

An enterprise business exists for one purpose: to create value and generate revenues in order to continue to exist in today's ever changing business landscape. These revenues must cover the expenses of the enterprise business, provide working capital for future operations, and provide the profits expected by the shareholders.

Because of this economic business imperative, all managers have to focus on the bottom line of the cash flow statement. Hence, from an enterprise business executive's point of view the enterprise business world consists of three things: income, expenses, and profits. Furthermore, the objective for the enterprise executive is clear: increase income, lower expenses, and maximize profit in the short term.

Therefore, the most challenging question confronting enterprise business leaders and managers in this new millennium is "How can an enterprise business executive and its business achieve this objective in the short term in order to continue to exist in the long term?" In other words, the question confronting enterprise business leaders and managers is not "How do we succeed?" It is: "How do we stay successful?"

1.1 The Issue

Countless books, papers, training seminars proceedings and missives in the past 25 or more years have been written passionately about successful management practices and techniques developed by Toyota and GE family of companies and presented to management to improve organizational performance. But strangely enough, despite the vast amount of knowledge presented to management on these much heralded set of management practices, no organization outside the leaders enterprise businesses that are Toyota's and GE's family of companies has ever come close to matching Toyota's or GE's top performances. The prevalent feeling is that something these leaders enterprise businesses do is still not understood and put into practice by other enterprise businesses.

Toyota and GE management practices and techniques presented to management to improve organizational performance all sound good and programs to implement each of them produce results if enough money is invested and the enterprise business

executive management gives full and total support to it. The problem occurs because in many enterprise businesses today, less than 20 % of the total enterprise business' budget can be set aside for the implementation of performance improvement practices and techniques. Approximately 80 % of the budget needs to go to pay salaries, buy materials, pay taxes, pay shipping costs, etc. Even if there was enough cash flow to invest in all of these performance improvement practices and techniques, there is no way that management could make numerous performance improvement practices and techniques their top priority, as you can only have one top priority. The result is that the enterprise business top management listens to everyone's pitch in search for the secret of success in performance improvement and then spreads the cash flow around, giving the biggest share of it and the executive's time to the enterprise business that makes the best presentation. This means that none of the presented improvement practices and techniques gets enough cash flow to undergo a successful implementation.

Most initiatives and programs to improve organizational performance fail to deliver. Whether the aim is to transform an enterprise business to become effective and efficient, more productive, customer intimate, or growth oriented, the majority of these organizational initiatives and programs fail to accomplish their goals. Most of these efforts do not lower expenses, improve productivity, boost customer satisfaction, or raise revenue to the levels that the enterprise business' executive board expected or promised to its stakeholders. Some initiatives and programs, in fact, fail entirely. All in all, the track record of business improvement initiatives and programs is a sorry one.

Why do enterprise businesses fail to achieve the bottom line of increasing income, lowering expenses, and maximizing profit in the short term while maintaining a consistency of purpose (i.e. sustaining results to foster the enterprise business mission and sustaining the business in the long term) despite the vast amount of knowledge on Toyota and GE management practices and techniques?

Because the competitive advantage of an enterprise business lies not so much in replicating Toyota and GE management practices and techniques themselves – whether it be 'lean' techniques, six sigma, today's profitable product, or any other – but in the ability of the enterprise business to understand conditions and adapt to create fitting, smart solutions. Toyota and GE management practices and techniques are solutions developed for the specific problems that Toyota and GE family of companies were facing.

The much heralded superior results of GE and Toyota family of companies spring more from patterns of 'continuous improvement' via experimentation than from the management practices and techniques that have been reported in the literature. Many of those tools and practices are, in fact, countermeasures developed out of 'continuous improvement' invisible patterns of thinking and acting. Focusing on implementing these solutions into your business will not make your enterprise adaptive and successful. These solutions are built upon invisible patterns of thinking and acting, and consistent strategic improvement and adaptation.

