The Implementation of a Continuous Improvement Project at a Spanish Marketing Company: A Case Study

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The aims of our paper are to undertake a theoretical revision to establish the key aspects of the implementation of Continuous Improvement, grouped into 8 categories. We shall also review two of the basic tools which organizations have for fostering improvement by means of employee participation. Finally, we shall examine the case of a multinational company, which markets and distributes a variety of injected plastic goods, that has implemented a continuous improvement scheme to achieve an increase in sales. The improvement study took place over a six month period during which employees 'came up' with ideas for improving marketing at the company, either through a suggestion box or by means of project teams. Evaluation of the projects was made using different criteria. The result has been considered excellent by the management. Of the five proposals submitted, three have been implemented in 2008 and one of them has been exported to plants in other countries. Sales turnover increased more than 4%. In the case study we identified an original way of setting up multidisciplinary teams, the importance of company culture and the competitiveness effect among improvement teams.

Introduction

At present, turbulent global markets are creating the need for the development of new products and services (Lynn et al. 1999). For an organization to become flexible and be able to respond and adapt to change rapidly it is essential that it implement an improvement strategy (Kaye & Anderson 1999). Consequently, innovation and continuous improvement has become one of the priority aims of many companies (Escriba- Moreno & Canet-Giner 2006; Miklavcic Šumanski et al. 2007) since it is one of the ways of attaining success (González Pernia & Peña-Legazkue 2007).

So that companies do not exhaust their wealth of innovation, in addition to traditional sources of innovation (R&D departments, patent purchases, in-house or outside specialists, etc.), new sources of ideas should be employed (Farran & Williams 2001; Miklavcic Šumanski et al. 2007). At present, improvement cannot be understood without the participation of company employees (Garcia-Lorenzo & Prado Prado 2003). This means that management must consider changes in traditional structures creating new organizational alternatives that facilitate the channelling of ideas and proposals for improvement. In this sense, suggestion teams appear as one of the basic tools (Castka et al. 2001; Escriba-Moreno & Canet-Giner 2006; Marin-Garcia et al. 2008).

However, there is a dearth of scientific publications relating to the recommended steps for implementing CI schemes. The theory seems very simple. Nevertheless, many
shortcomings are to be found in its practical application. Therefore we need to make an in-depth study of the causes which give rise to such inadequate implementations (Jørgensen et al. 2003). In order to do so more empirical work is required (Bessant 2005; Jørgensen et al. 2006; Rijnders & Boer 2004) which will enable us to refine the implementation of continuous innovation, so that it may be adapted to more types of companies (Kaye & Anderson 1999).

On the other hand nowadays success in service industries is widely recognized as an essential factor for economic progress. The service sector is the only area which has continued to grow and create employment in the last two decades, whilst manufacturing and farming is undergoing a downturn in its activities and a sudden slump in employment rates. But whilst this sector grows in importance it is not receiving the degree of scientific attention it deserves (Lee et al. 2007).

Bringing together the deficiencies set out in the two preceding paragraphs, we have decided to study the case of a service company to answer the following research questions: why does a company with all the characteristics for having continuous improvement schemes in place, not yet implement them? What are the drivers for launching a continuous improvement scheme? Are mistakes made at the implementation stage? Why? Do these mistakes affect the success of the scheme? Why? Does the theoretical implementation model of continuous improvement need modifying?

Innovation and continuous improvement

Company innovation ranges from new products or services, to new manufacturing methods, or new markets, or changing suppliers, or new business models (González Pernía & Peña-Legazkue 2007; Schumpeter 1934). The ability to innovate or improve is not restricted to inventing things which work (technological success). Rather, the idea of improvement involves attaining an economic materialization of ideas (González Pernía & Peña-Legazkue 2007). That is, the ideas are implemented and that, as a result of that implementation, the company achieve a certain benefit.

Most innovations that take place in a company are not drastic or radical, but just form part of what we could call continuous improvement (Escrita-Moreno & Canet-Giner 2006). In other words, they meet the requirements that identify them as continuous improvement: lower-level company personnel take part (Bessant & Francis 1999; Terziovski & Sohal 2000); it produces incremental (Bessant & Francis 1999; Grütter et al. 2002) and sustained changes (Bessant & Francis 1999) which permit a performance indicator to be improved, thanks to the transformation of the production processes or working practices (Grütter et al. 2002) and without incurring huge investments (Terziovski & Sohal 2000).

