A Whitepaper from Juran

The Source for Breakthrough

The No. 1 Reason Why Performance Improvement Programs Fail

JURAN

Juran

Our expertise has been developed over more than six decades of real-world experience, and our methods are universal and have been applied in nearly every industry and culture around the world. We are trusted advisers, enabling global leaders to achieve measurable, breakthrough results. We provide best-in-class services designed to improve our clients' organizational performance and business results. Improvement is our business, and we are fully committed to our clients and believe that our clients' success is our success.

The No. 1 Reason Why Performance Improvement Programs Fail

We hear it all too often: "Our company invested a lot of time and money implementing a performance improvement program. We adopted a methodology, trained all our managers, identified opportunities for improvement, selected projects, and assembled project teams. But within months, most of the teams fizzled out, and the ones that actually completed their projects were never able to sustain the improvements."

Sadly, performance improvement programs fail more often than anyone would like, and they fail for a variety of reasons. But before we give you our No. 1 reason why performance improvement programs fail – as well as a number of secondary reasons – let's first define "failure."

Performance improvement programs are, by design, intended to improve the long-term performance of an organization. Whether the organization seeks to reduce costs, remove waste from business processes, eliminate sources of defects and variation, increase quality, or enhance customer satisfaction, the idea is to hardwire solutions that achieve quantifiable goals so that results are sustained over time.

To that end, performance improve failures include projects that are never finished; projects that are completed, but without improvements being realized; projects that are completed, but with improvements that are insignificant; and projects that are finished with temporary improvements, but without any long-term implementation of the solution.

While there are a myriad of reasons that cause any of these scenarios to occur, it has been Juran Global's experience – gleaned over three decades and thousands of projects – that one reason is dominant over the others. With that, the No. 1 reason why performance improvement programs fail is directly related to lack of management support.

Lack of Management Support

Management is critical to building a successful performance improvement organization, regardless of the methodology adopted by the company. It is management's job to ensure that:

- The right projects are selected,
- The right people are picked for project teams,
- Performance improvement methodologies are followed,
- Project roles and responsibilities are clearly defined,
- Projects are appropriately communicated,
- Education and training are supported, and
- Management visibly supports the project team.

The Right Projects

The success of performance improvement programs is rooted in the projects selected. Unfortunately, many organizations fail to develop criteria for project solution, which results in projects that provide no real benefit to the organization, such as a project to redesign the flow of the company parking deck. If employees aren't working on the right projects, it doesn't matter how well the projects are run – the results just won't make a difference. Thus, the "right" projects should be linked to organizational strategies, have identifiable and quantifiable hard results, and be realistic in scope.

The Right People

Being selected to be on a performance improvement team should be viewed as an honor, not a chore. Because performance improvement projects are designed to achieve a sustainable improvement in the organization's performance, projects are ideal breeding grounds for the next generation of leaders. As such, the "right" people include those employees who have demonstrated leadership skills, problem-solving skills, and the ability to make a difference in the organization.

Methodologies

Whether deploying Lean, Six Sigma, Focus PDSA, or some other methodology, management must ensure that the methodology selected is adhered to and used effectively. Performance improvement methodologies have been developed over decades a real-world use in dozens of different industries. To allow project teams to shortcut the organization's adopted methodology only serves to tell employees that the management team is sloppy in its approach to performance improvement.

Roles and Responsibilities

Being clear about *who* is responsible for *what* is management's job. This not only includes the roles and responsibilities of the members of the project team, but also those who play ad hoc roles. To ensure that the roles and responsibilities of all project stakeholders are defined, refer to the acronym RACI.

- Responsibility: These are people who are expected to actively participate in the project and contribute to the best of their abilities.
- Accountability: This is the person who is ultimately held responsible for the project's results.
- Consultation: These are people who can provide expertise when needed, can contribute to specific decisions, or who must be consulted before a final decision is made.
- Inform: These are people who are affected by the project, but who are not active participants.

Show a lack of management interest in the project, and you will soon discover that the project team shows a lack of interest as well.

Communications

Poor communications can quickly derail any project team. If the immediate supervisors of the project's team members do not understand the organization's priorities, then they can become an obstacle in providing the team members with the time required to serve effectively on the team. If project team members are not clear on the project's purpose, goals, boundaries, and expectations, then the project can quickly get off track – and stay there. And if staff is not aware of what projects are under way and why, then they'll likely come to resent their peers who are serving on teams, but only seem to be gone much of the time.