Achieving and sustaining success in today's hyper-competitive marketplace, with severe economic turmoil, is an ultimate challenge for any company and business leader. This is an era of unprecedented change, complexity, volatility, and risk when

everything seems to be moving at very fast speed. There is very little room for error. The business imperative today is not just to perform excellently, but to perform excellently consistently. The good thing about the many books, papers, training seminars and missives on improvement methodologies that are presented to management is that all of these methodologies have a lot of things in common. Activities like team building and project management are common in all the methodologies, so if the enterprise business focuses upon the common activity, the impact will be the greatest on the enterprise business’ performance. Consequently, what enterprise business leaders want to do is to optimize the enterprise business’ short- and long-range performance as viewed by all of the stakeholders.

1.2 The Solution

While the objectives of increased revenues, reduced expenses, and increased profits are legitimate in the short term, the real question is always “how these goals will be met in the short term and sustained in the long term?” The answer is “Continuous Improvement” transformation, a concept that is popular today, as alternative is to “Continuous Beatings” with stuttering failure of the traditional business approaches where you constantly strive for that magical combination of top talent, superior management, critical resources and canny strategy. But those elements – separately or in combination – will never achieve their ultimate value without ongoing and step wise improvement initiative in place.

The only reason why you, as an enterprise business executive, should ever consider starting a “Continuous Improvement” transformation initiative is to generate more profits and make your enterprise business more competitive. Do not start a “Continuous Improvement” transformation initiative to improve customer satisfaction or employee morale. It will do that, but the real reason you need a “Continuous Improvement” transformation initiative is to increase profits in the short-term and sustain these gains in the long-term; hence, you should look at the “Continuous Improvement” thrust as a business investment that is either going to add to or detract from long-term, net favorable balance.

1.3 So You Want to Start a “Continuous Improvement” Initiative

“Continuous Improvement” transformation is not optional; it is not part of the game. It is the game today; a condition of survival. For an enterprise business to survive in today’s competitive international environment there must be improvement efforts in both the continuous improvement philosophy and break-through improvement methodology. Every enterprise business must have systematic methods for making smart decisions, attacking problems, improving its products (i.e. tangible products) and services (i.e. intangible products), repelling competitors, and keeping customers delighted. Anything less than a systematic, disciplined approach is leaving the enterprise business future in the hands of chance.

“Continuous Improvement” transformation initiatives and programs have tallied billions in savings, dramatic increases in speed, strong new customer relationships – in short, remarkable results and rave reviews. What is “Continuous Improvement” transformation? What are its key characteristics and constituents? And how do we take the enterprise business to the next level and realize “Continuous Improvement” transformation?

1.4 The Purpose of This Book and Our Next Book

Most enterprise businesses do not progress beyond an average level of effectiveness regarding their ability to improve continuously, relative to Toyota and GE family of companies or to other enterprise businesses in their respective industry. Most continuous improvement initiatives are stuck at an immature level of development, in that they merely help the enterprise business to survive – they do not transform the enterprise business’ competitive position. The goals of this book are:

1. To provide a clear, well structured and interesting account of the concept of “Continuous Improvement” transformation as it applies to a variety of successful businesses and organizations;
2. To enable enterprise business leaders – from CEOs to supervisors – understand what “Continuous Improvement” transformation is, both a simple and a complex question, why it is probably the best answer to improved business performance in years, and how to create an optimal environment to maximize your chances for successful implementation work in the context of your enterprise business.

The text provides a logical path through the activities of a range of overarching determining factors of strategic management that matter the most. It aims to be:

1. *Strategic in its perspective*, it is unambiguous in treating the following overarching determining factors of strategic management as being central to competitiveness:
 - Leadership
 - Culture and Values
 - Strategic Planning and Management
 - Performance Measurement
 - Performance Management
 - Alignment and Commitment
 - Process Improvement and Management
 - Sustainability
2. *Conceptual* in the way it explains the reasons why “Continuous Improvement” is a condition of survival.
3. *Comprehensive* in its coverage of the significant ideas and issues which are relevant to achieve a state of “Continuous Improvement”.
4. *Practical* in that it provides guidance needed to create an optimal environment for realizing “Continuous Improvement” in practice.

