Random Acts of Improvement: Detrimental to Performance

Unaligned improvements are often conflicting and counterproductive

By Michelle Cowan

Organizations often institute improvement efforts without considering other initiatives already underway throughout the organization. Many times, projects are started before assessing the potential impacts of changes to surrounding processes or departments. APQC calls these unaligned improvement efforts "random acts of improvement," and they can result in even worse performance than before improvement initiatives began.

For instance, an organization APQC consulted with had lost 25 percent of its revenue, despite instituting improvements to bring its finance and accounting processes up to world-class levels. Investigation found that the improvements that had been implemented in finance and accounting had not been spread or even communicated to the rest of the organization—most importantly, sales and marketing. Unaware of new invoicing and billing policies, salespeople gave customers inaccurate information about prices and billing timeframes, often based on year-old data. Naturally, customers complained that the organization seemed disorganized and that they received different information (including prices) from each individual they contacted. The organization lost 50 percent of its potential customer renewals, which translated into a loss of 25 percent of its revenue base.

In this case, improvements needed to be seen within the context of the entire organization. The initiative should have been communicated to all departments, and processes and tools should have been put in place so that the work in finance and accounting could bolster the way the rest of the organization conducted business.

For other organizations, strategic (as opposed to functional) alignment is the primary problem. Resources, effort, and time are spent on improvement initiatives that appear to make a specific department or process function better. However, that process may not contribute to the greater business strategy of the organization. How improvements contribute to the end-goals of an organization must be considered—not just how they will improve an isolated part of the business.

The following figures illustrate how improvement efforts should (Figure 2) and should not (Figure 1) take place.

Random Acts of Improvement: An Ineffective Approach

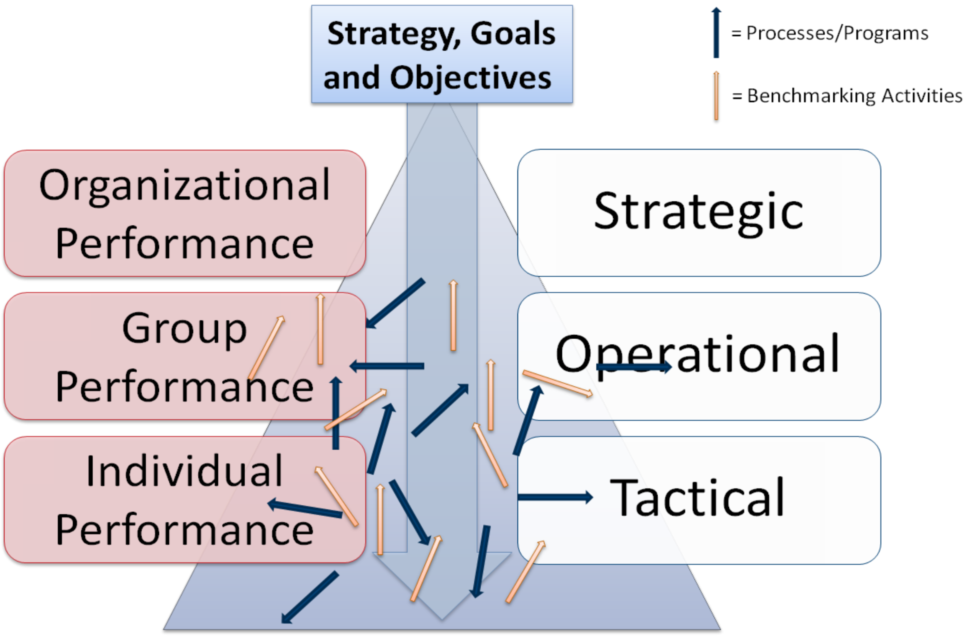

Figure 1

Aligned Improvement: An Effective Approach

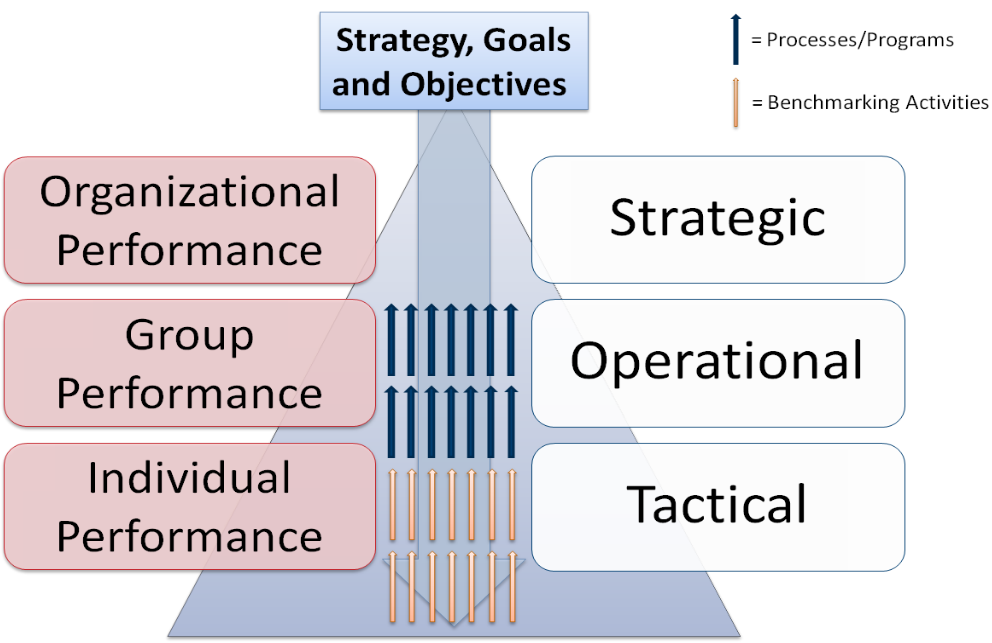

Figure 2

Strategy, goals, and objectives should guide performance at all levels. The activities performed at the individual level should align with group goals and ultimately feed into the performance of the organization as a whole. Although an improvement initiative may be designed to enhance a tactical concern, the organization must ensure that the initiative also aligns with operational and strategic objectives. Although select individuals may be involved with the improvement activities, they need to recognize that their actions effect and thus should be informed by larger components of the organization.

ABOUT APQC

For more than 30 years, APQC has been on the leading edge of improving performance and fostering innovation around the world. APQC works with organizations across all industries to find practical, cost-effective solutions to drive productivity and quality improvement. We are a member-based nonprofit currently serving more than 500 organizations in all sectors of business, education, and government.

CONTACT INFORMATION

123 North Post Oak Lane, Third Floor
Houston, TX 77024-7797
phone: +1-713-681-4020 or 800-776-9676
fax: +1-713-681-8578
e-mail: apqcinfo@apqc.org
www.apqc.org