Education and Training

Regardless of the methodology selected by an organization, to be effective in deploying the methodology, there must be an investment in education and training. To cobble together an inadequate training program not only sends signals that the organization is not committed to performance improvement, but it also sets up everyone for frustration, aggravation, and failure.

Management Visibility

It is alarming how often we hear about executives who are named project champions, only to rarely – if ever – show up for meetings, ask for updates, or show any real interest in the project at all. If you want performance improvement to be seen as a strategic imperative, then you must treat it like a strategic imperative. An executive's mere attendance at a project meeting tells everyone present that the project is of the utmost importance and a high organizational priority. Show a lack of management interest in the project, and you will soon discover that the project team shows a lack of interest as well.

Other Reasons Why Performance Improvement Fails

Project Scope is Too Large

All too often, organizations bite off more than they can swallow. We call this the boiling the ocean phenomenon – when an ambitious executive believes that just because the organization's passion for performance improvement burns hot, the organization can boil the ocean in just a couple of months. Instead, what they discover is that the flame is doused long before the water's temperature is even raised. To make sure this doesn't happen to you, follow the SMART criteria:

- Specific: Target a specific area for improvement
- Measurable: Quantify an indicator of progress
- Assignable: Specify who is ultimately responsible
- Realistic: State what results can be achieved, given available resources
- Time-Bound: Specify when the results can be achieved

Poor Project Selection

While this is a failure of management, poor project selection occurs frequently enough that we included it as a failure mode of its own. To ensure that the projects selected by your organization have strategic importance, it is important to develop criteria to be used during the project evaluation and selection process. Criteria falls into two categories: "Must" criteria and "Want" criteria.

Must criteria are yes/no considerations. Either the project meets the threshold of the Must criteria or it doesn't. Only those projects that get a yes on all of the Must criteria are considered further.

Want criteria are highly subjective, and the organization should establish some type of rating system to ensure continuity among those selecting projects. Both Must and Want criteria include four categories.

MUST Criteria

- ✓ Measurable: Many times executives do not have a lot of data to determine how bad a problem really is. However, they know enough about the problem to determine if it is measurable or not. Measurability refers to whether the defect is identified and can be measured. Some problems that are not measurable are not solvable.
- ✓ Observable: The project should correct a continuing problem, not a recent specific episode.
- ✓ Manageable: Most projects should take no more than six months to complete. Projects that would probably take longer should be divided into smaller projects likely to yield results more quickly.
- ✓ Significant: When a project is completed, results should indicate the effort was worthwhile. A great project is one that gains dollar savings and improves customer satisfaction at the same time. What determines significance is defined by your organization.

WANT Criteria

- ✓ Impact on Targets: This is a measure of impact on the organization's dashboard or balanced scorecard. Measures should indicate the project's potential impact to retain and attract new customers, reduce the costs of poor quality, provide a return on investment, and enhance customer and staff satisfaction.
- ✓ Urgent: Typically, urgent projects address performance problems in core services, problems that make the organization highly vulnerable to the competition, or issues that are crucial to key customers.
- ✓ Risk Free: If there are known or suspected risks, the problem is likely to take a long time to complete or have an uncertain outcome. However, if the expected pay-off is high, the project may be worthwhile.
- ✓ Little Resistance: Among potential projects which are equal in other criteria, the project likely to meet the least resistance is usually the best choice.

Solution Not Implemented

This often occurs when the owner of the process that is the focus of the project is not involved in the project, or simply refuses to get on board. But that's not the only risk. If there is a project handoff because of a change in project leadership, a fundamental change in the project team's composition, or competing implementation schedules, the chances that implementation will fizzle increase. Telltale signs that implementation might be in jeopardy include:

- Minimal input, active resistance, or no signoff by the process owner.
- Reassignment of the project's champion, sponsor, or team leaders.
- Other projects that are implementing solutions that overlap with functional areas being impacted by your project.

Putting the Odds In Your Favor

The Juran Transformation Roadmap is a time-tested framework to effectively transform your culture and sustain desired change – be it a new company vision, creating a Lean enterprise, reducing cost, improving business processes, developing a culture of continuous improvement, or hardwiring the continued pursuit of operational excellence. We have identified five phases that all organizations must complete to sustain the gains of enterprise-wide change.

To learn more about the five phases and the Juran Transformation Roadmap, contact us at:

Juran Global
160 Main Street
Southington, CT 06489
800.338.7726
info@juran.com
http://www.juran.com/contact-us