There is a wealth of literature on the results obtained by different continuous improvement schemes. For example, the individual suggestion schemes enable participation by all employees with no need for the allocation of significant resources (Fairbank et al. 2003; Fairbank & Williams 2001). If well managed and proper incentives are provided, they can generate ideas which, as a whole, may be very profitable for the company (Marín-García et al. 2008; Rapp & Eklund 2007). However, they have a certain tendency in time to lose impetus (Marín-García et al. 2008). In general it is advisable as a initial stage to develop a continuous improvement culture before progressing to the implementation of teamwork improvement schemes (Lawler III 1996).

However, given the ever more complex nature of work, the use of teamwork in improvement activities is indicated (Escrita-Moreno & Canet-Giner 2006). By using teamwork, improvements may be tackled from different perspectives, by learning and interacting with the rest of the members of the group, by increasing the creativity of the proposals (Castka et al. 2001; Lynn et al. 1999). For this reason, profits generated by team proposals are greater than those from individual initiatives (Benders et al. 1999; Marín-García et al. 2008). Furthermore, greater satisfaction is achieved by the participants (Castka et al. 2001). However, one of the possible shortcomings when putting forward team improvement schemes, is the difficulty and cost of adapting company structure to support the development and maintenance of these teams (Benders et al. 2001).

There seems to be a consensus in respect of the requirements which implementation of these continuous improvement schemes should meet to ensure that best use is made of staff potential and for the results to be deemed successful. In the paragraphs below we shall develop the information we have unveiled.

First of all, we have to ensure that the whole company (management and workers) is made conversant with the strategy being followed in the medium and long term, by explaining the reasons for the actions taken (Bateman & Rich 2003). In any event, implementation of improvement schemes should never be for the sake of a fashion sparked off by those managing the company at the time. These schemes must be sustainable over time and for this reason are to be understood as a strategic priority for the organization (Jørgensen et al. 2003; van Dijk & van den Ende 2002).

It is advisable that regular meetings be held, both of the management and the rest of the employees. In them experiences are shared and the state of the improvement projects are reviewed. Best practice, successes and failures too are re-examined (Jørgensen et al. 2003; Schuring & Luijten 2001).

In respect of the foregoing, management support is required. Management play a very important role in ensuring clear aims, that they are kept stable and that the necessary resources to achieve them are made available (Lynn et al. 1999). Management must be involved, but it has to let the workers be the ones to generate the ideas, and concern itself with defining and making resources available for their implementation, providing support at all times (Choi et al. 1997; Jørgensen et al. 2003).

Lack of resources has been identified as an inhibitor of continuous improvement processes (Jørgensen et al. 2003; van Dijk & van den Ende 2002). Without sufficient resources, competition for the securing of available resources for improvement may appear (Bateman & Rich 2003).

Implementation of a continuous innovation scheme usually involves a change in the shared and accepted beliefs, values, regulations and practices of the members of the
reached a consensus on degree to which organizational culture must be modified or how to achieve it (Bateman & Rich 2003; Bonavia Martin 2006). There are also authors who recommend avoiding internal competition (Schuring & Luijten 2001) or fostering all kinds of ideas, not just big ideas (Schuring & Luijten 2001).

There are certain factors which affect worker participation in improvement schemes. One is that employees obtain some personal benefit from the application of improvements. For instance, financial rewards or other kinds of incentives (Rapp & Eklund 2007; Schuring & Luijten 2001). Furthermore, employees need to trust in their ability to generate new ideas and participate effectively (Frese et al. 1999). To achieve this, they need to be trained both in group problem-solving techniques and knowledge of the overall product manufacturing or service provision process (Componation & Farrington 2000; Kaye & Anderson 1999; Lawler III 1996).

Good indicators which give an overview of the improvements made by the innovations that have been implemented need to be used. Many indicators are linked to achievement. In these cases it is advisable not to focus just on financial indicators - sales figures, profits before tax, gross value added, etc. (Bond 1999). But to these operational indicators such as quality, flexibility, delivery reliability, customer satisfaction, cost savings, absenteeism, staff rotation, staff satisfaction questionnaires, health and safety, etc., can be added (Bonavia Martin & Marin-Garcia 2006; Bond 1999; Marin-Garcia et al. 2006; Wall et al. 2004). All employees should know the results of these measures so as to be able to continue to improve in each of their areas. It is most important that both successes and failures be disseminated throughout the company by means of a proper feedback system which facilitates learning (Kaye & Anderson 1999; Rapp & Eklund 2007).

