

6-11-2001

Leadership in the Continuous Improvement Process

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Leadership in the Continuous Improvement Process

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Submitted in partial fulfillment of the
requirement for the degree of
Master of Arts in Leadership

AUGSBURG COLLEGE
Minneapolis, Minnesota

2001

MASTER OF ARTS IN LEADERSHIP
AUGSBURG COLLEGE
MINNEAPOLIS, MINNESOTA

CERTIFICATE OF APPROVAL

This is to certify that the Master's Non-thesis Project of

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has been approved by the Review Committee for the Non-thesis Project
requirement for the Master of Arts in Leadership degree

Date Non-thesis Completed: 6/11/07

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ABSTRACT

Leadership in the Continuous improvement Process

Jim L. Kline

2001

for profit

Companies are formed for many reasons, but without profitability, they will not survive. Therefore, it remains the focus of the company's employees to maintain profitability. New ideas and improvements must be implemented continuously for the company to maintain and increase their profitability.

The employees responsible for continuously implementing these new ideas and improvements will significantly contribute to the success of the company and its profitability. The key to their success is the use of positive leadership and a continuous improvement process. This study presents two theories that support this claim: Masaaki Imai's continuous improvement process, and James MacGregor Burns' theory of leadership. Also included is a discussion of the effects of cultural and process change, leadership in the continuous improvement process, and John P. Kotter's concept of leadership and management.

Leadership in the Continuous Improvement Process

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Leadership in the Continuous Improvement Process

Introduction

For profit
Companies are started for the primary purpose of making a financial profit for the investors or owners. The focus of the company's management is to maintain profits or consistently increase them. This desire causes managers, executives, educators, and consultants to make ongoing improvements, such as the use of computers, robots, automatic material delivery equipment, and air powered tools. It is this continuous improvement that challenges most companies today and gives rise to a wide range of questions about technology and employee needs. One major questions about the concept of continuous improvement is "how do executives and/or managers develop, implement, and maintain an environment of growth and continuous improvement?"

The purpose of this paper is to identify the most effective type of leadership for addressing development, implementation, and maintenance of continuous improvement in small or medium-sized companies, specifically James MacGregor Burns' theory of leadership. Burns was a World War II combat historian for the United States Army and has written biographies about famous leaders, such as Franklin Roosevelt and John Kennedy. His study of leaders caused him to write about leadership. Burns' background and life experience provided the frame work and supporting evidence for this theory. In 1978 he wrote the book Leadership, which explains his theory of leadership in detail.

Burns describes two types of leadership. The first type is transactional leadership, which occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued goods. The

second type is transforming leadership, which occurs when one or more persons engage with others in such a way that both parties raise one another to higher levels of motivation and morality (Burns, 1978, p. 4). The questions for companies is this: which of these two types should the leader in a continuous improvement environment take: transactional, transforming or at times both?

John P. Kotter's distinction between leadership and management helps to provide an answer to the above question. Kotter (1990) writes, "leadership and management are two distinctive and complementary systems of action. Each has its own function and characteristic activities. Both are necessary for success in an increasingly complex and volatile business environment" (p. 103). By combining Kotter's concept with the elements of continuous improvement and Burns' leadership theory, the main question of what type of leadership to be used can be answered.

Answering this question is important because the results could be used by leaders in the development of any continuous improvement process. Training programs and career growth paths can be aided and developed by using the results. Also, executives may use the results to aid them in selecting new employees, particularly if they are trying to implement a continuous improvement program. The assistance comes by matching an applicant's profile with the desired type of leadership needed for continuous improvement.

Additionally, this study is significant because it addresses all three key attributes in the Augsburg College Leadership Development Model: a sense of vision, the ability to persuade, and the ability to direct action. These attributes must be present for any form of continuous improvement program to be successful. The results of the study can help leaders obtain

these attributes and therefore influence their continuous improvement process.

In order to address the major problems and opportunities of continuous improvement, this study is divided into four sections: Imai's theory of continuous improvement, Burns' theory of leadership, Kotter's theory of leadership and management, and leadership in the continuous improvement process and leadership. Each section discusses topics related to continuous improvement and leadership: a definition of continuous improvement and its elements, a definition of leadership with the two types, the difference between leadership and management, and leadership in the continuous improvement process.

