

Kaizen: Small Steps To Greatness

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Think about a problem in your business that has been nagging at you for ages. Now, imagine being able to solve that problem—once and for all—with unprecedented results.

It can be done more easily than you'd think, say practitioners of Kaizen, a Japanese practice that has helped some of the most successful companies gain their competitive edge. (Kaizen translates to “continuous improvement”). This well-tested approach can be used to improve nearly any aspect of business—from product quality, to efficiency, to cost control.

The power of Kaizen was harnessed by Toyota in the 1990s, leading the company to blaze ahead of its competitors in several key areas. “Essentially, they got a cross-section of employees together and, in a very intense period of time, had them not only come up with solutions for improvement, but also ideas for implementing those solutions to get immediate benefits,” says Ron Wince, CEO of Guidon Performance Solutions, which leads Kaizen workshops for client companies.

Kaizen involves assembling teams of employees with various job functions—who may never worked together before—to engage in intensive, problem-solving sessions. Their task? To review a particular process, look at each step, pinpoint any problems, and then brainstorm solutions. And the results can be astounding.

Wince once worked with a large benefit management company that wanted to improve the process that customers undergo to sign up for service, for example. “They were losing a lot of business, because customers would get so frustrated with the registration process that they'd just quit and go to a competitor,” Wince says. “In the course of a five-day Kaizen event, we put together a team of ten people including representatives from IT support, Finance, Accounting, and Quality, as well as frontline leaders and middle management. That team then mapped out the process—from end to end—of how a customer gets signed up. In the course of doing that, they identified that there was a lot of waste and confusion for the customer. One part of the organization would answer the phone under the (company's) old name, and the other group would answer the phone under the new name.”

The upshot? Within five days, the team streamlined the registration process. The company's customer retention improved by 80 percent within 90 days, and their lead time to sign up a new customer improved by 90 percent. “By tapping the creativity of the people who actually do the work and know the processes best, they were able to solve some big problems in just five days,” Wince says.

But the benefits to the bottom line are just part of the story. Wince says that, because Kaizen actively engages employees at all levels to make them part of the solution, it can also do wonders for employee morale.

About ten years ago, Wince conducted a Kaizen event for one of the big automakers. Union employees and management had been at odds, causing problems to stagnate. But as the Kaizen event progressed, the mood began to change. “At the end of the week, we had what we call a Celebrate Success session, in which the team stands up in front of senior leadership,” Wince says. “It isn't very often that an hourly (paid) person gets to talk to a senior executive and explain how they solved a problem. When we were doing that, one of the union representatives actually broke into tears. He said, ‘This is the first time in my 23 years with the company that I felt like management trusted us to solve a problem, and look how great this came out.’ His whole attitude changed because he realized that management really did value their opinion and was willing to give them an opportunity to solve problems that had frustrated them for years.” In fact, surveys show that after a Kaizen event, employees get more in tune with how their activity impacts the company and the customer.

Wince says it makes perfect sense that involving the brainpower of 20 or 50 people—rather than just a handful of managers—can yield impressive results. “You have to be willing to take a leap of faith, though, and allow people who have not historically been involved in solving the problems to be a part of it,” he says.

Of course, it's important for management to set boundaries that the team must work within—such as providing a budget or a timeline—before allowing the team's creativity to take over.

If done properly, however, Kaizen can take your business to the next level. Many organizations that Wince has worked with have even seen unexpected benefits, as product ideas and other innovations bubble up during the session. As he explains, "It allows you to be a lot more agile, efficient, and effective relative to your competition so you can be successful in the market."

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