Continual Improvement

A guide to implementing or improving a Continual Improvement Practice.

A whitepaper by Chevonne Hobbs

Contents

Foreword

This whitepaper falls into two main parts. The first section focuses on the need to implement a Continual Improvement (CI) Practice, and the potential challenges faced with this. The second section offers a practical approach to CI practice development using ITIL 4 and elements of LEAN Six Sigma and COBIT 2019.

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1 Introduction

What are the best methods of running a more efficient organisation that still delivers quality products and services to meet the needs and requirements of its consumers? How many organisations look to embed and allow for a continual improvement in their culture that enables methods of identifying areas of inefficiency? How many organisations 'think' they are doing continual improvement, and how many actually are?

While it's impossible to pinpoint an exact number of companies with a truly successful continual improvement culture, many well-known companies including Toyota, Amazon, Apple, and McDonald's have been recognised for their strong emphasis on continual improvement.

According to data from McKinsey & Company, the researcher spoke to 2,600 companies and carried out 8 million+ surveys across 100+ countries. They found that 38 per cent of companies were pursuing a continual improvement culture in a turnaround context, whilst the remaining 67 per cent were pursuing continual improvement as a means of moving from good to great.

So, is implementing a continual improvement culture worth the investment?

Another report by McKinsey & Company shows that companies practicing continual improvement can achieve a 15 to 25% increase in operational efficiency. McKinsey also recommends positioning continual improvement not as a one-time achievement, but as a way of thinking and working that becomes self-reinforcing; a journey of incremental changes, guided by key principles and strategic implementation.

This whitepaper aims to provide insights into why you would want to invest in a continual improvement practice and offers a practical approach to implementing one.

1.1 Definitions

The term **continual improvement** will be used throughout this whitepaper, but first it is worth distinguishing between two commonly used variants: **continual improvement** and **continuous improvement**. Each has a distinct meaning.

- **Continual improvement**

  The purpose of a continual improvement practice is to align the organisation's practices and services with changing business needs through the ongoing improvement of products, services, practices, or any element involved in the management of products and services.
  Source: PeopleCert – ITIL 4 Continual Improvement

- **Continuous improvement**

  Continuous improvement means making small, incremental improvements on a continuous basis to processes, products, and work culture, to enhance efficiency, quality, and performance.
  Source: Toyota – LEAN-Kaizen-Six Sigma

1.1 What is the vision?

The purpose of continual improvement is to ensure that your organisation is staying ahead in a level playing field with your competitors, not wasting your resources, money, or people. Developing a culture of continual improvement throughout your organisation is key, but also ensuring that those who identify improvements are rewarded for the value-add to the business once the changes have been implemented.

Continual improvement is continual for a reason. The world is changing every day, and your practice must be flexible enough to reflect the day-to-day activities and strategic decisions made by the Board.

Action: Create a vision statement, usually a single paragraph. This vision is the goal you are aspiring towards and looking to achieve once your continual improvement practice is implemented.

1.2 Where are we now?

CI requires a cultural change within the organisation; to achieve this you need to gain senior leadership and C-level buy-in and approval in order to implement a centralised continual improvement practice. A top-down approach will support you with stakeholder engagement and team momentum.

Action: To achieve approval, you will need to understand the current baseline, and this comes from quantitative and qualitative data. You can source this in several ways. Below are some suggestions:
- Request an organogram for stakeholder mapping and engagement
- Collect incident and service request trend analysis data over a minimum of 12 months
- Use customer satisfaction survey feedback
- Conduct 1:1 interviews with key stakeholders
- Undertake work reviews to understand how teams/individuals are working
- Conduct ITSM assessments across all available practices
- Review risk and issue logs
- Check the demand pipeline
- Review continual improvement logs
- Review the company and IT strategy.

Compile your analysis in an easy-to-read format such as a simple report, or use a MIRO/Mural board to help present back the assessment outputs. The outputs can be used to help construct a business case and/or strategy for the practice, justifying the reasons why the practice is needed within your organisation, with regular reviews being performed in the future.