MASAAKI IMAI'S THEORY OF CONTINUOUS IMPROVEMENT

Improvement is crucial to the profitability of any company. In fact, if improvement is not a continuous focus of the company and its leaders, the company will lose customers and eventually money. For example, Andrew Carnegie believed that companies should be progressive, grow, and be profitable. To illustrate this idea, Carnegie (1898) wrote, "It must either go forward or fall behind: to stand still is impossible. It is a condition essential to its successful operation that it should be thus far profitable, and even that, in addition to interest on capital, it should make a profit" (p. 5). Carnegie emphasized that a company must go forward and be profitable or fall behind. His idea supports linking together continuous improvement and profitability for company survival.

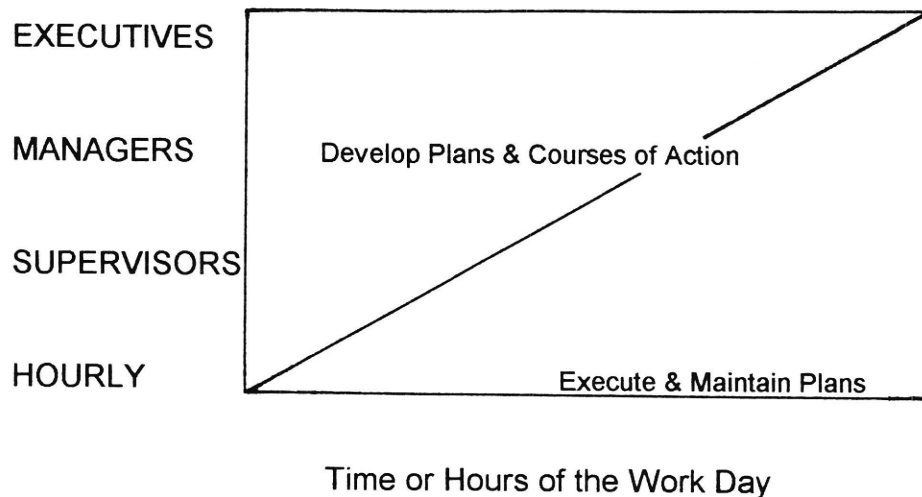
The following empirical data helps corroborate that companies who use the continuous improvement process have more success in reaching their goals than those who do not. According to the Third Annual Industry Week

Census of Manufacturers, the quest for excellence in manufacturing is far from over. Jill Jusko (1999) reports, "Thirty-seven percent of plant-floor executives say their manufacturing facilities have made significant progress toward achieving world-class status or have fully achieved this lofty aim. And their performances metrics back them up, indicating better turn rates, higher productivity, and more timely delivery to customers" (p. 76). This data was developed from information collected from over 2000 manufacturing executives in the United States. Jusko goes on to claim that continuous improvement efforts and quality management programs continue to be the mainstay initiatives driving manufacturing at all levels (Jusko, 1999, p. 77). Additional data taken from this report supports the positive from the continuous improvement process. Companies who reporting to the survey who have formal continuous improvement programs was 55%, with 21% of the total plants surveyed reported that their initiatives were extremely effective. Based on these positive improvements in manufacturing it is fair to conclude that the continuous improvement process will impact any type of company in a positive manner. This conclusion was reached because there is no evidence found supporting the idea that continuous improvement will not work in a non-manufacturing company.

The definition of continuous improvement given by Masaaki Imai in his book KAIZEN will be the one used in this study. According to Imai (1968), "KAIZEN means improvement. Moreover it means continuing improvement in personal life, home life, social life, and working life. When applied to the workplace KAIZEN means continuing improvement involving everyone-- managers and workers alike" (p. xx).

