

3 Easy Ways to Continuously Improve Your Business



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They say all businesses are either growing or dying. There isn't an in-between. We are either improving or degrading at all times. This view is popular but a bit flawed. The truth is that we are always ebbing and flowing. Up isn't a straight line. Down isn't a perfect spiral of destruction. This makes it harder to know if you are improving. If today was great, but last week was terrible, are you growing or dying?

The answer for many successful businesses is to take on a mindset of continuous improvement. Regardless of where the business currently resides, there is always room for improvement. This gives us power, because it gives us direction. It allows us to keep pushing forward, forging our path and solidifying our role in the marketplace.

But continuous improvement is often misunderstood. I've met many entrepreneurs who equate continuous improvement with perfectionism. They assume that harping on every small mistake by their staff helps them get better. It allows them to remain discontent, where they can then drive their people harder. The problem is that the system is more complex than that. Often these same business owners complain of high turnover. People don't want to work for a jerk. The talented and valuable employees will have options and will choose a better culture. The ones who stay are often the ones without any better options.

Sure, you feel daily that you drove your people as hard as possible. But the full system shows that a team of burnt-out employees is not better than happy, productive, experienced workers all driving in the same direction. It seems that continuous improvement is at odds with this vision of advanced productivity. When viewed through the perfectionist lens, it might seem that way. But through the systems lens, we see a completely different path to take.

So, how do you incorporate continuous improvement in your business without blindly driving your people harder and harder? Here are three easy ways to do it:

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1. Metrics and KPIs

When I took over the operations of a small business years ago, I worked to create this continuous improvement culture. We wanted to scale a business that had plateaued. This meant changing operational strategies, not just doing what the business had always done. But before change, I knew we wanted to make sure that change was an improvement, not a degradation. How do you know that the recent adjustment in process means more profit and better efficiency? How can you

quantify the quality improvement from adding another quality assurance step?

The only way to know you are improving is to use metrics. You should have benchmark data. You need to know that it takes three minutes per unit, or that every 100 units results in an average of four quality errors. You need to know how many units get done in an hour. You must be able to account for variances such as seasonality, part shortages, employee vacations, etc.

This means that you should start measuring everything. Today, this is often much easier than it was in years past. You likely have a variety of tools you can use to spit out usable reports. You might not have to have log files to dig through or data to run pivot tables to identify trends. You may find a few useful reports to give you enough insight to measure the key aspects of the business.

Once you have the data and form the insights, you can create Key Performance Indicators. Key Performance Indicators, or KPIs, are common in business. They give you the key aspects of the business that you monitor. They can allow you to set goals. You can establish ranges of acceptable output. We used them in the past to keep us balanced. When a KPI got out-of-whack, we looked at the full system to see why. Often, we were pushing too hard in another area, causing this side effect.

This allowed us to continuously improve, because we had the data. We knew that a change meant we were performing better. We didn't rely on gut instinct. We didn't just change and hope.

2. Learn to see systems

Key Performance Indicators are helpful, but to be truly effective, you must be able to see the systems in your business. Most people are blind to them. They see the

cacophony of activities, not the systematic flow.

But day in and day out, these activities form patterns. There are structures underlying them and driving them. This is how you start to see the systems. You start by seeing patterns within the chaos. You identify the processes and procedures that drive the activities and create the patterns. This helps avoid playing whack-a-mole with your business. Jumping from problem to problem back to problem, you aren't improving. That results in change for the sake of change. But when you see the full system, you can put in place solutions that solve the current issue but also address the root cause, so it doesn't happen again.

Systems thinking is key to stopping the recurring problem. You see things differently. You identify how it happened and see how it could happen again in the future. Your fix means more than a temporary band-aid on the problem. It means a change in the systems to create an environment where that problem cannot happen again.

Related: How to Think About the Systems in Your Business

3. Plan, do, study, act

Dr. Edwards Deming is famous for bringing continuous improvement to Japan after WWII and helping them rebuild their manufacturing industry. His tactics were so successful that Japan started to overtake other countries and became known as a pillar of quality and profit.

One of the methods he used was Plan, Do, Study, Act. Often referred to as the Deming Cycle, this process allows us to make changes without the worry of degradation. It starts by planning out a change in procedure. This potential step towards improvement then gets implemented. It isn't blindly implemented. It is often tested in a smaller environment first.

Here is an example: Let's say that you see the potential for an added step in your quality control process. It seems like it might help catch errors quickly. Instead of creating a whole new policy for the whole QC team to follow, create a subset. Create a smaller batch to try it on. Or have half of the QC employees try the new approach.

This limits the risk. If there is some unexpected result, you can quickly revert. You limit the risk of making the change. Many improvement strategies get halted, because leaders are afraid to take the risk. This manages that risk, allowing you to experiment more.

Then we study the results. Because we already established the metrics and gathered all the benchmark data, we can measure the results from the change with the typical results. Are they better? Are they worse? Did the output stay the same?

Then we act. If the change improved the areas we targeted, then make the change a part of the standard process that is used. If it didn't result in the outcome you hoped, go back to the old process. This shows that change doesn't mean you go backwards. It means you always go forward; you continuously improve.

This is the opposite of change for the sake of change. Leaders unfamiliar with these techniques find it difficult to continuously improve. They succumb to striving for perfection and driving their people harder and harder. If they never accept the current effort, they feel they are making the business better. A better way is to establish the metrics and define the KPIs, so that you know what you are working towards. You can see if you are making things better or worse for the business.

Then view the systems in your business and focus improvement efforts on the systems and processes, not the efforts. Make it about the steps the company takes and the tasks being

completed on a regular basis. Instead of the one-offs becoming the focus, target those recurring actions being taken.

Finally, implement Plan, Do, Study, Act. Use this cycle to reduce the risk from change. Use it to get employees to volunteer their thoughts on how the systems could be improved. Then test those ideas out without worrying that they won't work and cause the business to go backwards. Plan, Do, Study, Act helps you evaluate those changes in a real-world scenario before you change your processes and procedures.

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You don't have to be a Fortune 500 company with a formal continuous improvement methodology to get the benefits of continuous improvement. You can take the core elements and create your own process. These can be customized to your teams. They can be as small and agile as they need to be. Following these three steps can help you continue to improve the systems of the business to create more efficiency, more output and more profit.

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