The eight overarching determining factors of strategic management selected are drivers necessary to achieve a state of “Continuous Improvement” as developed in this book. They were designed by The Balanced Scorecard Institute in its white paper on Strategic Management Maturity Model (SMMM) (BSI, 2010) to:

1. Help enterprise business leaders – from CEOs to supervisors – perform a quick assessment of where their enterprise business stands in terms of strategic management;
2. Monitor progress in improving maturity of their enterprise business; and
3. Allow benchmarking across organizations, or departments within one organization, in order to identify best practices.

These determining factors are either missing or weakly applied in most enterprise business performance-improvement recipes. They are not new or probably even surprising, but they are critical to providing a solid foundation for “Continuous Improvement” transformation. Entire books have been devoted to each one of these overarching determining factors of strategic management. Based on our experience with our client organizations and on research conducted, we have concluded that many enterprise businesses do not implement these overarching determining factors well.

These eight overarching determining factors are not hard-wired into most improvement initiatives. If an enterprise business wishes to accomplish more with its investments in “Continuous Improvement,” it should include them in its recipe. They can differentiate the enterprise business from the competition and help to accomplish more meaningful change. They are further carried out in details throughout this book, informing enterprise business leaders – Project Managers, Green Belts, Black Belts, Master Black Belts, managers at all levels, and process improvement professionals – on the issues that matter most to success.

1.4.1 What Makes This Book Different

The distinctive feature of this book that makes it different from the remaining literature is that it addresses thoroughly the basic question to ask of management for a successful implementation of any improvement initiative: “Are we doing the right things?”

This book, the one that you are reading now, is not about a framework and systematic methodology for studying the constituent elements or processes and systems associated with each of the eight overarching determining factors. Such a framework and systematic methodology focus on answering the question “Are we doing things right?” This book is about the strategic management and the social environment concerns, the chapters of which answer the question, “Are we doing the right things?” It is about the management thinking and practices carried out throughout the eight overarching determining factors, and which must be put to practice on a daily basis.

A hammer and saw do not make someone a carpenter. Nor does mastery of technical skills alone ensure success. In any enterprise business, it is the intended strategy, driven from the vision of the leadership that defines what the right things are. Thus, a systematic improvement methodology like 'Lean Six-Sigma,' or any other quality improvement methodology, alone cannot guarantee that an enterprise business will be successful, that it will achieve its intended mission, or that it will progressively realize its full potential.

These two aspects of management – strategic and operational – complement each other, so both must be assessed to determine the enterprise business' capabilities to improve continuously. Consequently, we have written a separate book, the topic of which addresses operational deployment and management of "process improvement" projects by integrating the project management precepts covered in what has emerged as the world standard of project management knowledge – A Guide to the Project Management Body of Knowledge (Project Management Institute) – with the Plan-Do-Study-Act (PDSA) model for improvement and the Lean Six-Sigma concepts.

Once you have read the present book, you will probably be surprised at how simple the basic concepts on "Continuous Improvement" are, but performing these concepts right is not necessarily easy. That is why this book focuses on the most important and highest-leverage strategies, tactics, and action proposals you can use for releasing the power of your enterprise business "Continuous Improvement" capabilities to achieve transformational results.

Our hope is that this book provides a comprehensive resource not only for those in corporate, but also for individuals in the public sector; continuous improvement practices for governmental organizations are inarguably equal in importance to such practices in private industry.

Enjoy this book. Take it seriously. Put it to work, and over time, what was stressful will become merely interesting, what you avoided will become attractive, and what seemed futile will become a source of possibility.