Another definition offered just for comparison comes from the American National Standard for International Organization for Standards (ISO). It does not define “continuous improvement”, but it defines “continual improvement”, noting a difference between the two. The definition for continual improvement is as follows: "The organization shall continually improve the effectiveness of the quality management system through the use of the quality policy, quality objectives, audit results, analysis of data, corrective and preventive actions and management review" (p. 13). This definition is similar to Imai's, but it is not as inclusive. The American National Standard for ISO does not address individual employees and their role in the process. Imai develops his definition further by delegating responsibility for maintaining standards to employees or followers, with the role of leadership being the improvement of those standards. In summary then, Imai bases his concept on the idea, that if all employees engage in small, gradual, continuing improvement, the organization will achieve positive goals of profit and customer satisfaction (Imai, 1986).

Diagram 1 below, adapted from KAIZEN, illustrates how employees should be engaged in the process. This diagram reveals how followers and leaders should spend their work day if the organization has implemented continuous improvement. It illustrates that leaders higher up in the organization spend the vast majority of their time developing plans and courses of action, while the followers devote their time to executing and maintaining plans.

Diagram 1: Time & Energy Allocation of Employees

This diagram shows that during the entire work day executives spend their day developing plans and courses of action. Managers spend about seventy-five percent of their time doing the same, and twenty-five percent executing and maintaining plans. Supervisors allocate fifty percent of their time doing both functions. The hourly employees allocate their time and energy maintaining the plans. This is Imai's way of showing the role of each member of organization and the ways in which all employees participate in the process. The motivation for the employees comes from the company's customers.

According to Imai (1986), "KAIZEN is a customer-driven strategy for improvement. The theory of KAIZEN, assumes that all activities should eventually lead to increased customer satisfaction" (p. xxxii). Because KAIZEN is at the core of the definition of continuous improvement, it is also at the core of the strategy. All organizations, both for profit or not for profit,

have customers or clients that want to be satisfied. For example, schools serve and must satisfy students, hospitals serve patients, social workers serve clients, and manufacturers must satisfy their customers. Customer satisfaction is the motivation that guides the continuous improvement process and all the employees involved.

Imai's strategy is based on customer satisfaction and company profitability. It impacts all aspects and areas of the company: human resources, quality control (product or service to meet customer requirements), scheduling (meeting volume and delivery), the cost of goods and services, a process-oriented way of thinking by leaders and followers instead of results-oriented thinking, and cultural change. The most difficult of these to deal with is cultural change. If it is not dealt with through leadership, the continuous improvement process will fail. However, before change is addressed further, the elements, measurement, and implementation of the continuous improvement process need to be examined.

The elements of the continuous improvement come not from Masaaki Imai, but rather from the techniques of World-Class Manufacturing (WCM). WCM is a concept that provides companies with the opportunity to update old or outdated processes, raise productivity levels, and enhance competitive advantage (Bower, 1992, p. 1). The focus of WCM is on manufacturing, but with some minor adjustments can be used in any type of organization. The characteristic WCM techniques are just-in-time inventory (companies purchase just what they need and use it quickly), rapid-cycle manufacturing (companies reduce all time that does enhance product or service), product teams (employee participation for quick results), value chains (purchasing departments partner with suppliers), concurrent

engineering (engineering departments develop new products and ideas, while current product is being produced), and safety (employee safety comes first) (Brower, 1992, p. 1). Updating old or outdated processes, raising productivity levels, and enhancing competitive advantage are the typical objectives achieved by implementing WCM.

In order to align the followers with the process, leaders must provide feedback. This can be done by communicating indicators of progress to the followers. This measurement may be based on delivery to customers, scrap and reject rates, safety records, or productivity levels. It is very important to note that these indicators directly affect customer satisfaction and have positive impact on the entire company.

At the core of implementing the continuous improvement process is positive leadership and management. According to Edwards W. Deming strong leadership is the key to success. Deming (1982) writes,

“The aim of leadership should be to improve the performance of man and machine, to improve quality, to increase output, and simultaneously to bring pride of workmanship to people. Put in a negative way, the aim of leadership is not merely to find and record failures of men, but to remove the causes of failure: to help people to do a better job with less effort” (p. 248).

