



The ROI of Continuous Improvement

Why, How, and What to Measure

KaiNexus

Introduction

Organizations that strive to continually improve stay ahead of the competition, regardless of their industry. From manufacturing and engineering to healthcare and education, the amount and intensity of effort dedicated to consistent positive change in an organization directly tied to sustainability and success.

What Matters Gets Measured

If you take a look at the metrics most commonly used to track an organization's success, you'll likely find a robust reporting framework in place. Revenue is probably the most obvious indicator of a company's health, and there isn't a company in the world that doesn't meticulously monitor it.

Customer service is another, which is why companies in every industry measure and track customer satisfaction metrics. High turnover rates are a red flag, which means that this metric, too, gets measured.

Tracking success toward these and other KPIs is worth doing only to the extent that you are using that data to adjust and improve processes across the organization. In this way, continuous improvement is a tangible component of every metric that senior executives care about.

Measuring, tracking, and reporting on improvement work is the single most important thing your organization can do to ensure that you meet your strategic goals and out innovate the competition.



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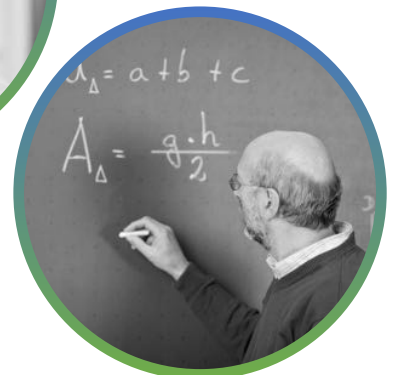
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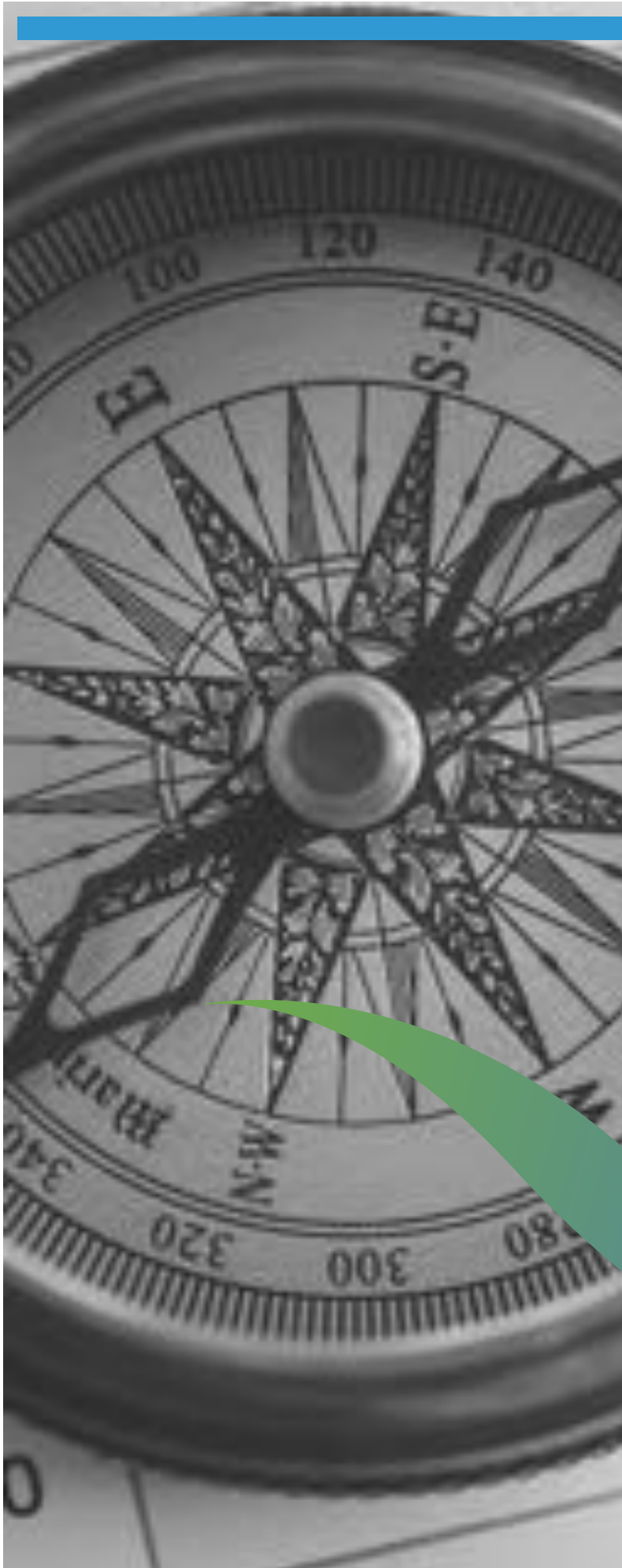
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Chapter 1

