



## Whitepaper

# THE **EXPONENTIAL POWER** OF **DAILY IMPROVEMENT**

The Incomparable Individual, Cultural, and Business Impact of Daily Improvement

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# DAILY IMPROVEMENT

$1\%^{365} =$

**37.7 times better results**  
in 1 year

Everybody



Every day

## INTRODUCTION TO DAILY IMPROVEMENT

We live in a time of unprecedented change. By 2025, 85 million jobs are expected to become obsolete due to technological disruption according to the World Economic Forum (WEF). During the same period, tech will be creating 97 million new jobs. Meanwhile, the developed world is experiencing a seismic shift in workforce demographics. In the US alone, 10,000 baby boomers retire each day as reported by the US Census Bureau. These vacancies are being backfilled mostly by millennials, who have recently become America's largest generation. The recent pandemic pushed an 87% increase in remote work. Additionally, a staggering 22% of all US workers will be working remotely by 2025 according to Upwork's Future Workforce Pulse Report. These dynamics have created a massive mismatch in the skills needed to do the work and business process capability needed to satisfy customers. They have also created an enormous need to develop people and processes at an accelerated pace for companies to keep up or outrun the rate of change occurring in the markets they serve.

The painfully slow people and process development approaches of yester-year will not suffice for the near future. As market predictability rapidly declines across industries, traditional methods of performance management and process improvement also become inadequate. Spending weeks or even months creating over-the-top strategic plans that never get implemented is out. Hiring consultants to do Lean transformations, only to find the business worse off in 6 months is also a no go. Hiring a Continuous Improvement Manager to go chase down a few projects a year is so over with.

How do companies continue to thrive in an environment where external change happens at breakneck speed? How does the growth-minded leader get the organization to break out of its comfort zone and embrace the new normal of not knowing what will happen next? Is the rate of improvement of the company sufficient for the needs of the business and its stakeholders? How can leaders accelerate improvement to outpace the competition and changing needs of markets? This whitepaper will explore these questions and more as we discuss the exponential power of Daily Improvement (DI), or engaging everyone in improving something important every day.



## WHAT IS DAILY IMPROVEMENT?

DI is the simple practice of experimenting with one process change every day with the intent to improve performance and / or test assumptions. Each controlled experiment could become part of standard procedure or not, depending on the outcome. DI is simple enough for anyone to do but yields powerful results, often in a matter of days or weeks. There are no fancy tools, philosophies, methodologies, calculators, or anything of the sort. It has more to do with developing the discipline to keep trying and mindset to persevere. However, when this behavior is adopted across organizations, exponentially rapid individual, cultural, and business results can be achieved.

Here are some of the results that companies practicing DI have achieved in just the first few weeks:

				
<p style="text-align: center;"><b>97%</b></p> <p style="text-align: center;">Increase in production output</p>	<p style="text-align: center;"><b>50%▼</b></p> <p style="text-align: center;">Reduction in changeover times</p>	<p style="text-align: center;"><b>56%▼</b></p> <p style="text-align: center;">Reduction in overproduction</p>	<p style="text-align: center;"><b>126%▲</b></p> <p style="text-align: center;">Increase in processing capacity for key account</p>	<p style="text-align: center;"><b>55%▲</b></p> <p style="text-align: center;">Increase in maintenance wrench time reporting</p>

The process for DI is quite simple: every day, a) reflect on your last experiment, including quantifying results numerically, b) plan your next experiment, and c) conduct the experiment; wash, rinse, and repeat. This simple process, done daily toward the right target, produces profound results, and can be done by any and everyone, often with a time commitment of less than 30 minutes per day.

At the individual level, people develop the discipline, mindset, and sense of urgency needed to drive and sustain improvement. When a critical mass of people within the organization reaches this milestone, a cultural shift is achieved where resistance to improvement becomes intolerable among peers at all levels. However, business results are seen almost immediately as DI brings focus to what is most important to improve and starts to capture the initial low-effort / high-impact improvements. Additionally, DI applies universally across all functions including operations, sales, marketing, distribution, healthcare, technology, education, government, etc. from the C-Suite to the value stream.



## DI FOR EXPONENTIAL PERSONAL DEVELOPMENT



The single greatest force in human nature is the force of habit. Although, we like to believe that every decision and action we take results from critical thinking and analysis, more than anything, we are creatures of habit.