Using Deming’s leadership guidance and the elements of continuous improvement, the leader/manager can formally develop an implementation plan. The implementation plan should be based on, but not be limited to two analysis. First, he/she should determine what the company does best, which is commonly called the “core competencies”. Second, the leaders/manager analysis the companies strengths, weaknesses, opportunities, and threats. The findings of these two analysis should be

used in the development of critical objectives, which will be used to establish company goals. With this process completed, the leader/manager can develop an implementation plan which addresses the developed goals. Upon completion of the implementation plan, the leader/manager can begin the process of dealing with change.

Andrew Carnegie (1898) said, "Whether the change be for good or ill, it is upon us, beyond our power to alter, and, therefore, to be accepted and made the best of it. It is a waste of time to criticize the inevitable" (p. 5).

Imai (1986) addresses change by saying, "Creating a cooperative atmosphere and corporate culture has been an inseparable part of KAIZEN programs. All the KAIZEN programs that implemented a plan have had one key prerequisite in common: getting workers' acceptance and overcoming their resistance to change" (p. 217). Carnegie and Imai clearly support the idea that change to the work place culture is critical to the success of the continuous improvement process. Resistance to change can be expected, but it must be overcome. It is this lack of change that can cause a continuous improvement program to fail or only be partially successful.

According to Stephen Harper, a professor of management, at the University of North Carolina at Wilmington, leadership that embraces change provides the key to a successful continuous improvement program. Harper (1998) writes,

"Executives must recognize that before they get to the 21st century they must mentally leave the practices of the past.

They also need to recognize that there is a toll booth at the entrance to the on ramp of the 21st century. Not all

firms will be able to pass through the toll booth because it requires a new type of currency—change leadership!” (p. 25).

Leadership in the continuous improvement process is one of the most important aspects in dealing with cultural and process change. The successful leader must properly deal with the resistance to cultural change, or successful continuous improvement will not be obtained. Deming (1982) stated it this way: “The leader also has responsibility to improve the system—i.e., to make it possible, on a continuing basis, for everybody to do a better job with greater satisfaction” (p. 248-249).

Understanding the responsibility of the leader, according to Harper and Deming, does not define leadership. It suggests a question: what is leadership? The definition of leadership has two aspects: the meaning of leadership and leadership types.

JAMES MACGREGOR BURNS' THEORY OF LEADERSHIP

Leadership means different things to different people. In her book Women and Leadership, Karin Klenke lists six formal definitions of leadership. In summary form they are:

- Leadership is “both a personality phenomenon and a group phenomenon: it is a social process involving a number of persons in mental contact in which one person assumes dominance over the others”.
- Leadership is “the influential increment over and above mechanical compliance with the routine directives of the organization”.
- Leadership is “ a particular type of power relationship

characterized by a group member's perception that another group member has the right to prescribe behavior patterns for the former regarding his activity as a group member".

- Leadership is "the performance of the sponsor, or managerial function where the person who exercises it emerges from a more or less undifferentiated group or is placed in that position by formal appointment".
- Leadership is "an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes".
- Leadership is "creating a state of mind in others" (Klenke, 1996, p. 6-7).

Katherine Tyler Scott uses the definition found in the dictionary: Leadership is "to show the way by going in advance: conduct, escort, or direct: to cause to follow some course of action or line of thought" (Conger, 1994. P. 64).

All seven of these definitions focus on the relationship between a person and members of an organization or group. This relationship, along with creating positive change, appears to be the common link to the different variations of the definition of leadership. Still, the best definition for this study comes from James MacGregor Burns' leadership theory, which is also based on change and the relationship of human beings.

Burns' leadership theory is based on two dimensions of leadership: first, leadership is relational, and second, motivation is key to understanding leadership and change (Sorenson, 2000, p. 6). In other words, Burns' theory is based on the relationship between leaders and their followers. To further illustrate his theory, Burns' defines leadership in the following words: "Leadership over human beings is exercised when persons with

certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers” (Burns, 1978, p. 18). Burns clearly claims that leaders have an obligation to their followers—to help them grow to their fullest potential as future leaders.