The Impact of Reporting

Top 5 reasons improvement measurement can transform your organization

Top 5 Reasons Measurement is Important

1. That Which Gets Measured Improves

You've all seen a factory floor with a giant banner that says "92 Days Accident-Free." The simple act of measuring and reporting that number makes it evident across all levels of the organization that this metrics is important. We measure what matters.

Measuring and reporting continuous improvement KPIs shows the organization that this too is important. When people know that you're tracking data around their improvement work, there's an increased sense of accountability that drives engagement and enthusiasm.



2. You'll Always Know Where You Are And Where You Are Going

As a leader of a strengthening culture of continuous improvement, you must set goals to drive progress. The exact nature of those goals varies among companies, but generally, they revolve around engagement, activity, and impact.

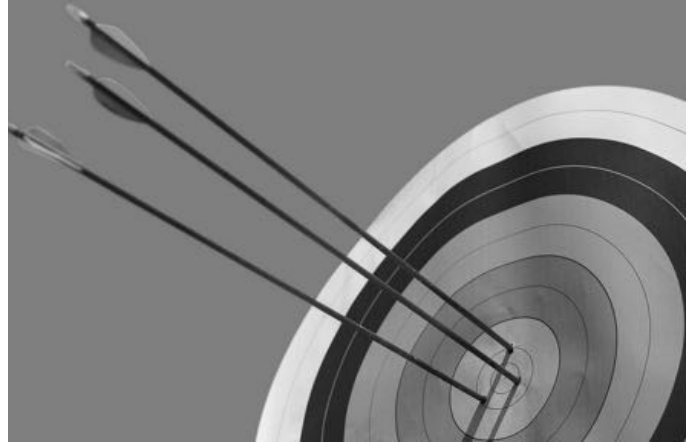
People dedicated to continuous improvement talk a lot about "current state" and "future state," as it relates to operational processes. Applying that same discipline to improvement practices is more rare, but essential. Measuring the current state of your improvement culture and effort gives the data you need to achieve your desired future state.

3. Set SMARTer Goals

Many organizations fail to get specific when they discuss their current and future states. For example, they may claim that their current state has a low engagement rate and that their future state is to have the whole company participating.

That's a noble ambition, but it provides no practical data. Instead, successful organizations use the SMART goal setting strategy to drive their improvement culture. **SMART goals are specific, measurable, agreed upon, realistic and time-based.**

Of course, in order to measure your results, you must have a way to track and report on activity, engagement, and impact.



4. Make Better Decisions

Making good decisions that promote the spread of continuous improvement, requires data. Having insight into which areas of the organization are not performing well and having a standard, objective way to measure performance, tells you where to focus your coaching resources for a greater ROI.

Understanding which variables result in high-impact improvements allows you to focus more energy on efforts that are likely to succeed. Any decision that you make should be based on data.

5. Earn Additional Resources and Commitment

Measuring the impact of continuous improvement makes it easy to explain to executives how what the work you're doing is moving the needle on the metrics they care most about. Showing concrete data on how engagement and activity scores drive business impact validates the work that you're doing in spreading your improvement culture.

If you can produce bullet-proof data to prove to executives that the ROI per person engaged in improvement is over \$6,000 per year, for example, you'll have an easy time justifying dedicating more time and resources to continuous improvement.

Chapter 2

The Metrics That Matter

Now that we've covered why it is essential to measure Key Performance Indicators (KPIs), we'll cover how to overcome the most common challenges in reporting ROI. These challenges are universal, spanning industries, company size, and experience. But don't worry, you can develop KPIs that you can trust.



Why Leaders Doubt Continuous Improvement ROI Measurements

The most common way people manage continuous improvement is with a hodge-podge of improvement tools, spreadsheets, and email. We call this a “Franken-system.”