1.3 Where is the issue?

From your assessments, to be included in your business case and/or strategy, you should try to identify the common issues for your organisation. I like to use the COBIT 2019 approach, which groups assessment criteria into the following four areas:
1. **Financial** in relation to having competitive products and services, managing business risk, compliance and/or the quality of financial information.
2. **Customer** service culture, the continuity and availability of the products and services, and quality of management information in capturing quantitative and qualitative data.
3. **Internal** optimisation of internal business process functionality, business process costs, employee skills, motivation and productivity, and compliance with internal processes.
4. **Growth** of managed digital transformation programmes, product and business innovation to expand the portfolio.

Action: Attempt to group your assessment outcomes to find the common denominator. If you choose to use COBIT 2019 and group using the four categories above, it does offer a matrix of primary and secondary areas to focus on. It is also helpful to review the COBIT 2019 capability and maturity model to assess and measure your organisation's current baseline.
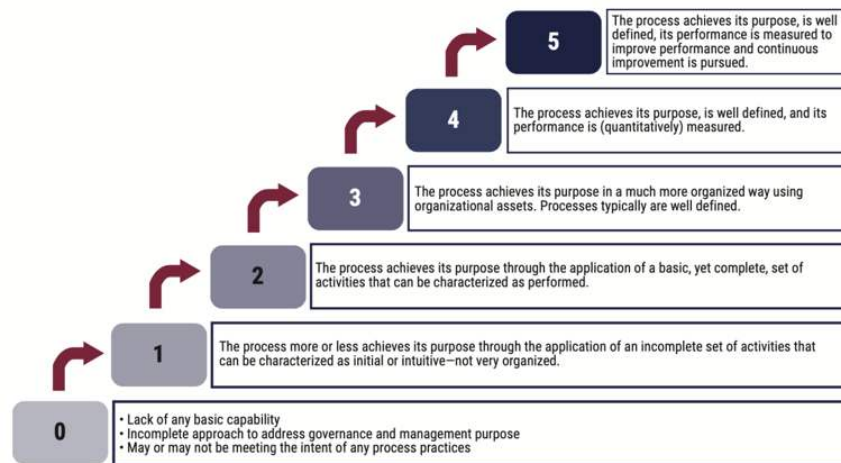

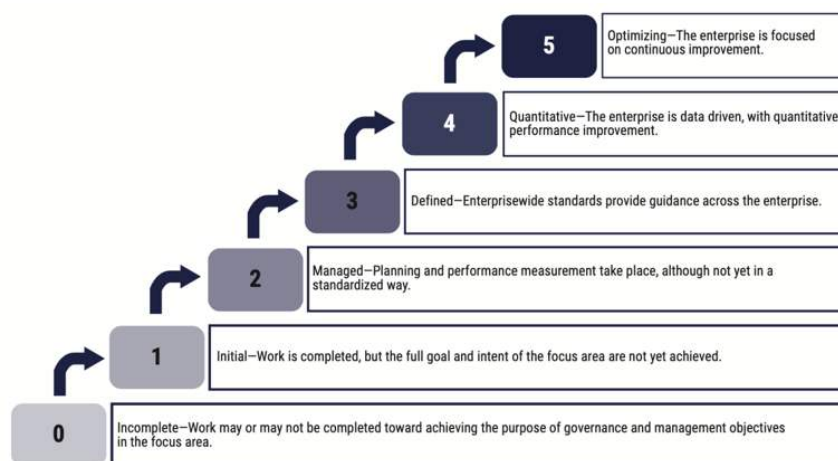**Figure 1.1 COBIT 2019 capability level for processes**

Figure 1.2 COBIT 2019 maturity level for focus area

1.4 Where do we want to be?

Continual improvement is key to the discussion of the organisational strategy. What drives the strategy is typically the demand from customers and identification of the risk areas to the business that are currently causing the most escalations.

When you have completed your assessment, and identified the areas of focus, you need to align this to your organisation's strategy and goals to help justify making the improvements. The bonus reason for having a strategy-aligned CI Practice in place is that it then becomes a standard way of working.

Depending on what stage you are at in your journey to implement a CI Practice, one of the following steps will be required:
1. You need leadership board approval? = write a business case
2. You have leadership board approval and need business buy-in for cultural change? = Write a strategy paper for transformation.

1.4.1 Business case

If you need to write a business case to gain leadership board approval and explain your vision, consider including the information below to help your case.