As stated earlier Burns extends his analysis by saying that there are two types of leaders, transforming and transactional. The essential elements of the two types differ greatly. According to Burns (1978), “The relations of most leaders and followers are transactional—leaders approach followers with an eye to exchange one thing for another: jobs for votes, or subsidies for campaign contributions” (p. 4). Transactional leadership puts a heavy emphasis on a reward system for compliance in order for the leader to get the follower to do what is requested. Performance goals are spelled out clearly so the follower understands what it takes to receive the reward. Finally, dissent in this type or style is not tolerated. According to Kouzes and Posner (1997), “Transactional leaders closely resembles the traditional definition of the manager” (p. 321). In explaining transforming leadership, Burns (1978) writes, “Transforming leadership, while more complex, is more potent. The transforming leader recognizes and exploits an existing need or demand of a potential follower” (p. 4). He goes on to explain that the result of transforming leadership “is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents” (Burns, 1978, p. 4).

To further explain the difference between the two types, some practical examples can be examined. For example, transactional leadership may be found in the military environment (promotion for clearly defined expectations), politics (a vote for a road), a sales organization (money for

obtaining an order) or a manufacturing organization (make quota and receive a bonus). By contrast, a transforming model is one within which the leader creates a positive change by creating a new organizational culture which results in benefit to all members of the organization. These benefits may take the form of ongoing educational programs, products or services for all of society, or, in the case of an expedition, something good for all members of the party. An excellent example of a modern-day transforming leader is Mahatma Gandhi of India. During India's quest for independence from British rule, he aroused the hopes of millions, whose lives were thus enhanced in the process. Gandhi devoted himself to his followers, making him an excellent example for all leaders who wish to be transforming (Burns, 1978, p. 20).

In summary then, Burns considers both transforming and transactional leadership to be relationship-based, but polar opposites. Other students of leadership postulate that leaders, at times, can be both transforming and transactional (Judge & Bono, 2000, P. 751). This idea is further developed in the section, Leadership in the Continuous Improvement Process.

According to several other researchers, Burns' theory has greatly contributed and been very useful to the study of leadership. For example, Judge and Bono (2000) write, "In the last 20 years, considerable progress has been made in addressing leader effectiveness according to one theoretical perspective, transformation leadership theory (also known as charismatic leadership). The concept of transformational leaders dates to Burns' (1978) Pulitzer-Prize-winning book on leadership" (p. 751). This reference to Burns illustrates how he has influenced the study of leadership, adding credibility to his theory and justification for its use as the core definition of leadership.

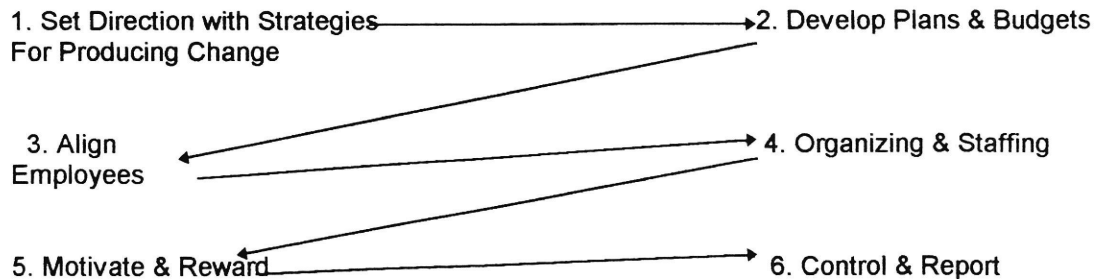
Leadership has been defined as a relationship of influence among leaders and followers. With this in mind, it is important to briefly discuss and clarify the different functions of leaders and managers. This clarification will aid in defining the leadership role in the continuous improvement process.

JOHN P. KOTTER'S THEORY OF LEADERSHIP & MANAGEMENT

According to John Kotter (1990), "Leadership is different from management" (p. 103). There are two distinctive and complementary systems of action, both of which are necessary for success. Kotter believes that good management is about coping with complex issues by bringing order and consistency to key dimensions like quality and profitability of products. Leadership, on the other hand, is about coping with change. Additionally, he writes, "Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership" (Kotter, 1990, p. 104). This idea relates to Burns' theory that transaction and transforming leadership are polar opposites, and that managers are more likely to be transactional, while leaders are more likely to be transforming. Diagram 2, adapted from Kotter's concept, illustrates the functional difference between leadership and management. It shows functionally what leaders and managers do and how they relate to each other and Burns' two types of leaders.