A continuous improvement Franken-System can take many forms, you probably know them well. Perhaps you manage daily improvement with a physical Kaizen board that hangs on the wall. Maybe leaders get email updates when changes are made to the board. Do you take photos of the board so that a snapshot is captured? Are improvement tasks scheduled in Outlook, while project plans are kept in spreadsheets? Does every department have their own approach? If so, rest assured you are not alone.

The problem with this disconnected, ad-hoc approach to measuring improvement results is that there is no one version of the truth. Spreadsheets are subject to error, physical boards and artifacts like A3s and value stream maps are difficult to share widely and don't invite collaboration. Lack of standardization opens up your improvement reporting to subjectivity and doubt. Data-driven leaders will simply discount your results and possibly continuous improvement altogether.

The Solution

The way to overcome this challenge is to invest in technology that unifies all of your improvement information into a single platform to simplify your improvement and reporting processes. More people can participate, and you can accurately track your engagement, activity, and impact metrics.

Leaders will enjoy reliable KPI tracking in a solution that is easy to manage regardless of how many departments participate or how many projects are going on at once.

“I’ve been in continuous improvement for twenty years. The visibility that KaiNexus brings to upper-level management is unparalleled.”

- Mike Nellis, Mohawk Paper

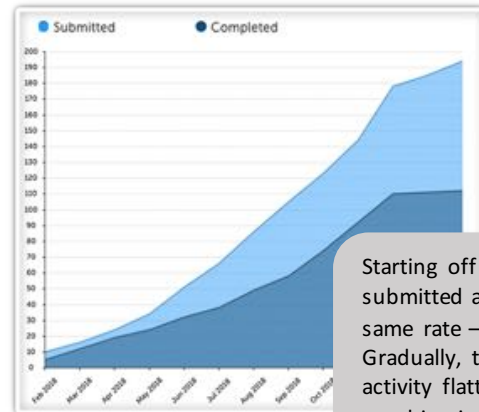


Activity Metrics

Understanding what kind of improvement is happening and the frequency at which it occurs is the first step in attaining metrics you can trust. This data will show you how hard the organization is working toward change, who is actively involved in the effort, and which areas of the company need coaching to get more involved.

Improvement Curve

Improvements should be completed at about the same rate at which they come into your system. Those that stall out after being identified bring down morale decrease engagement and reduce impact. You should be able to check the percentage of in-progress improvements at any time and drive a more significant impact by increasing that number.



Starting off strong, improvements were submitted and completed at about the same rate – a sign of a healthy culture. Gradually, the gap widened – and activity flattened out, indicating that coaching is needed.

Status Reports

Visibility into the status of all of the improvements across every level of the entire organization enables you to assess the health of your improvement culture. A healthy culture of improvement has very few overdue projects and improvements because people prioritize the implementation of ideas and the tracking of their impact. A larger ROI comes from a healthier culture.



Notice that improvements are starting to fall overdue, and the completion rate is falling. New improvements are being entered, but not assigned and activated. This company is struggling to maintain their momentum.

User and Location Boards

Ideally, you'll have visibility into how many improvements have been submitted, what people are currently working on, and the change rate of their past gains. You also need to know how long it takes for improvements to pass from submission to completion. When these stats are doing well, your return will increase.

Entire Organization				
Author	Response	Assigner	Completion	
User	Total	Complete Change	Change (%)	Status Bar
Micah Elliot	22	10	45%	
Nancy Ackers	4	1	25%	
Charlotte Argent	4	1	25%	
Ben Harmed	4	0	0%	
Hank Hill	3	2	67%	
Lauren Villa	3	1	33%	
Bernard Monticello	3	1	33%	
Jake Sussman	2	1	50%	
Frank Westly	2	0	0%	
Tucker Mills	2	1	50%	
Anel Martin	2	0	0%	
Hartan Walsh	1	0	0%	
Jackie Jackson	1	0	0%	
Berry Loggins	1	0	0%	

Engagement Metrics

The next area in your system of checks and balances is engagement metrics. By tracking who is doing participating in improvement and keeping records over time, you can track averages, compare current results to those averages, and identify trends. You can tell if the ROI you've attained is due to a small group of people, a sign of an undeveloped culture, or a large group indicating a sustainable, robust culture.



User Engagement Summary

You need to know how many improvements people submit per year on average and the percentage of people who are active in your improvement management system. This tells you how wide your improvement culture goes.