<u>Executive summary</u>
- What are you recommending?
- Why are you recommending it?
- Where can the board expect to see the biggest improvements?
- What are the cultural changes needed?
- What are the risks of not doing this?
- Are there any risks to the business, or PESTLE (Political, Economic, Social, Technological, Legal, Environmental) challenges that will be addressed?
- What are the financial requirements?
- Include a benefits and value table
- List expected ROI (Return on Investment) i.e. reduction in tickets logged, increased CSAT, reduced escalations and financial ROI
- What have been the key findings so far?
- Conclusion and next steps.

<u>Other inclusions</u>
- Who will lead the practice?
- Role of your Continual Improvement Practice
- Leadership role and responsibilities (to set the expectations).

1.4.2 Strategy and transformation

If you have board approval to proceed with implementing a CI Practice – congratulations!

The strategy paper is what you will need to gain the buy-in of key stakeholders across your organisation. This is where the organigram is important. Below are a series of suggested items to include in your strategy presentation. You might want to have this discussion in a workshop with key stakeholders: leaders from each team who will be supporting the implementation of your Practice or future team representatives for your cohort.

Strategic vision and transformation plan

Step 1 – Get clarity on your vision and mission
Step 2 – Understand what your strategic goals are. This could include the following:
- Holistic stakeholder engagement to communicate across multiple functions
- Governance structure agreed with members
- Consolidate and manage initiatives
- Foster a continual improvement culture
- Strategic alignment and focus
- Value shown in the work delivered.

Step 3 – What are your strategic objectives? This is when you need to turn each strategic goal into a SMART (Specific, Measurable, Achievable, Relevant and Time-bound) objective for your teams to work towards.
Step 4 – Start presenting your strategy, and a high-level approach to the transformation requirements, to key stakeholders across the IT organisation. Appoint a representative from each team who can

speak for their colleagues and be part of your continual improvement cohort, and have them support the adoption and cultural changes.

Step 5 – Gain buy-in from key stakeholders and build your transformation plan for success!

Action: Begin writing your business case or strategy and transformation plan for a Continual Improvement Practice.

2 Implementation approach

This section of the whitepaper offers a practical approach to implementing your Continual Improvement Practice.

The recommended approach in this instance is using the ITIL 4 Four Dimensions Model and applying PESTLE factors to each one; this helps you to navigate the work that needs to be done and ensures you tick the majority or all of the boxes.

The ITIL 4 Four Dimensions are:

- **Organisation & People -** This dimension focuses on the organisational structure, culture, and people involved in delivering and consuming services, emphasising the importance of human interaction and collaboration.
- **Information & Technology -** This dimension encompasses the technology, tools, and information systems that support the delivery of services, including hardware, software, and data management.
- **Partners & Suppliers -** This dimension highlights the importance of external relationships with partners and suppliers who contribute to the delivery process, including managing contracts and dependencies.
- **Value Streams & Processes -** This dimension focuses on how information and workflow across the various parts of the organisation to enable value creation through products and services.

PESTLE can be defined as follows:

- **Political -** This factor examines government policies, political stability, and potential changes in regulations that could affect the business.
- **Economical -** This factor considers economic conditions like inflation, interest rates, unemployment, and economic growth, which can influence consumer spending and business operations.
- **Social -** This factor looks at social trends, cultural values, demographics, and consumer attitudes and behaviours that can affect market demand and consumer preferences.
- **Technological -** This factor evaluates technological advancements, innovations, and their potential impact on production processes, products, and services.
- **Legal -** This factor examines laws, regulations, and legal frameworks that govern business operations, including environmental regulations and consumer protection laws.
- **Environmental -** This factor considers environmental issues, climate change, and sustainability concerns that can affect business operations and consumer feelings.

2.1 Organisation & People

This is a great dimension to start with because you need to work out who your stakeholders are and how you are going to get them engaged.

2.1.1 Stakeholder management

The Continual Improvement Practice lead should identify key stakeholders from each team, who can be their Practice representative. The reason for identifying a representative is so that they can support the implementation of the Practice and promote a continual improvement culture. They will form part of your Governance Model, provide feedback, and advise whether they can help with a logged Continual Improvement initiative.

Action: Create a Continual Improvement Practice organisational chart and Governance Model identifying the activities being performed at a strategic, tactical and operational level.