Adequate project selection is a critical factor for the success of innovation schemes (Choi et al. 1997). This is particularly important for those companies with little experience in the use of innovation schemes requiring worker participation (Bacdayan 2001). There are few publications which refer to this specific issue. It is suggested that projects focus on customer needs (internal or external), that they be simple and that they should be specific so that the best proposal may be assessed (Bacdayan 2001).

Summarizing the preceding paragraphs, we have made a model which provides for eight key categories within which we can classify improvement enablers based on company personnel (Figure 1): an integrated strategy, communication, visible support from management, resources, organizational culture, company personnel participation, indicators, project selection.

However, it is not unusual to find companies in which implementation of continuous improvement gives rise to difficulties. Consequently, we need to make an in-depth study of the causes which give rise to them (Jorgensen et al. 2003). So more field work is needed (Bateman 2005; Rijnders & Boer 2004), by analyzing the situations which real companies face, in order to refine the continuous improvement implementation model, so that it may be put in place in more kinds of company (Kaye & Anderson 1999), especially service companies, which, in these and other matters, have had less research undertaken that the manufacturing sector (Lee et al. 2007).

**Methodology**

Our research has focused on answering the following questions: why has a company with all the qualities for implementing continuous improvement schemes (medium-sized, several years running, belonging to a multinational, leader in their sector, with resources, in a very competitive environment,...), not implemented them so far? When it is decided to implement them, are mistakes made at the implementation stage? Why? Do these mistakes affect the success of the scheme? Why? Does the theoretical implementation model of continuous improvement need modifying?

For this purpose we have chosen case methodology, analyzing data provided by the personnel who work for the company (Yin 1994), in order to gain a better understanding of what happens and to see if it is possible to make generalizations about what is discovered (Langley & Royer 2006). The main source of information was participant observation (Escribá-Moreno & Canet-Giner 2006; Jorgensen 1989) 8 hours a day, for 10 months at the company (from January 2007 to October 2007), including the stage prior to implementation, participation in one of the teams formed in the company and the stage after closure of the scheme. This information was complemented with in-depth interviews of two executives, six participants from other teams and four company employees who did not participate in the scheme (all of whom chosen at random). These interviews were based on open questions. Data was also collected from informal comments made.
by other members of the company with whom interaction took place in the course of the eight months. The number of interviews has been reduced because the aim was not to undertake a representative sample for a quantitative survey but to triangulate data for checking whether participant observation insights matched those of company personnel (Langley & Royer 2006).

The company

It is a multinational in the area of distribution, sales and marketing of injected plastic goods. The Spanish subsidiary, object of this study, has 120 permanent employees and a further 25 temporary posts, personnel being engaged in the last quarter of the year due to the extremely seasonal nature of the product.

The parent company is the second largest company in the world in its sector and the Spanish subsidiary is in the best position relative to the leader in the Iberian Peninsula at just one percentage point below the leader’s market share.

The company structure comprises the traditional departments with their respective heads and directors of each of the areas: marketing, finance, operations, human resources, sales and information systems. There is no participation culture and work is carried out individually or by means of traditional groups (assembly chain with external supervision). Management of the Spanish plant usually falls to foreign nationals but the rest of the executives, managers and employees are Spanish.

In January 2007 a new managing director was appointed for the plant and in February of the same year the suggestion teams were set up. This initiative constitutes our case study.

Case Study

The initiative of setting up the improvement teams came from the managing director unilaterally. His intention was to “encourage people in general to participate in doing new things, different to their usual ones, involving the maximum number or people, giving rewards, etc.” He set up an assessment committee made up of one member from outside the company (the advertising manager that the organization works with) three members of the companies (marketing director, the sales director and the managing director himself). This committee chose four team leaders: the marketing and planning manager, the financial director, the market director and an account manager for the commercial area. The assessment committee met the four leaders to explain the project to them. An hour later it explained it to the whole company except the warehouse personnel (the most numerous department with between 45-50% of the staff).

