



## 4 Steps to Building a Culture of Continuous Improvement

**By Doug Sartain**

*Principal  
Shipmate Logistics*

When I meet with CEO's to discuss why they are not achieving desired results I often discover that there is not a defined plan or culture for continuous improvement. Having a few KPI's is not a continuous improvement plan.

Listed below, is a 4 step Progressive Improvement Program that will show you how to build a culture of continuous improvement in the Logistics, Supply Chain & Transportation Industry.

1. Everyone in the organization must support a belief that no matter how successful the company is, you must always strive to get better. This culture starts at the top with the CEO and must filter down through the lowest level employee. Everything must be measured, standardized and improved no matter how small the ROI is to the company. Every day the status quo must be challenged asking "how can we get better- in everything?" If you spend \$300 for a tire, how can you spend \$290? Or how can you have 8 flats instead of 10. If you have 5 forklifts can you do the same work with 4? If a driver averages 15 minutes at a delivery stop, how can they average 14 minutes? It is that level of detail needed to succeed. Identify current reality using Data & KPI's and then determine what a good standard should be.
2. The next step is to conduct a root cause analysis to determine what is preventing you from reaching the standard. All causes must be vetted. For example, if you are missing the delivery standard by 1 minute, you need to find out all the reasons why. Is it because... the driver is getting delayed at the front gate, maybe they have to check-in at a different location, maybe they need to find a forklift operator to unload, maybe the person who signs the delivery receipt is located in the front of the building, maybe the consignee needs to make a separate copy of the paperwork . Or, maybe it is all of the above. The key here is to find out everything that is causing the standard of 14 minutes to be missed. You may even learn that the standard should be 10 minutes after you conduct a thorough root cause analysis.
3. Once all root causes are identified, isolate each cause and determine how you can improve with each cause. Maybe there are 4 causes for delaying the driver 1 minute. Take each cause and find a solution to improve. If you can improve each cause 15 seconds, you will achieve your standard of 14 minutes. It becomes much easier to reach a standard when you solve each cause independently.
4. Once you have mastered the continuous improvement belief system, understand the level of detail required and know how to do a thorough root cause analysis with solutions - then do this for every part of your operation. Then keep doing it. Share your P&L with everyone in your Department. Transparency builds trust. You can't hold employees accountable if you don't give them the results. Find out what expenses are included in each line item and create a standard for each expense. For example, you might have 100 separate Maintenance Line Item Expenses (tires, parts, fuel, vendors etc.) so look at every invoice and set a new standard for each invoice. You might find out that some

expenses can't be improved. Some might only be improved \$5. But some might be improved by \$100. They all add up to a big savings. If you buy 100 tires a month and save \$10 a tire, that's a \$1000 savings/month or \$12,000 savings/yr. If you did that for just 10 maintenance items at the same rate, you now have \$120,000/yr. savings. And if you did this for 10 different P&L line items, you just saved \$1.2 Million. If the company did this for 5 separate departments, you now enjoy a \$6M improvement! The \$10 is not the most important factor. It's the culture you are building that's important. Do not jeopardize Safety, Quality or Service in the process. These results are typical if you follow the concepts of the program. Once a standard is consistently achieved, reward the employees and raise the bar.

Seems simple so why do so many Logistics, Supply Chain & Transportation companies still struggle? The reason is they do not REALLY understand how to change employee behavior into a sustainable culture of continuous improvement. If they knew how, it would already be done. It took me years to learn how to effectively develop employees in this industry. You need a servant-leader with Lean and Kaizen skills who also understands the day-to-day challenges of running this type of operation. In addition, you are asking employees, who already believe they are over-worked and under-paid to take on more work. That is challenging. But it's achievable when using the techniques of the Progressive Improvement Program.