

Continuous Improvement Drives Index Performance

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As anyone who has ever been associated with Lean or Six Sigma methodologies will tell you, the key to greater efficiencies is not just changing or correcting poor approaches, but striving for continuous improvement in all facets of an operation or function. It's an on-going fundamental that is never ending. Goals are set in order to reach a place where even greater goals can be realized.

So with that in mind, let's talk about the recent gains we've seen in market. The Dow is up a little better than 390 points from a week ago, and more than 1,539 points since March 10.

Granted, the market was coming from an extremely low point, but the improvements have been seen and felt across the board when examining stock values since March 10:

- Aerospace giant Lockheed-Martin (LMT) is up more than 20 points.
- Although still trading below \$6/share, Ford's (F) stock value has doubled.
- Toyota (TMC) has rebounded more than \$22/share.
- Automotive supplier Federal Mogul (FDML) has gone from a value of \$2.71 to \$10.66.
- Industrial distributor Grainger (GWW) is up better than 18 points.
- Ingersoll-Rand (IR) has seen improvements of more than \$10/share.
- Radio Shack (RSH) has nearly doubled its stock value.
- Apple (APPL) has seen gains of more than \$40/share.
- IBM is up nearly \$18.
- Even the medical segment, which has been somewhat flat, has seen a

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collective improvement of 46 points.

Also, the recent Institute of Supply Management report released last Friday showed that while manufacturing is still in decline (as represented by numbers below 50), improvements are being seen:

- The Purchasing Manager's Index improved from 36.3 to 40.1 in April. This still indicates decline, but at a slower pace than a month previous.
- Similarly, new orders went from 41.2 to 47.2.
- Employment improved from 28.1 to 34.4.
- