Benefits of continuous improvement

Note: This article primarily refers to providing customers with services; however, this concept applies to providing customers with both products and services.

One of the slides I use to teach Continuous Improvement (CI) concepts shows a clip-art person holding a sign with a tongue-in-cheek list of the things that customers want when it comes to an organization providing them with services and products. The list says:

- Free
- Yesterday
- Perfection
- Customized
- Changes on demand
- Lifetime warranty
- Around the clock service
- Whatever Else I Want…

I know that is a pretty extreme list, but there are times when it feels like that is what customers are asking for. The truth is customers, both internal and external, are asking us to provide excellent-quality services that meet their specific needs, as cheaply and quickly as possible; and for us to provide any needed follow-up afterward. That is not an unreasonable request. Additionally, these expectations apply to any service interaction – from answering a simple question at an information desk, to enrolling a student in a class, to supporting a co-worker in accomplishing a task.

Implementing a culture of continuous improvement can help us to meet customer expectations and provide valuable benefits to the organization.

A culture of continuous improvement

To understand the benefits of continuous improvement, we have to start with what it looks like in practice. Al Filardo wrote a nice summary for the Understanding Continuous Process Improvement program which we used to teach to Business and Finance staff. Here is his summary:

What Is Continuous Improvement

An organization embarking on the implementation of a continuous improvement (CI) culture is making a commitment to improve its business, develop its workforce, and change the way it executes its work to the benefit of those it serves.
The most important component of a CI culture is people. Empowered, motivated, educated people who function as a team are the key ingredient for a successful CI environment. A continuous improvement driven organization is very clear about its vision and its mission. Every member of the organization can relate their individual and team efforts to the mission. In other words, they know how their work is contributing to the success of the very venture to which they belong.

Management in a CI culture demonstrates its support by investing in the appropriate education of all employees. Management also eliminates barriers that prevent individuals and teams from accomplishing their goals. In addition, management in a CI culture is relentless in ensuring that all employees’ work is aligned to the vision and mission of the organization.

In a continuous improvement environment, the never-ending pursuit to improve can be seen easily by those both internal and external to the organization. New tools are always analyzed and tested to check the worthiness and the appropriateness of their application for the sake of efficiency and cost savings. Every process is reviewed by teams or individuals to ensure that the most effective and efficient ways are implemented. Automation is highly regarded in a CI organization. Benchmarking internal and external groups is encouraged to find a better way and avoid duplication of effort. Feedback and suggestions from every level are respected and encouraged by all. Members are rewarded and recognized for going above and beyond what is required. When errors are committed, they are seen as opportunities for learning, and processes are put in place to prevent recurrence of the error. Appropriate metrics are highly valued, constantly gathered, evaluated and acted upon. Data-based decision making is the mantra of the CI organization.

Most importantly, members of a CI organization understand that the pursuit of perfection is difficult, but are not discouraged by the journey to attain it. They are good followers and good leaders and have no problem playing either role.

Lastly, everyone in a CI organization understands that the customer is the most important guide in the journey and the ultimate judge of how close the goods and services are to reaching perfection.

Having a culture which supports empowered employees and motivates them to perform better, and which focuses on improving the processes that ultimately provide the services to customers, is a win-win situation. The customers get a better experience

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and have their needs met, while the organization sees increased capability, lower overall costs and a greater profit margin.

**What continuous improvement gives customers**

Implementing a culture of continuous improvement helps an organization by giving it the people, the processes and the tools needed to provide services in a way they were not capable of previously; and allows them to do so at a level that easily meets or exceeds the majority of their customers’ expectations. It also gives the organization the capacity to serve a larger number of customers and expand their services beyond their existing capability.

As Mr. Filardo pointed out, a CI organization acknowledges that the customer is the ultimate judge of how well a service is provided and the quality of the service itself. Whenever there is a question about how to make a service better, or when a new service is developed, the first question asked is “What does the customer want?” For this reason CI organizations use voice of customer (VOC) data to look at issues from a variety of angles and develop a clear understanding of what the customer experience should look like and what the organization’s services must do to satisfy the customers’ needs as completely as possible. As a result of this approach, CI organizations give customers the services they need and want, without guesswork.

Once the organization knows what the customer wants and what the service should look like, they have to actually provide it with a level of quality that matches the customers’ expectations and very rarely contains mistakes for fails to give the customer what they need. As processes are improved, or new services are created, they are designed to consistently provide the highest level of quality possible. This gives the customers services and a customer experience on which they can rely.

As a part of improving processes, a CI organization focuses on making sure that not only do their processes produce high quality services, but at the same time they are streamlined and efficient. Streamlining processes takes out unnecessary activities and decreases the time and effort needed to provide the service. The efficiency is seen in the organization’s ability to produce services more quickly, with fewer wasted resources. Because the processes are producing higher quality services with fewer mistakes and service failures, there is less need to spend time and resources on fixing problems (rework). Less rework also means that customers will not need to have multiple contacts with the organization to get what they need, and their overall satisfaction with the service they receive will be higher. Additionally, having faster, less wasteful processes translates into an ability to serve more customers, and reduce the time they have to wait for services. Because there is less waste and rework, the cost to provide the service is lower and the savings can potentially be passed on to the customer.
What continuous improvement gives the organization

The customer is not the only beneficiary of continuous improvement. When an organization implements a CI culture, it will also realize a number of benefits as well.

As Mr. Filardo noted, people are the most valuable component of a CI culture. Investing in the development of staff knowledge and skills, and giving them the authority to solve problems for customers makes the workforce more versatile and better able to deliver the services that customers need. Additionally, investing in the development of staff and empowering them to do more for customers increases employee satisfaction, motivates them to do more and produce high quality work, and helps retain them in the organization. The higher retention rates mean that organizations will see lower costs associated with recruitment, hiring, and training of new employees.

The improvements to processes which benefit customers also provide value to the organization. Streamlined processes require less time, effort and resources, which lowers operational costs, produces results more quickly, and reduces the cost per customer served. Process improvements create higher quality service outputs and reduce the need for rework, and this also reduces operational costs. Additionally, organizations with the ability to accomplish more with the same amount of staff and resources often find they now have the ability to develop new services and accomplish goals that they previously did not have the time to address.

Ultimately, lower costs to the organization mean more profit or lower costs to customers. Offering superior services at a lower cost makes the organization more appealing to customers and provides an operational advantage over competitors. In ASU’s case, we are competing with other universities for a limited pool of students. Having the ability to offer services that best meet the needs of students for a lower cost than other universities will give us options for attracting and retaining a greater percentage of the potential student pool.

The implementation of a CI culture can be challenging and does take some effort; however, if we are going to achieve our goal of providing exceptional service to our customers, it is a challenge worth embracing. As always, I welcome your questions or comments. You can email me at clayton.taylor@asu.edu.

About the author:

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