# 43%

According to the Journal of Personality and Social Psychology, nearly half of human actions are enacted habitually while people are thinking about something else.

The brain's neural connections are formed and reinforced each time an action is committed. It takes anywhere between 18 to 250 consecutive days of committing an act for it to become habit. DI reinforces the habit of process improvement so that it becomes second nature and hard-wired into the brain's neural pathways. Once this transformation is made, people become dependent on the dopamine boost that comes from experimenting, learning, and improving something important every day.

# 59%

According to Krugman and Killham's 2007 publication of Gallup survey results, 59% of engaged employees say that their job "brings out their most creative ideas", compared to just 3% of employees who were disengaged.

DI requires that people wake up each day ready to test out their next improvement idea. This comes with a much higher degree of engagement, ownership, and proactivity to solve the problems that people see happening around them instead of being conditioned to accept and work around the problems.

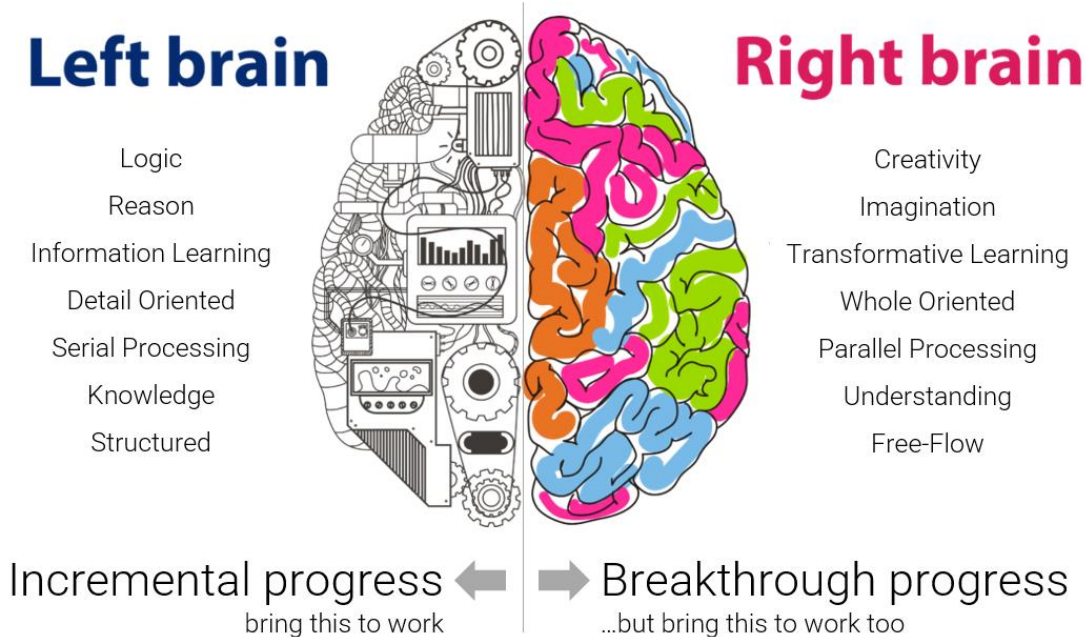
# 50%

According to Adams, Karthaus, and Rehak's 2011 study on Accelerated Learning for the Canadian Department of Defense, there is a 50% reduction in time for learning critical skills with students reporting a more enjoyable work experience when applying accelerated learning and rapid experimentation techniques. This suggests that not only do people learn faster, but they also get more enjoyment out of the process.

DI systematically applies accelerated learning and development. One of two things will happen with each experiment:

- 1) The Improver will produce better business results, or
- 2) The Improver will learn something new that they can use to produce better results evermore

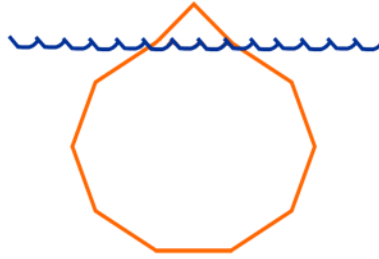
Both outcomes are generally good for business. The idea here is to accelerate learning and growth by practicing daily. DI activates the dormant right brain, which more than doubles the company's value creation potential. Traditional management is geared toward maximizing left-brain performance. Training, development, and performance management are mostly focused on skills like reason, knowledge, and serial processing. However, attributes such as innovation, creativity, and transformative learning are functions of the right brain. This is where breakthroughs in personal and business growth typically originate. In many companies, right-brained activity is viewed as a "privilege of leadership", to be earned by demonstrating proficiency of left-brain functions. Unfortunately, high left-brain function does not translate into high right-brain function just as a new job title is assigned. DI systematically develops the right brain at all levels in the organization by pulling new ideas daily from each and every person.



