

## ***Operational Improvement:***



***Knowing is Easy,***

***Doing is Hard***



***How Can I Make Operational Improvements?***

Much has been written about operational improvement. Books, training courses, speeches, workshops, seminars; all created in the name of improving performance and creating a sustainable competitive advantage. Billions of dollars are spent annually in the quest. Even when small business owners know what to do, why are so many companies unable to perform to their potential? What characteristics differentiate those companies that can make progressive change from those that cannot? Why for so many small businesses, is **knowing** so easy, but **doing** so hard?

### Traditional Operational Improvement

The relentless pressure for top-and bottom-line improvement coupled with more competitive local and national markets has resulted in owners being focused in driving performance through the introduction of new programs and projects. Whether the focus is on cost reduction or improved operational processes, the goal is the same: to get ahead of (or sometimes to catch up to) those companies providing the same or similar services or products to the customer group your company has chosen to serve.

Lots of activity is generated in these programs. Employees are educated in new concepts and prompted to use new terms and methods. Despite the fanfare and time spent in training and management pronouncements, nothing changes. After a few months, the new binders, methods, procedures, rules etc. are just reminders of yet another failed program.

Is there really a gap between knowledge and performance? Overwhelming evidence suggest there is not a gap, but a huge chasm.



Even more surprising, best practices were not even widely disseminated within the same company. Studies have routinely shown, and our own experiences have borne out, that even within a single company, there's not much consistency in adopting best practices, metrics, or philosophies across multiple facilities in the same company.

Many of the large consulting firms specialize in teaching leading practice thinking throughout specific industry segments. These firms, specializing in benchmarking, knowledge management and so called *world class* business practices, generate their income by sharing with new clients the experience and knowledge gained from working with their existing clients. While some of the practices may revolve around a new viewpoint or methodology, many of the *Best Practices* are not rocket science. Most are just applications of common sense.



However, as many small business owners have recognized for decades, common sense is not all that common.

So, if leading business philosophies and tools are readily known or, at least knowable, why are not more effective, profitable and productive measures spreading throughout small businesses in America? Because knowing is easy, doing is hard.

## From Knowledge to Doing

There are lots of books and consultants who will educate you on the latest and greatest business philosophies and practices. But there is, at best, an imperfect correlation between knowledge and practice. Sustainable competitive advantage comes from being able to do something your competitors can not, by knowing and doing something that they don't know nor can do.

Five frogs are sitting on a log



Four decide to jump off.



How many frogs are now sitting on the log?

Answer: ***Five, because deciding is not doing.***



Talk is often substituted for action. Many small business owners believe that by making a decision, kicking off a management initiative, with a focus on business improvement is sufficient to make the desired improvement a reality. Nothing could be further from the truth. Without mechanisms to track implementation, without metrics that identify the current (baseline) state and targets that identify the desired state and without personal accountability starting at the top, there is no true incentive to change.

Even in situations of financial stress, where everyone can see and acknowledge a clear and present danger, small business owners often do not undertake meaningful change. Every business, large or small, has a culture: that set of values, behaviors, norms and beliefs, largely unspoken, that have developed over time. In it is embodied what is *really* valued, how people *really* get recognition and status and how power and influence are wielded.

In situations where there is a defined external threat, smaller companies often cling more tightly to precedent dictated by the prevailing culture. Stress seemingly results in an even greater reliance on rote memory, focusing on what was successful in the past, even if that is dysfunctional in the face of new perils. It is as though analysis and thoughtful reflection is trumped by the ingrained culture based on past success.

## How do you Change Culture?

Studies have shown that individuals cannot tolerate for long, dissonance between belief and behavior. In fact, the Marine Corp has for centuries used that fundamental understanding in creating its own unique culture. A physically and mentally rigorous indoctrination with rigidly prescribed behavior consistently develops boot camp recruits capable of being absorbed into the fabric and culture of the Corp.

Throughout this process, the focus is on doing, changing and defining behavior, not talking abstract theoretical constructs. Over time not only does the individual behave as dictated by the Corp's norms, but the individual's belief structure becomes aligned with organizational culture. The fact that behavior dominates belief shows that action defines belief, not beliefs (talking) defining action.

Sustained competitive advantage is built upon doing things that your competitors have difficulty imitating. But one must differentiate between that what is difficult to *comprehend* and what is difficult to *implement*. Most ideas upon which a sustainable competitive advantage is founded are easy to understand.



One our clients, makes high quality furniture together with equally high quality kitchen and bathroom cabinetry. They custom make furniture for each and every customer. Every customer gets exactly what they want, customized to their needs. They are not only a market leader but lead in profitability and margin in this highly competitive market. As a business model, make-to-order is not novel, nor is it technologically daunting. But their rigorous, disciplined execution of its business model has given it a significant competitive advantage, both from a marketing perspective and from its financial results.

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