User Participation Summary

Insight into the engagement rates at every level of your organization helps you to identify areas that are contributing to your ROI and those that need more coaching. A high ROI that results from a small group of people is less significant and more likely to be an anomaly than a high ROI achieved by a wide swath of people.



Location Engagement

Insight into which type of improvement work is contributing to your ROI - and the number of people engaged in them - also bolsters trust in your ROI data.



Impact Metrics

How improvement impacts your bottom line is the number you need to report on ROI, but it takes the activity and engagement metrics to ensure that your impact numbers are accurate and that they reflect a predictable trend in business impact.

Improvement software makes it possible for you to connect improvement with impact in your reporting so that you can drill down into any number to verify accuracy. If you see a cost savings that looks suspiciously high, for example, you can instantly see what improvements are contributing to it and validate that the reporting impact on each is correct.

There is no mystery - and no trust required - when it comes to ROI reporting in improvement software. You can create a standard methodology and template for your staff to use every time they complete an improvement, ensuring that they enter all necessary information. You can even ensure accuracy by having the reported impact run by your financial team for approval before finalization!

Of course, in addition to financial metrics, it's also imperative to track qualitative variables such as time savings, safety enhancements, customer satisfaction, and environmental impact.



Chapter 3

Getting Started

Although many companies can rapidly achieve ROI by making continuous improvement part of the culture, others struggle to embrace both the technology and the approach. Here's what the successful organizations do right.



Develop Discipline

Developing a discipline around measuring and reporting on the status of improvement is the most critical component of a plan for tracking ROI. Visual management tools such as stoplight reports can help by providing unmistakable cues that action is required.

Title	Start	Facilitators	State	Financial Impact	Project Status Bar	Improvement
Initiative I: Safety	Jan 07, 2019	Greg Jacobson	At Risk	\$0	Yellow bar	50%
Achieve Perfect Score on Q...	Jan 22, 2019	Greg Jacobson	On Track	\$0	Green bar	100%
Increase Communication A...	Nov 21, 2018	Henk Hill	On Track	\$0	Green bar	50%
Maintain Low Workplace In...	Dec 12, 2018	Henry Canine	On Track	\$0	Green bar	100%
Reduce Readmissions	Jul 20, 2018	Beckham Rogers	At Risk	\$0	Yellow bar	50%
Initiative II: Finance	Aug 19, 2018	Greg Jacobson, Jeff Russell	At Risk	\$66,500	Yellow bar	50%
Integrate Cost Saving Pract...	Feb 15, 2019	Beau Jackson	At Risk	\$0	Yellow bar	50%
Reduce Material Handling L...	Dec 18, 2018	Amelia Bridges	On Track	\$0	Green bar	50%
Revenue Cycle - Project P...	Oct 30, 2018	Abby Land	Behind Schedule	\$18,500	Red bar	25%
Save on Materials	Aug 28, 2018	Greg Jacobson	On Track	\$30,000	Green bar	100%
Initiative III: Quality	Jan 11, 2019	Greg Jacobson	Behind Schedule	\$80,485	Red bar	50%
Improve Gemis Product Li...	Sep 08, 2018	Greg Jacobson, Jeff Russell	Behind Schedule	\$27,375	Red bar	50%
Increase Efficiency of Servi...	Oct 30, 2018	Henry Canine	On Track	\$54,110	Green bar	75%
Maintain Storage and Work...	Sep 22, 2018	Hilda Battle	At Risk	\$0	Yellow bar	50%
Initiative IV: Mission and Culture	Jan 16, 2019	Greg Jacobson, Jeff Russell	On Track	\$120,730.8	Green bar	100%
Develop a Recruiting Plan	Jan 22, 2019	Greg Jacobson	At Risk	\$16,425	Yellow bar	50%
Improve Employee Retenti...	Sep 19, 2018	Beckham Rogers	On Track	\$0	Green bar	50%
Provide Training Classes for...	Dec 25, 2018	Jeff Russell	On Track	\$104,285.8	Green bar	100%