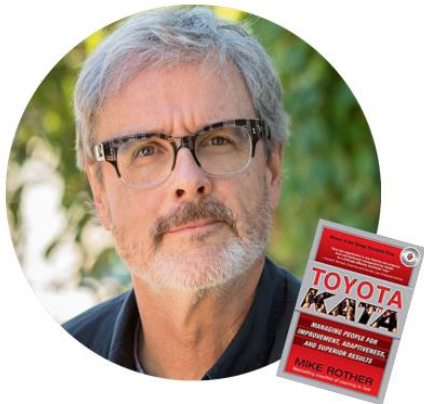
Studies reveal that the most effective means to changing mindset is by first changing a behavior. These studies further validate the powerful impact that adopting the behavior of DI has on developing people for a culture of high growth and Continuous Improvement.

DI develops discipline and a growth mindset. It is best done with the assistance of a coach or accountability partner. Studies show that the chances for success at achieving a goal increases by 95% with the help of an accountability partner. A good coach with the right tools will teach the science, provide resources, and help reinforce the development of productive habits. The ideal coach for an employee in a company is their immediate manager, particularly one who has also developed sufficient coaching skills. With leaders as coaches, the organization essentially develops a coach for each employee, taking high performance to enterprise scale.

## DI FOR EXPONENTIAL CULTURAL DEVELOPMENT



Organizational cultures can be observed by the patterns of behaviors the people display on a routine basis. These behaviors are shaped by beliefs, habits, social pressure, and other factors. Many companies have struggled to create a culture of Continuous Improvement. They try to conduct Lean training, apply tools, preach philosophy, and benchmark best practices from other companies that seem to be successful; however, they fail to develop the discipline to improve daily. They focus more on the artifacts of Continuous Improvement and neglect the raw human factors such as discipline, habits, and routines. This is synonymous to going for the icing and forgetting the cake.



*"Any organization's competitiveness, ability to adapt, and culture arise from the routines and habits by which the people in the organization conduct themselves every day. It is an issue of human behavior."*

- [Mike Rother, Toyota Kata : Managing People for Improvement](#)

There are a few fundamental differences in the organizational cultures of companies that practice DI compared to those that have not:

- 1) **People are conditioned to embrace change** – as change is frequently occurring, people develop greater adaptability; the skill of coping with and even leveraging change to drive further progress
- 2) **The definition of failure is redefined as “not trying”** – blaming, complaining, and other deflection behaviors become unacceptable; shifting the focus to “what can I try next”
- 3) **A virtuous cycle of improvement is developed** – people get smarter with each experiment; therefore, future experiments have an inevitably higher success rate. Successful experiments create a stronger desire and pull for more experiments, resulting in an unstoppable drive for further improvement

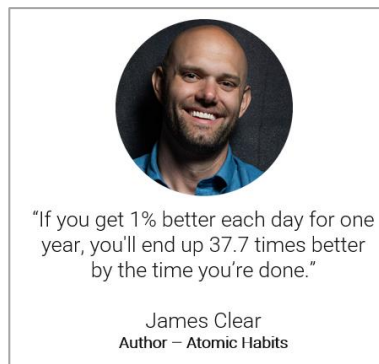
Creativity is a muscle that must be exercised to be effective. Highly regulated environments are breeding grounds for advanced levels of creativity. In fact, it takes a greater degree of creativity to improve frequently in a more restrictive environment since solutions need to take more into consideration.

## DI FOR EXPONENTIAL BUSINESS RESULTS



There is a real reason why companies that learn and grow at an accelerated pace such as Toyota, Google, Tesla, Apple, and Amazon generate enormous cash reserves while companies that do not practice DI struggle to find resources to reinvest in the business. These companies generally do a much better job of tapping into the immense resource of its existing talent base to transform the company into a machine that produces inconceivable value in the market.

