

# Does Double-Digit Productivity Improvement Seem Unreasonable?



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## Think Again When Setting Targets for Annual Productivity Improvement

In the past we've written about the importance of setting higher productivity improvement goals. Most leadership teams set their company's annual improvement targets too low. Somewhere between 6-8% is a good starting point. Anything less than that barely keeps up with labor cost inflation.

A double-digit productivity improvement target can really provide some breathing

room and contribute to a company's bottom line. That's unrealistic, your people might say. The typical budget number between 2-3% is more "reasonable." We've heard that before. Many times. But double-digit targets are not unreasonable, or impossible.

One of the fundamental tenets of LeanSigma and a culture of operational excellence is that there is always room for improvement. That starts with leaders setting high enough expectations. Next comes focus and effort.

To shed some light on exactly what kind of focus and effort is required, we recently published a detailed case study about how [TBM helped a manufacturer of plastic food packaging improve productivity 30% over six months](#). This isn't a "low-hanging fruit" operation with easy gains waiting to be captured. It's a high volume, heavily automated and engineered production process in a highly competitive market.

As we describe in the case study, achieving such gains began with detailed work observations and a phased implementation of process changes, combined with standard work and training to sustain their progress. The plant operations director was deeply involved throughout. He worked side-by-side with supervisors and participated in all of the training sessions.

In fact, it is this initial and ongoing training that drives long-term productivity improvements. Over time people become more adept at identifying and solving the issues that inevitably pop up no matter how well run an operation is. Continuing to apply LeanSigma methodologies and tools to eliminate waste and make material flow better will drive significant and sustainable productivity gains year after year. Setting healthy targets and driving progress toward them is up to you.



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