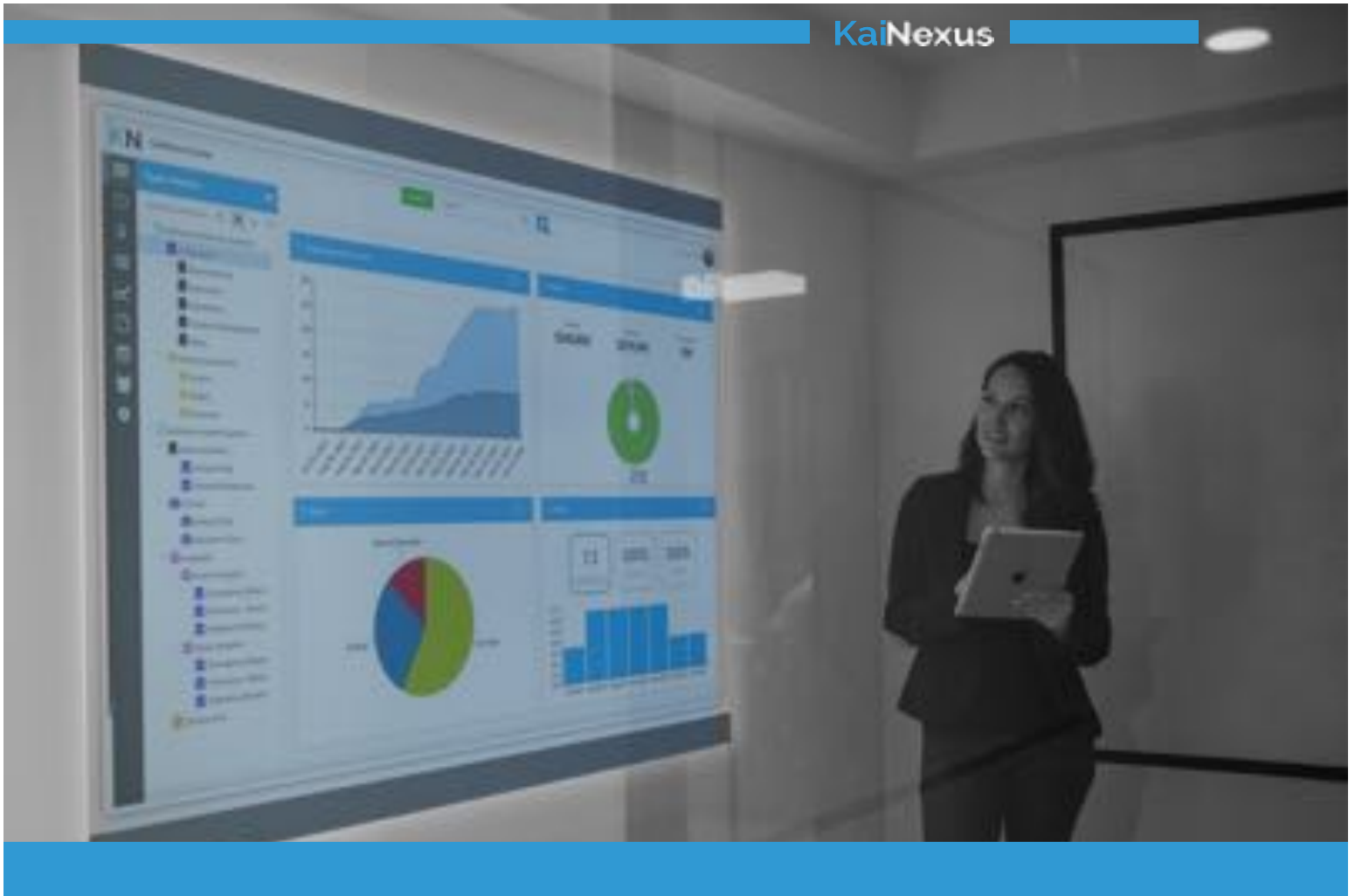
“Discipline is based on pride, on meticulous attention to detail, and on mutual respect and confidence. Discipline must be a habit so ingrained that it is stronger than the excitement of the goal or fear of failure.”

- Gary Ryan Blair

Start the habit now, and talk about it often. Bring up your metrics in meetings, in emails, when talking with your boss, and your direct reports. Update your data on a scheduled basis or use software to do it for you automatically.

Developing a discipline around measuring improvement makes it possible for you to track your progress, know how far you’ve come, and where you’re going next. It gives you the data you need to get better.