Each improvement team had 6 months to draw up and submit a project to add to the marketing plan of the Spanish subsidiary (promotions, advertising, point-of-sale materials, display stands, collaborations with other companies...). Any action which would increase sales using company catalogue products for 2008 was accepted, to be implemented in January 2008, but which did not involve investment or promotion outlays, or finding new customers. By way of guidance an annual sales turnover increase of 2% for the Spanish plant was sought, maintaining a before-tax profit of 7% at least (the average profit for the three years prior to the launch of the scheme).

The leaders had 48 hours to recruit four company members and to set up their team, with the only limitation that nobody from their department could be chosen and at most two people from the same department.

If the idea was implemented and the expected profits materialized, the members of the winning team would be entitled to 2% of the annual profits up to a limit of 4000 euro per person.

A playful atmosphere surrounding the action was maintained at all times, it was intended that day-to-day events should be immersed in the improvement team atmosphere. Likewise, a strong competitive spirit was fostered among teams from the launch. This message soon permeated among the participants and was manifest on many occasions throughout the whole process.

At the same time and in an attempt at obtaining everyone’s participation, a suggestion scheme was set up where any suggestion for improvement was accepted whether on an individual or group basis irrespective of the improvement teams. Rewards consisted of 500 euro for the best individual suggestion and 500 euro for each member of the winning team.

To assess the teams’ proposals and those from the suggestion box, fulfilling scheme requirements, the increase in the sales figures it provided, originality of the submission and teamwork were all taken into account.

The teams were very varied. All were headed by a senior executive (the team leader), but the rest of the members were very varied. One team, for example, was made up of a sales clerk, a receptionist, a salesman and the head of computing. Another, a worker from the computing section, two specific customer account managers and the head of a marketing section. One of the teams was disbanded halfway through the project because one of its members resigned and it no longer met the scheme requirements.

Over the following six months, up to the end of the project, a substructure out with the formal one was set up by each of the teams. Work could be done within the working day. But each member of the team had to continue to carry out their daily duties within the organization. The level of competition among the teams was very high. Almost all of them carried out marketing and promotional tasks relating to their actions. It was not just a case of working to attain a good project, the project had to be constantly sold to the members of the organization and, in particular, to the assessment committee. Posters were put up, a website was set up,... One of the teams even carried out several events in the company canteen, such as the creation of paper tablecloths promoting their team, cakes were bought for all with the logo of one of the teams on them and actors were hired to enact a sales parody to liven up one of the meal times. All these activities kept the project alive throughout the organization, generating all kind of comments among the team participants. For example: “we are going to have to react quickly with another action or they’ll overtake us”; “you can tell they’re the favourite group, we can’t soft
soap them any longer"; "the favourite team are meeting with the management all the time"; "there's a winner already, so what's the point in busting a gut"; "I think they've copied our ideas"; "I think it's best to resign"; "the managing director is going to get an impression of us based on what we submit and how we do it"; "let's spend it all on meals and that's it!"

The leader of one of the teams and who belonged, at the same time, to the group of experts to whom the managing director had entrusted the parallel project of opening up new markets and increasing sales, from the outset showed no interest whatever in his team. To such an extent that he entrusted the project to one of his suppliers and did not even have a meeting with its members to ask them for their collaboration. This reinforced the idea that the management did not believe in the ability of the employees to generate innovation or improvements and therefore the reasons for the project were of a different kind. This team broke up in the end. Interestingly, their proposal was the worst of the four submitted.

**Results**

The projects were presented to the assessment committee after six months' work. One of the teams submitted two alternative projects. The managing director himself and the rest of the members of the committee were greatly surprised that the projects submitted were of such high quality.

Evaluation of the projects was made before the whole company. A matrix using different criteria such as: the best idea, the best presentation, the greatest increase in sales figures, the most polished or advanced and the ones which had worked best as a team. Each of these criteria was given a weighting. This matrix was not explained in the initial stage of presentation of the projects and the way in which each of the criteria was evaluated was an issue which was not clearly outlined.

The winning team was the one which gave the most spectacular presentation. It was this very team which had been the one rumoured to be the favourite of the assessment committee. The opinion of the majority of the employees after the public assessment of the projects was that the winner should have been the one with the best idea. However the assessment committee decided to give greater weight to the tremendous originality and imagination of the presentation, to the marketing activities undertaken during the process and to the tremendous cohesion with which the winning team had worked.

The result has been considered excellent by the management. Of the five proposals submitted, three have been implemented in 2008 and one of them has been exported to plants in other countries which have already implemented it. One of the proposals was turned down because it was the same as what the management was working on and the other did not materialize because customers did not accept the project.

