



Demand Results from Your Continuous Improvement Program

Operations executives should see clear financial returns—cost savings and superior growth and productivity—from their Lean Six Sigma, operational excellence and continuous improvement programs. If the returns are not obvious, if your operational improvement team isn't delivering a 3X to 5X return on your investment, it's time to regroup and focus on activities that will deliver immediate and long-term results.

Is It Time to Reboot?

Are you satisfied with the performance and financial returns from your continuous improvement (CI) program? Are the benefits and ROI clear and measurable? Are your CI program efforts driving growth and profitability? If you answered “No” to any of these questions, it's time to reboot your program—my recommendation!—or move on like Xerox did last fall. That's when Xerox **announced** that it was disbanding its corporate Lean Six Sigma (LSS) team, which it launched in 2003. The move eliminated 12 positions, and reportedly freed up funds for “marketing and customer-

led innovation.”

In my opinion the only reason a company should reduce dedicated resources to a Lean Six Sigma program is because it has become so engrained in the culture that managers and supervisors are doing it day in and day out. That may be the case at Xerox. With the announcement the company’s head of operations said that Xerox had met its goal of “embedding the principles and practices of (Lean Six Sigma) within the business.”

A Xerox spokesman added that the company has 500 black belts and 2,500 green belts—out of 140,000 total employees—who would continue to serve as important resources for critical projects. While I hope the principles and practices are embedded, I have yet to see a company where a Lean Six Sigma philosophy is so deeply entrenched that ongoing reinforcement in some form is not required to maintain it.

Training hundreds or even thousands of people does not truly embed a philosophy.

Take Toyota, for example. Toyota developed its widely imitated production system—dubbed “lean manufacturing” by followers in the United States—in the wake of World War II. Although the company **doesn’t reveal many details**, over 75 years later the Toyota Institute reportedly indoctrinates hundreds of managers from around the world every year in the company’s core principles, which it now calls “The Toyota Way.” In Toyota’s case, one has to assume that the company is getting a clear value out of a central group teaching its core principles of continuous improvement and respect for people.

Indeed, executives see such inculcation as critical to maintaining the company’s core culture and drive in its many operations around the globe. This brings us back to my original questions.

1. Are you seeing a measureable financial impact from your Lean Six Sigma, operational excellence or whatever you call your continuous improvement program?

2. Is it contributing to superior growth and profitability in addition to delivering substantial cost savings?

The returns should be obvious and your continuous improvement program should easily pay for itself. If the returns are not obvious, if your operational improvement team isn't delivering a 3X to 5X return on your investment, it's time to regroup. Focus your team on activities that will deliver clear results, and consider getting some guidance from outside eyes on designing a structure and approach that will yield both immediate and long-term returns.



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