2.1.2 RASCI

You will need to create a RASCI (Response, Accountable, Supporting, Consulted and Informed) model, which will include key stakeholders and the following roles within your CI Practice as a recommended minimum:

- **The CI Lead** is the Continual Improvement service owner, responsible for monitoring and tracking the progress of a CI service request, conducting assessments, and gaining the right levels of approval to go ahead with a CI initiative. They will coordinate and facilitate necessary workshops and engage the relevant stakeholders through the CI service request lifecycle, through a structured governance model and reporting.

- **The Senior Continuous Improvement Practitioner** supporting your CI Lead can help perform analysis, value stream mapping, drive some of the initiatives and train teams on Continual Improvement.

- **CI Representatives** are people who represent CI within their team, attend the CI meetings hosted by the CI Lead, and act as the first point of contact for the CI Lead to discuss initiatives that have been logged. There should always be a CI representative for every team and a secondary contact if that person is not available.

Action: Create a RASCI model for all stakeholders involved in the Continual Improvement Practice.

2.2 Information & Technology

The key focus areas for this dimension are the technology you are going to use and the methodology for Continual Improvement.

2.2.1 Technology

It is important to use an ITSM platform where you can set-up an online service request enabling end users to log CI initiatives. The platform can track and monitor the progress of the improvement logged as well as the performance of your CI Practice as a whole, detect ongoing trends, and report on improvements that align to the IT and business strategy for business justification, creating a single-source of truth and creating links to other practices.

Action: Identify a suitable ITSM platform you can use to log and track CI initiatives being raised.

2.2.2 Methodology and frameworks

Consider what methodologies and frameworks will be used when diagnosing a CI initiative that has been raised. The organisation will need to be trained in these methods, to ensure the consistency and quality assurance of your Practice.

I recommend using a blend of techniques. Ensure that, whichever one you choose, you are the most familiar with it. I recommend using LEAN Six Sigma Green Belt with the fish bone diagram and five why's to help capture and define problem statements. I would also recommend using the ITIL 4 Continual Improvement Model, Guiding Principles and Four Dimensions Model.

Action: Decide on appropriate methodologies and frameworks for CI initiatives that are appropriate to your organisation, who will write the training material and how the training will be delivered.

Kaizen	LEAN	Six Sigma
Small improvements to processes and discipline metrics not being met. Use when: • Cause(s): KNOWN • Solution(s): SIMPLE Does NOT require a team effort. Estimated time: 0 to 5 days	Waste elimination to processes. Implemented when: • Cause(s): KNOWN • Solution(s): COMPLEX Does NOT require a team effort. Estimated time: 45 to 90 days	Variation reduction. Implemented when: • Cause(s): UNKNOWN • Solution(s): COMPLEX Does NOT require a team effort. Estimated time: 90 to 180 days

Figure 2.1 Kaizan-LEAN-Six Sigma Difference Table

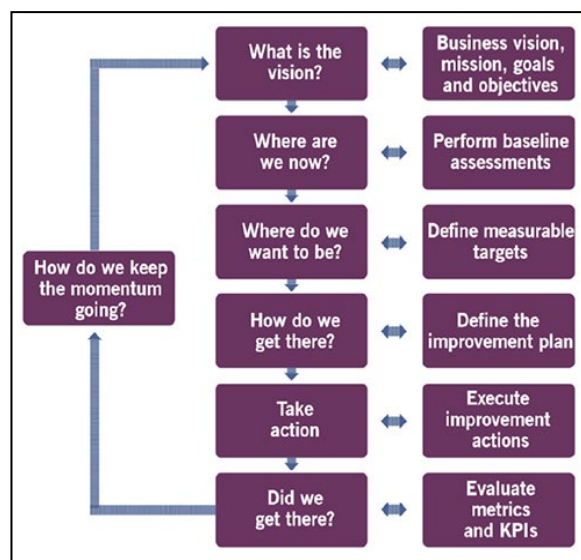*Source: AIGPE LEAN Six Sigma Green Belt*