When asking people in your organization (yourself included) to measure the impact of improvement so that you can track an accurate ROI, you want to make it as easy for everyone as possible. Give people specific metrics to measure so that they don’t have to think about what’s important. Give them a place to enter their data that is easily located and opened. Make sure their updates route straight to you so that you can compile the data or use CI software to have it automatically aggregated for you.



Keep it Simple

You know the acronym KISS (Keep It Simple, Stupid) - apply it to measuring improvement. Many people fall into the trap of trying to measure and report on too much data too soon.

If you try to get 15 metrics for every team across the organization, you'll not only struggle to get the managers to report that accurate data to you, you'll also struggle to keep up with analyzing it even if you're using CI software to streamline the reporting and analysis.

Instead, pick three or four data points that you can measure. If you know how many improvements are coming in, their financial impact, or the number that result in a change, take that data and run with it.

You can add more data points to the stack as you get better at measuring and reporting; trying to get it all at once will only serve to prevent you from getting started.

Practice PDSA

The PDSA approach, sometimes called the Deming Cycle, is based on the scientific method, which approaches problems through hypothesis (plan), experimentation (do) and evaluation (study). In business, the output of a successful PDSA cycle is a new standard that institutionalizes the improvement. The cycle can begin again and further improvement can be achieved.

Create a simple plan for how you're going to get started in measuring CI. Then take a couple of months to try it out, after which you can check on both how improvement is going AND how well your reporting mechanism is working.

Adjust both improvement and reporting, and do the cycle all over again. A key part of the Check phase is to talk to the managers who are helping you track and report the data.

Just like the employees doing the work have the best ideas for improving it, so to do the managers who are doing the measuring have the best ideas for how to improve that mechanism.

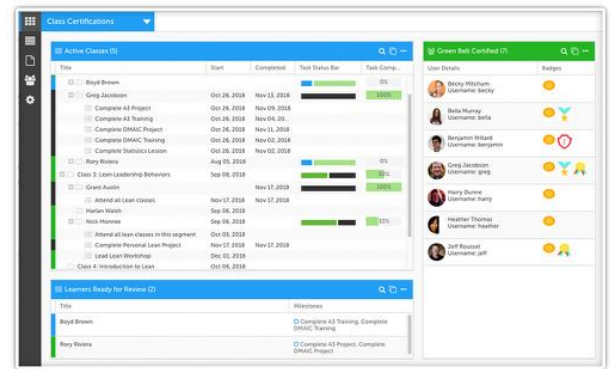
Ask for their feedback, and incorporate that into the next cycle.



Standardize and Organize

If you create a consistent, organized approach to measuring CI KPIs across the company, it will be much easier to engage people in reporting data - and empower them to report accurate data.

Tell your people which metrics they should be tracking to evaluate their CI work, revolving around activity, engagement, and impact. This reduces the amount of mindshare they have to devote to reporting and makes it easier for them to help you.



Use dashboards to create a standard across locations where everyone is able to see your KPIs, their own KPIs, and the improvement work that rolls up into those KPIs. This makes it easier to pull more people into the measuring and reporting process as you spread your CI culture.





Chapter 4

The KaiNexus Difference

The more improvements you capture, the more you implement. The more you implement, the greater your impact. It's simple math. KaiNexus customers capture more daily improvements from staff, they run more efficient strategic projects and events, they coach more effectively, and they streamline their improvement process. They engage everyone from the front lines to the executive leaders in a thriving improvement culture to accelerate their rate of change - and it shows.

The KaiNexus Impact

Most KaiNexus customers achieve ROI with a single improvement. But, they don't stop there.

TOTAL
103K
IMPROVEMENTS

Create a Standard

We talked earlier in this eBook about the pitfalls for creating a Franken-System, by which we mean managing improvement with a variety of tools patched together to get the job done. Creating a standard is perhaps the most valuable part of KaiNexus when it comes to measuring ROI.

TOTAL
\$1.9B
IMPACT

Gone are the days of compiling spreadsheets from every department in the organization, loading them into a SharePoint site, sending it out via email, and struggling to keep it up-to-date.

TOTAL
\$25K
IMPACT / USER

With KaiNexus, you'll create custom improvement and project templates that fit the exact work you're doing - from A3s and PDCA to Just Do It and daily Kaizen. Any type of improvement work you're doing in your organization can be set up in KaiNexus. When people resolve those improvements and log the impact, it'll be done on a standard form that you configure to fit your needs. That way, all of the data rolls up into accurate, cross-functional reports.