Despite implementing the ideas of the three teams, the company has only paid the cash prize to the winner. This has not been well received by the participants who consider that any idea implemented is entitled to a prize. The opinion of many of the workers, whether belonging to the teams or not, was that they would not participate in another project like this.

As far as the result of the suggestion box is concerned, only two proposals were received, and both by the same person who, obviously won the prize, although his proposal was not well developed and was not implemented. It had no support at any stage of the process. Only the winning suggestion was awarded a prize, no mention was made that there had only been one participant nor was the fact it was not implemented made known. Warehouse personnel felt excluded from the outset, they did not participate in the suggestion box despite the pressure exerted by their manager.

**Discussion**

The two interventions made by the company (improvement teams and suggestion box) fall into the two parallel schemes of continuous improvement and meet the requirements for considering them as such (Bessant & Francis 1999; Escriba-Moreno & Canet-Giner 2006; Gritter et al. 2002; Terziowski & Solnh 2000). The initial intention of the company was to launch these teams on a yearly basis so that the improvement efforts would be sustained (Bessant & Francis 1999). However, the climate generated among the workers makes another edition out of the question, despite the beneficial results for the company of the improvement teams (because the suggestion box may be considered a complete failure).

The use of teams has had two positive outcomes, on the one hand it motivates workers to become participants in the decision-making processes at different levels, on the other hand it affords the necessary degree of decentralization for generating proposals focused on the needs of direct customers (Escriba-Moreno & Canet-Giner 2006). It is interesting to point out that the only team that broke up is the one that did not work as a team (it commissioned the project to external experts). Curiously, this was the worst proposal, which reinforces the role of staff creativity and knowledge as a source of improvement (Garcia-Lorenzo & Prado Prado 2003).

The company has gained some advantages from fostering competitiveness among the teams. For instance, the teams were very dynamic and united, creativity and excitement were encouraged. Group pressure was also simulated. However, certain internal and external costs are noticeable: there is no cross fertilization of ideas among the teams (Kaye & Anderson 1999; Rapp & Eklund 2007), there is the risk that proposals stray from the strategic priorities of the company and an image of lack of coordination is presented to customers. Furthermore the climate became strained and, worse still, workers no longer want to participate in initiatives such as these in the future. The advantages gained in competitiveness probably do not outweigh the disadvantages (Schuring & Luijten 2001).

The assessment and reward system was another bone of contention. Employees must have confidence that their ideas are going to be assessed objectively and rewarded properly by a clear and transparent system (Kerrin & Oliver 2002; Rapp & Eklund 2002; Schuring
assessed. All efforts, resources and expectations resided with the improvement teams. The result was a total failure, as the fact that there was only participant demonstrates.

Conclusions

Our paper has contributed to the development of a theoretical framework for continuous improvement by following these steps: Carrying out a theoretical review has enabled us to establish a model which envisages eight key aspects for the implementation of these schemes. Reviewing two basic tools which organizations have for fostering improvement via employee participation: suggestion box and improvement team schemes. Analyzing the case from the point of view of the model proposed above, in which original methods can be identified for the formation of multidisciplinary teams, the significance which, in this case, the reason for implementing improvement has on the final results of the project and the distorting effect of fostering competitiveness among the various improvement teams.

The first time the company tries to implement improvement teams they obtain results the management deem successful. However, not all the participants share the same opinion. We consider that it is not necessary to extend the implementation model by including new variables. What is needed is the proper application of what is already known. Having reviewed the case, it can clearly be seen that a series of mistakes were made which could have been prevented if experts had been consulted or if management had basic knowledge of improvement theory using employee participation. Hence the usefulness of persisting, developing and disseminating this theory and its basic principles.

We believe that future research into continuous improvement should include, inter alia, the following aspects: to discover whether companies which could benefit from the use of continuous improvement schemes are using them or not; to look into the root causes in order to explain why continuous improvement schemes are not being used by companies (the implicit attributes which act on multi-criteria decision for deciding whether to implement continuous improvement schemes or not) to identify what the obstacles are preventing exploiting to the maximum the potential of continuous improvement; and, finally, to discover the way certain kinds of companies overcome these obstacles or the reasons preventing them from doing so.

The answer to these questions may open up a new avenue in the development of the theory of continuous improvement, by understanding the resistance to its application and suggesting ways which lead to the expansion of its application.

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