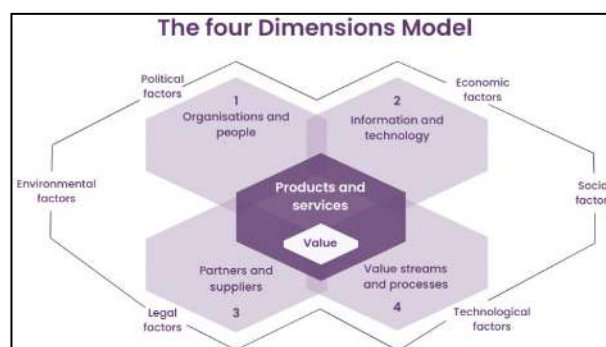**Figure 2.2: ITIL v4 Continual Improvement Model**

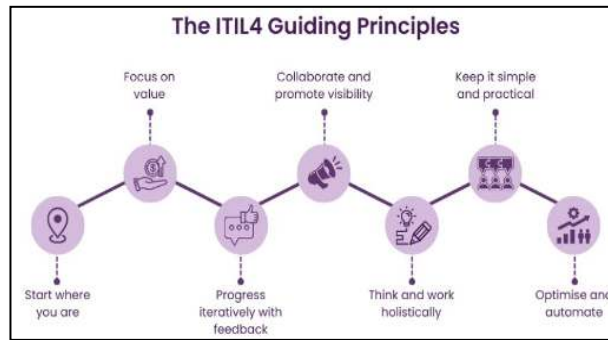**Figure 2.3: ITIL 4 Four Dimensions Model**

Figure 1.4: ITIL 4 Guiding Principles

When reviewing a CI initiative you can use other tools such as:

- SWOT (Strengths-Weakness-Opportunities-Threats) analysis to get clarity on what is available and what isn't available; what will happen if you do nothing and what will happen if you do!
- ITSM self-assessments to check whether you are working at the expected capability and maturity of your IT consumers.
- Surveys and interviews with key stakeholders to understand in more depth the challenges being experienced.
- Understanding the benefits and value-add by being clear on the Return of Investment (ROI); this can be achieved by documenting the problem statements.
- Perform a MoSCoW (Must Have, Should Have, Could Have and Won't Have), against a criteria listing to help with prioritisation. For example, if your Must Have criteria include alignment to the strategy and reduction of financial risk, then any CI initiative that aligns with this criterion should be put into the Must Have bucket.

2.2.3 Policy and procedures

You will need to write a Continual Improvement Policy that is agreed and shared with key stakeholders within the business. This would include a description of how decisions will be made when a CI initiative has been raised.

In addition, having a Procedures document that describes how the Continual Improvement Practice will operate is important. This ensures alignment across the teams. I've seen this in many different guises across organisations, and they are typically called Continual Improvement ITSM Guidelines, Continual Improvement Service Definition and Continual Improvement Operations Run Book. This is my recommendation on the context for each:

- **Continual Improvement ITSM Guidelines** are for technical teams using the ITSM platform and helps to understand the technical workflow and steps to follow when a CI service request has been raised.
- **Continual Improvement Service Definition** is for end users, explaining how to raise a CI service request, service levels, contacts, escalation paths, role expectations, recognition and rewards.
- **Continual Improvement Operations Run Book** is for the CI Lead, offering guidance on how to run the Practice. This includes the Governance Model, stakeholder mapping, RASCI, processes, and measurement reporting.

Action: Write your Continual Improvement Practice Policy and Procedure documents.

2.3 Partners & Suppliers

Align partners and suppliers on your Practice, advising how they can raise improvements and how they would be engaged to take part in those improvements.

It is best practice for you to have a regular cadence with your partners and suppliers to discuss their performance on the product(s) and/or service(s) being delivered by them. Alongside metric reports being provided, it is good practice to have a risk log and a CI register. This will help track the progress of improvements that need to be made to the product(s) and/or service(s).

Action: Agree with partners and suppliers on how CI initiatives will be identified, regularly reviewed and worked on together.

2.4 Value Streams & Processes

Documenting key processes is of course an important task to complete, establishing how your Continual Improvement Practice will deliver the service to your business.

I recommend two processes being documented:

- **Continual Improvement Practice Process,** documenting the steps from when an end user logs an initiative in your ITSM platform, through to the activities performed by all stakeholders until the initiative has been implemented.
- **ITSM Continual Improvement Technical Process,** documenting the ITSM workflow steps. This will detail the data that has to be entered into the system, categorisation, prioritisation, task owners being assigned, assessment details, solution details and regular progress updates being made until the ticket has been resolved and closed.