Diagram 2: Functions of Leaders & Managers

Transforming Leadership Functions/Transactional Management Functions



In the above diagram, functions one, three, and five are strategies used by transforming leaders. Functions two, four and six are done by transactional leaders or managers. In the process of planning the continuous improvement process the arrows show the path of thought the leader/manager might take. They illustrate how the employee in the leadership and/or management position moves from function to function. The employee in this position is the one who has to answer to the company owners for outcomes of the continuous improvement process.

LEADERSHIP IN THE CONTINUOUS IMPROVEMENT PROCESS

The role of the leaders in the continuous improvement process is to practice leadership and combat resistance to change. The first fundamental role is that the person in the leadership position must provide leadership to the followers. This means the person who is accountable to the company owners and/or board of directors must develop a relationship with his/her followers based on Burns' theory. This relationship must be relational and motivate the leader and the followers. In this relationship, the leader also must display a commitment to his/her followers.

Support for this idea comes from W. Edwards Deming.

Deming has developed fourteen points that management can use for the transformation of companies. Two of these points are significant because they relate to leadership and the building of relationships. The first of these points is Deming's notion of, "Institute leadership". He (1982) writes that, "The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers" (p. 23). Deming's last point concerns the need for everyone in the company to be involved in the transformation process. He (1982) writes, "Put everybody in the company to work to accomplish the transformation. The transformation is everybody's job" (p. 24).

The second fundamental role is combating resistance to change. This need is supported by Stephen C. Harper, a professor of management at the University of North Carolina at Wilmington, and a management consultant. He writes, "Leading organizational change involves making change a state of mind, not just a set of tools and techniques and making change involve preparation for the future, not fixing mistakes of the past. (Harper 1998, p. 1). Both Harper and Deming address change or transforming leadership and helping the followers. They believe that if this is accomplished then continuous improvement will take place.

Clearly, leadership is needed to combat the resistance to change that will occur once the continuous improvement process begins. It is this combating of resistance to change that is the second element. Donna J. Markham, in her book Spiritlinking Leadership, provides some insight for the leader working through resistance to change. She (1999) writes,

“A major difficulty that has surfaced in many organizations is that although resistance is often recognized, leaders have not known how to work through it. Consequently, the process of transformative change has often been unnecessarily thwarted.

Spiritlinking leadership entails attending to a deceptively simple fourfold dialogic process for managing resistance. It is, however, a process that cannot be short-circuited” (p. 41).

The four steps in the process are addressed by the leader, who must answer the following four questions. First, the leader deals with the mode of resistant by asking, “What is going on here?” Task number two requires the leader to explore the underlying unconscious motives for resistance by asking, “Why might this be happening now?” The third task explores the consequences if the resistance continues; here the asks, “What are likely consequences if this behavior continues?” The last task of working through the resistance to change is to ask the followers, “What are we willing to do?” In other words, what action are we committed to taking? (Markham, (1999), p. 41-46). The leader may integrate this process into the continuous improvement process plan.

The conclusions reached by this study are found in the following three sections. They are actions required by the leader for success in the continuous improvement process, pitfalls of the process, and a summary of the study’s key points.

ACTIONS REQUIRED BY THE LEADER

In the continuous improvement process the leader must provide leadership, deal with change, and communicate effectively. In order for this to happen successfully, the leader must be one of two types, transactional or transforming, and at times both. Diagram 3 illustrates the type of leadership that must be performed when taking action to complete the elements of continuous improvement process. This is done by matching up the element or area with the proper function as described by Kotter, and the leadership type depicted by Burns.