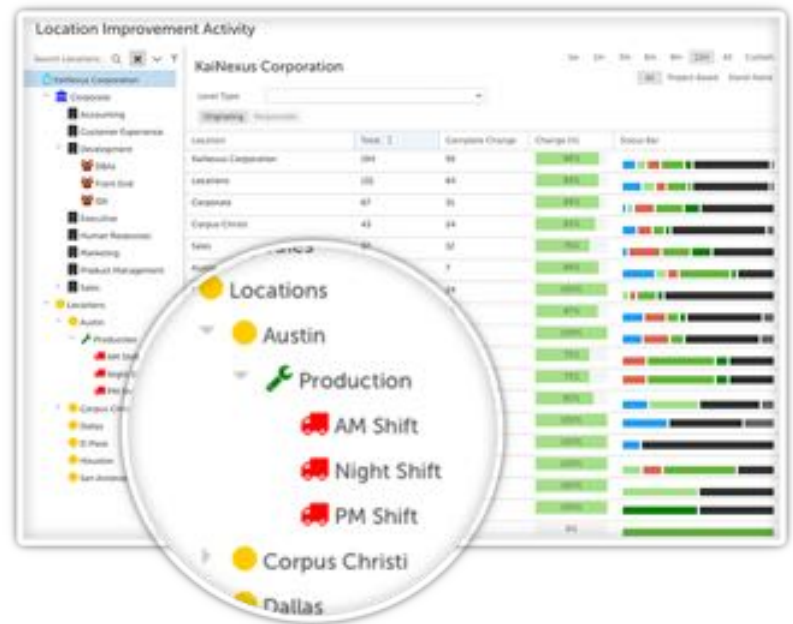
TOTAL
\$723M
ANNUAL RECURRING
COST SAVINGS

TOTAL
\$324M
ANNUAL RECURRING
REVENUE

TOTAL
\$63M
TIME SAVINGS

Enjoy Drill-Down Visibility

KaiNexus gives you access to every improvement, every project, every strategic initiative, whenever and wherever you need it. See who is driving your ROI and identify areas that need more coaching instantly. KaiNexus makes it possible to zoom out to see the organization as a whole and zoom in on any level or individual. No more hunting through spreadsheets and calling unnecessary meetings for updates and reviews of your improvement metrics.

