these skills are inadequate. The majority only cover a fraction of the training required to develop skills – and they typically focus on either an execution-based or a classroom-based approach. What PIP has developed is a holistic training package that teaches the know-how AND the know-why of managing operations and driving operational improvement, which balances the practical, experiential learning with the requisite level of theory.

In conjunction with Melbourne University, PIP delivers a unique graduate certificate program in Operations Management. Over the course of 4-12 months, whilst working on site to deliver rapid improvements in operating results, PIP trains people in key roles in how to manage operations and drive operational improvements.

To remain competitive, companies need to identify and develop their operations leaders. The PIP program is structured to support that goal. At the outset, organisations are required to pinpoint suitable candidates from both improvement teams and operational management roles (the basic requirements for participation being a track record of career advancement, computer literacy, etc.) for entry into the program. In addition to training these leaders, the program assesses their competence so that skill gaps can be addressed early and also tracks their progress to give them and their sponsoring company a clear picture of their skills and capabilities at the completion of the course.

Designed to develop a broad skill-set for managing operations and leading operational change, this program is structured around two major learning areas – Fundamentals of Operations Improvement and Managing Operations. When students have completed and passed this program they will have developed an understanding of the fundamentals of managing and improving operations and experienced using a variety of operations management tools. They will have the ability to analyse operations, identify potential opportunities and project manage operational improvements. They will have also developed skills and theory in how to manage an operation so that, at the end of the course, students will be able to formulate and implement strategies for operations improvement as leaders in a culture of continuous improvement.

More than just classroom training, this program is an integrated learning experience for all the participants. Over the course of the program students will spend more than 50 hours in a classroom environment being taught both



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the theory and the tools. Each hour of classroom training is typically followed by 10-15 hours of direct coaching/ personal tutoring on the job – implementing improvements – in order to develop a practical understanding to cement the theory in place.

It is our view that candidates who successfully complete the course are prepared for further progression as operations leaders. The criteria for successful completion of the training program are stringent. To complete the program students will need to show competency in each of the core skills of business improvement. For example, to get credit for passing the Fundamentals of Operations Improvement participants will need to show competency in areas such as Communicating and Influencing, Change Management and Team Management. A similar proof of competency is needed to pass the Operations Management module. Having proved their competence along the way, it is natural that the participants (and their organisations) will have confidence in their ability to lead operations by the end of the training.

Improvement processes and systems can create a step-change in performance. The wiring behind these processes and systems helps make these changes sustainable. However, it is the skills and competencies of the people that determine whether continuous improvement can and will be a way of life for organisations. Giving the leaders in an organisation both the know-why and the know-how of managing operations improvement is essential if organisations are serious about keeping the ‘continuous’ in continuous improvement. Without this, it may well be a lifetime of one-off step change programs that lies ahead of them.