2.4.1 Service design

If your Continual Improvement Practice already exists within your organisation, but you want to improve it, then I would suggest you write a user journey detailing the key stakeholders who deliver each step of the process and identify where improvements need to be made. If your Practice is new to your organisation, then you can write a Service Design Blueprint to help work out what needs to be implemented.

Action: Document your process with the stakeholders involved in delivering the CI Practice service, and a second process documenting the technical workflow with the support of your ITSM development team.

2.5 Take action

Once you have your action plan to address any improvements to your current Continual Improvement Practice or steps towards implementing a new one, I suggest putting together an Operational Readiness Checklist and a Service Readiness Checklist.

2.5.1 Operational Readiness Checklist

This checklist is looking at the functional requirements of your Continual Improvement Practice. Consider the technology you are using, the ITSM workflow implemented, service request form and reporting tools. You need to ensure that, once you go live with your CI Practice, the operation works at the backend and the touchpoints between technology and human interaction work through UAT (User Acceptance Testing).

2.5.2 Service Readiness Checklist

This checklist is looking at the non-functional requirements of your CI Practice. Make sure the Governance Model, stakeholder mapping, policy, procedures, processes, RASCI and reporting templates are in place and approved by your CI representatives and other key stakeholders.

2.5.3 Communication plan

The communication plan needs to be discussed with your CI representatives. It's important to understand where employees are with understanding what continual improvement is and what it means within your organisation; they also need to know how it applies to them and how they can be part of the culture. It is best practice to create communication plans that can be delivered at an operational, tactical and strategic level. Ensure that your packs are relevant to your audience and that not everything is bundled into one set of comms.

Action: Write your operational readiness checklist, service readiness checklist and communication plans.

2.6 Did we get there?

"The proof is in the pudding" is an expression my late Nan used to use. It means the value, quality, or truth of something must be judged based on your direct experience with it, or on its results. The same applies here. How you will know if your Continual Improvement Practice is meeting your desired vision and the expected results of your Board and business as a whole? This will need to be achieved with quantitative and qualitative measurements.

2.6.1 Measurements

If you created a user journey map and/or service design blueprint, it will be far easier in helping you identify what metrics can be captured and where they will come from. It goes without saying, only measure what is necessary and don't create reports that will never get read or used.

Have the conversation with key stakeholders within your organisation who are working at the strategic, tactical and operational level of your Governance Model. What will they want to know or hear about, once the Practice is up and running?

Some good indicators are listed below:

CI operation
- SLA on speed of execution
- Employee engagement and involvement
- Continual improvement of culture, training and development, communication roadmap

CI outcomes
- Process efficiency and effectiveness, from the time taken to complete a specific process before and after the improvement
- Customer experience and satisfaction, plus reduction of escalations
- Financial impact and ROI forecast versus actual
- Waste reduction on time, tickets logged, materials and resources
- Innovation created.

Action: Identify what measurements need to be captured for your stakeholders, how they will be reported and the reporting tool you will use to create them.

2.6.2 Recognition and rewards

Recognition is important if you want to keep the momentum up and your employees engaged. If there is no recognition or rewards available to employees, it makes it difficult to encourage them to raise CI initiatives and the chances are you'll be missing out on opportunities to improve the way of working and/or opportunities for new products and services being created.

Here are just a few suggestions:

- Enter them into their objectives towards an end-of-year bonus
- Create a Board or senior leadership recognition award
- Contribute to planting trees or other ESG initiative
- Give vouchers – Amazon, Supermarket, Cinema etc.

Whatever you opt for as a reward, it is important to ask your employees how they would like to receive it. Not everyone will appreciate being in the limelight!

Action: Identify and implement a suitable recognition and rewards programme for employees.

3   Acknowledgements

Thank you to the following people for reviewing my white paper and providing feedback:
- Ian MacDonald
- Mark Lillycrop

4   Recommended learning

I recommend the following for those seeking further information and training.

- LEAN Six Sigma Green Belt
- ITIL 4 Continual Improvement
- COBIT 2019 Capability and Maturity Models

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Working together for better service management