### THE 1% EVERYDAY RULE



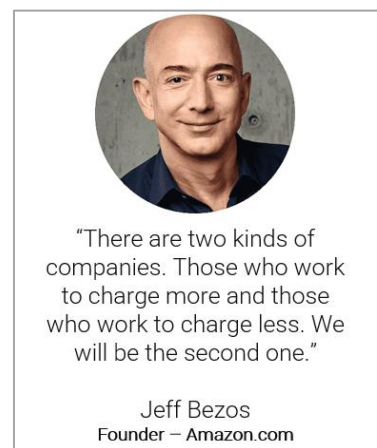
If you just look at the sheer algebra of DI: improving 1% every day for 365 days, or  $1.01^{365} = 37.7$  times better results in a year. There are not many companies putting up these kinds of numbers; therefore, the opportunity for DI is inconceivable. Everyone in your company can find at least 1% improvement within the next minute if challenged to do so. It requires no tools or special training at all to improve daily. All it takes is direction and discipline. Once this discipline is developed, then all the Lean tools start to make sense. 5S works great when you already have the DI discipline as you are already seeking the next improvement to be made each day. Value Stream Maps work wonderfully when you need

that deeper level of analysis to find that next improvement. Root cause analysis is perfect when you are already geared up to make at least one improvement today. Without DI discipline, the tools are just an academic exercise and something else to manage. It is the same as giving everyone Air Jordan's and expecting them to be great basketball players. It does not really work that way. However, if they are practicing and improving their game every day, perhaps those Air Jordan can give them an edge.

### THE ULTIMATE COMPETITIVE ADVANTAGE

Who can possibly compete with the organization that improves daily?

DI challenges organizations to break down those barriers prohibiting creative and innovative activity so that it can improve increasingly faster with time. As people within the organization also become more nimble and able to pivot to take a different direction without hesitation due to DI, a shift begins to occur. The people, processes, and policies increase agility and adaptability, resulting in an organization that is more fit than the competition. Consequentially, fitness takes priority over Lean-ness. Imagine the person who has done little more than sat on the couch for 10 years suddenly decides to run in a marathon the next day. This person could end up killing themselves due to a sheer lack of fitness for





the goal they have set out to do. Many companies do the same as they set ambitious objectives that they clearly are not fit to achieve. DI increase the organization’s fitness to dream bigger and achieve more.

## SYSTEMATIC AND PERPETUAL IMPROVEMENT



“Something is wrong if workers do not look around each day, find things that are tedious or boring, then re-write the procedures. Even last month’s manual should be out-of-date.”

Taiichi Ohno  
Sr Leader – Toyota

The rate at which the company updates its documented standard procedures is an excellent indicator for its rate of improvement. If employees are pulling standard procedures out of binders with dust and cobwebs, it is a good sign that the rate of improvement is less than stellar – and could be a leading indicator that the company is falling behind in the market. This is assuming the company even has documented standard procedures to begin with.

The North Star of Continuous Improvement is DI for everybody every day. Even Toyota has not reached this epitome. However, every company improves at some unspecified rate, usually in reaction to some highly visible threat. Ideally, every employee can

tell you what they are focused on improving today and what experiment they plan to run next. If people cannot articulate the problem they are working to solve at any snapshot in time, then as Mr. Ohno quotes, “something is wrong”.

## CONCLUSION

DI develops discipline, a growth mindset, and sense of urgency for individuals and companies alike. All Continuous Improvement is a race to DI. Even the most successful companies on the planet have been unable to achieve this epitome; however, coming anywhere near an environment where everybody is working to improve something important every day sets your company so far ahead of its competition that only a miracle can begin to close the gap. Improvement takes work – there is no such thing as passive excellence. Any athlete, musician, team, or organization that has achieved world-class status in any arena can testify to the power of DI. While many companies begin their Continuous Improvement journey with tools and analysis, DI encourages leaders to start the journey by defining their North Star, then start trying, learning, and improving immediately. In the early days of the DI journey, there is ample low hanging fruit; therefore, analysis itself can be wasteful and misleading due to a tendency to jump to inaccurate conclusions. The truth is sitting on the other side of the experiment, which you will never see unless you objectively test out your assumptions by trying improvement ideas. The value of tools and analysis are more apparent when you run out of the long list of obviously good ideas to try.

The individual, cultural, and business benefits of DI are immense. This simple practice transforms organizations into highly adaptable enterprises capable of thriving in a rapidly changing business landscape. The one thing we can say for certain about the future is that no one knows what is coming. Winners of tomorrow are those who are preparing for anything today.



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