Diagram 3: Areas & Elements Compared to Function & Type

ELEMENT	FUNCTION	TYPE
CHANGE	LEADER	BOTH
GOAL SETTING	LEADER	BOTH
MEASUREMENT	MANAGER	TRANSACTIONAL
CREATIVITY	LEADER	TRANSFORMING
IMPLEMENTATION	BOTH	BOTH
SCHEDULING	MANAGER	BOTH
EMPLOYEE PARTICIPATION	BOTH	BOTH
MANAGING THE PROCESS	MANAGER	TRANSACTIONAL

This diagram shows that five of eight elements require both transforming and transactional, one transforming, and two transactional. From this analysis it may be concluded that the leader/manager performs both management and leadership functions, and utilizes both transactional and transforming types of leadership. He/she must combine these functions and types when dealing with the areas and elements of the continuous

improvement process. In order for the leader to be effective, clear communication between the leader and the follower is very important. Therefore, the leader must use speech correctly and understand the concept of speech acts.

Speech acts occur when a person accomplishes a goal(s) through speaking. They are classified into one of three types; locutionary, perlocutionary, and illocutionary. Locutionary acts are when the speaker says something, a verbal message. Perlocutionary acts are ones that produce sequential effects on the feelings, thoughts, or actions of hearers. Speech acts that indicate the speaker's purpose in saying something, specifying in what way she/he is using speech is a illocutionary act. Some examples are asking or answering questions, giving information, announcing intention, making criticism (Bonvillain, 2000, p. 93-94). Because illocutionary acts have received the most attention from speech act theorists it will be focus of this study. Representatives, directives, commissives, expressives and declarations are the six classification of illocutionary acts. Of these classifications, directives will be used to link continuous improvement and leadership. This classification is defined as an attempt by the speaker (leader)to get the hearer (follower) to do something; for example a, command, request, offer, permit, dare (Bonvillain, 2000, p. 94). Directives have six types which apply to leadership and continuous improvement. They are need statement (speaker asserts need or want), imperative (speaker commands an action of hearer), embedded imperative (command embedded in another linguistic frame), permission directive (speaker asks permission, indirectly implying action of hearer), question directive (speaker asks a question, indirectly implying action of hearer), hints (speaker makes statement, hinting a

request) (Bonvillian, 2000, p. 112). Diagram 4 provides some examples that illustrate the concept of speech acts and how they be used effectively by the leader in the continuous improvement process.

Diagram 4: Suggested Directives For The Leader

<u>Type</u>	<u>Utterance To Follower</u>
1. Need Statement	“Our competitive edge must improve!”
2. Question	“What do we need to improve our competitive edge?”
3. Hints	“Our competitive edge sure needs improving.”
4. <i>Embedded Imperative</i>	<i>“Could you develop a way to improve our competitive edge, so that I can increase profit sharing?”</i>
5. <i>Imperative</i>	<i>“Develop a way to measure competitive edge improvement by Friday, and I’ll give you next week off with pay.”</i>
6. <i>Permission</i>	<i>“Could I ask you to head up the team for a month? I’ll raise your pay if you say yes.”</i>

Directives one, two and three are ones used by leader using the transforming type of leadership. Four, five and six are examples of directives leaders using the transactional type of leadership would use in addressing their followers. By using these directives the leader will have more success in achieving his/her goals in the continuous improvement process.

PITFALLS OF THE CONTINUOUS IMPROVEMENT PROCESS

Even with leadership and good management the continuous improvement process can fail. According to Matthew Kline, a management consultant, many companies fail because of lack of commitment. He writes, “Based on a survey of Baldrige winners, management commitment is the most crucial ingredient for success—and lack of management commitment is the most often cited pitfall” (Kline, 1997, p. 2). Kline lists the pitfalls caused by this lack of commitment. They are listed below in no order of importance and in summary form:

- *poor communication
- *lack of leadership at various levels
- *lack of reward and/or recognition system
- *a hierarchical and individual-based organizational structure, instead of
lean and team-based
- *incompatible management styles
- *poor planning and lack of specific, measurable goals and feedback
systems
- *lack of adequate resources, trainers, and training procedures
- *neglect of supervisors throughout the process
- *lack of clear understanding of customer needs and expectations
- *lack of standardization of best practices
- *lack of statistical thinking
- *poor measurement systems
- *lack of follow-up and support
- *lack of corrective action procedures
- *bad mindsets

*discouragement of organizational and individual learning (Kline, 1997, p. 2).