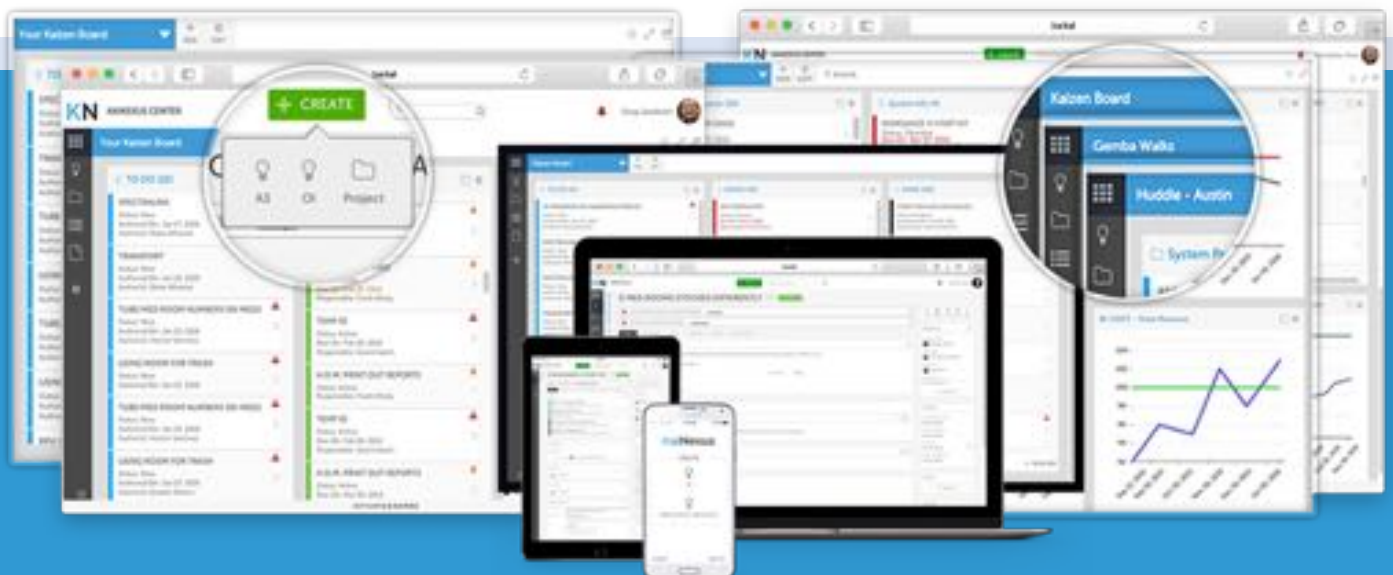


Leverage Digital Boards

Getting your improvement KPIs out into the open is one of the most effective ways of increasing engagement both from staff and executive leadership. Organizing the data onto boards that align improvements and their impact with strategic initiatives empowers everyone to work toward the same organizational goals.

KaiNexus' digital boards are displayed everywhere your paper ones are to keep improving at the forefront of everyone's minds, with the added benefit of including [real-time ROI](#), activity, and engagement metrics.

The best part? People can drill down into those metrics right from the digital board to see what's driving change.



Executive Dashboards

How much time do you spend creating presentations for your executives? Whether you're working to show them the impact that improvement is having on achieving their strategic goals, trying to validate a request for increased resource allocation, or just keeping them up to date on what you're doing and how it's going, compiling data and formatting it into presentations is a waste of your time.

Instead, log into KaiNexus during the meeting and show them the data they care about. Dive into the details when questions arise and pull reports of improvements and projects that tie into the conversation. Have a hands-on executive who wants to stay informed? Set up a personal dashboard showing them real-time data on your CI KPIs.



Bottle Neck Reports

Understanding your activity and engagement metrics is absolutely critical to driving progress in your improvement culture. Accessing this information in real-time gives you the speed and agility you need to adjust your coaching to meet obstacles head-on.

KaiNexus bottleneck reports use activity and engagement data to flag departments that are not prioritizing improvement and leaders that need help coaching their teams so that you can jump in a reroute the team in real-time.

Verified Impact

When you have 10,000 people submitting and implementing improvements and 500 leaders approving resolutions and submitting an impact summary, it's likely that some of the data you get back isn't going to be accurate. KaiNexus makes it possible to route improvements to the right people who can validate and adjusted reported impact so that you end up with data you can trust.

Advanced ROI

Tracking ROI is tough without continuous improvement software, and it's nearly impossible to do when you add in confounding variables such as an international company reporting impact in multiple currencies. KaiNexus provides a suite of features that keep up with complicated ROI data so that you don't have to.



“We've identified over 1600 improvements, and implemented over 75% of them with an impact of nearly two million dollars.”

- Ron Smith – Mary Greeley Medical Center

About KaiNexus

KaiNexus is the ultimate cloud-based SaaS platform that supports continuous improvement. KaiNexus helps you execute and manage your improvement program throughout the entire improvement journey.

From daily improvement on the front lines to rapid improvement events, Lean projects, and strategy deployment, KaiNexus gives your people a single place and a standard method for capturing improvements. From there, it pushes each idea through to completion.



Organizations of all sizes in all industries in every stage of the improvement journey use KaiNexus. Their unifying commonality is that they recognize that continuous improvement is vital to the success of their organizations and that like with all other complex businesses processes, they need a platform from which to manage it. They work to engage their entire organization in improvement and value the ideas and opinions of their front-line workers. Our customers strive to develop the methodologies and leadership behaviors critical to developing an improvement culture and understand that they need a software to support those elements.

If this sounds like you, KaiNexus would be a good fit for your organization. [Contact us](#) to learn more.

Features

- Top-Down & Bottom-Up Improvement
- Strategy Deployment
- Multiple User Types Available
- Visual Management
- Impact, Activity & Engagement Reports
- Intuitive Charts and Data Tracking
- Smart Notifications
- Email Submission
- Configurable Improvements & Projects
- Class & Certification Tracking
- Cross-Functional Team Collaboration

Support

- Dedicated Account Manager
- Onboarding Configuration & Support
- Email & Phone Customer Support
- Online Support Documentation
- Video Training

Technology

- Data Encryption
- SSL
- iOS and Android App
- iPad and Android Tablet Enabled