As this list shows, the pitfalls are numerous and point back to leadership as described in the last section. This list also demonstrates the need for leadership if the continuous improvement process is to be successful.

Another pitfall is that most American companies and their leaders or managers expect positive results to occur in a short period of time. Continuous improvement takes time and requires buy-in from all employees. Kline (1997) states it this way: "It is imperative that you address everyone's "What's in it for me" concern in order to increase buy-in and ownership. Similar to selling a product or service, you must know your prospect, sell the problem or opportunity, sell the solution, and handle objections adroitly" (p. 7). Again, the need for a relationship of influence among leaders and followers is called for if the process is to be successful.

The pitfalls can be many, but if leadership is provided they will not get in the way of success. This is particularly true if the theories of leadership described are followed. Diagram 5 provides recommendations on what type of leadership to use in combating the pitfalls of the continuous improvement process. It matches up the better type of leadership, transforming or transactional, for use in combating the above pitfalls, and groups together Kotter's leadership and management functions: Pitfalls in Group "A" represent those that fit in the leadership function category, meaning they require more leadership than management. Group "B" requires more management functions in battling the pitfalls than the leadership functions.

**Diagram 5: Recommended Leadership Type For Used In
Combating Pitfalls**

<u>PITFALL GROUP A</u>	<u>TYPE</u>
1. Poor Communication	Transforming
2. Lack of Leadership	Transforming
3. Lack of Reward/or Recognition	Both
4. Supervision Neglect	Transforming
5. Lack of Understanding Customer Expectations	Transforming
6. Lack of Follow-up & Support	Transforming
7. Lack of Corrective Action Procedures	Both
8. Bad Mindsets	Both
9. Discouragement of Learning	Transforming
<u>PITFALL GROUP B</u>	<u>TYPE</u>
1. Hierarchical/Individual-based Structure	Transactional
2. Incompatible Management Styles	Transactional
3. Poor Planning/Lack of Measurement & Feedback	Transactional
4. Lack of Adequate Resources	Transactional
5. Lack of Statistical Thinking	Both
6. Poor Measurement	Transactional

Diagram 5 shows that six pitfalls in Group A are best combated by using the transforming leadership type. Also it shows that transactional leadership is the best combatant for the three remaining pitfalls. Group B illustrates that transactional is the best leadership type for combating these six pitfalls. In conclusion, Diagram 5 supports the idea of this study in that

it takes both types of leadership to implement and combat the resistance to change caused by the continuous improvement process.

SUMMARY OF KEY POINTS

The leader responsible for implementing and maintaining the continuous improvement process must prepare himself/herself by applying the following three ideas. First, the leader must have a personal mindset of continuous improvement. Improvement must be demonstrated daily in the workplace and in the personal life. For example, improving job skills by participating in programs of continuous education. Another example is by contributing with money or other forms of support to nonprofit organizations that help the underprivileged. These activities demonstrate continuous improvement for others to see and emulate.

Second, the leader must combat the pitfalls of continuous improvement. The preferred way is by gaining a clear understanding of the difference between the two types of leadership, transforming and transactional. Once this is done then the leaders must learn how to apply them to the correct circumstances and elements of the continuous improvement process. If Diagrams 2 and 4 are used as guidance the application will be easier and successful.

The third and last idea is that the leader must plan ahead and work for the future, not the past. Diagram 1 explains this by illustrating how a leader should allocate his/her time, either planning or maintaining the plans. This idea should be used by the leader as direction when thinking about the future and how to plan for it. The concept presented in this diagram should be used for both short term (daily and weekly), and long term planning (months and years). If used in conjunction with proper planning tools such

as budgeting, developing core competencies, and marketing strategies, then the leader can do an effective job of planning for the success of his/her company.

According to Imai, Harper, Deming, and the other references used in this study, continuous improvement and leadership must be combined in order for the company to achieve required success. This idea is hard for many leaders to understand because of the pressing need for quick fix programs and short term results. It has been the claim of this study that positive leadership and continuous improvement can be the key to success.

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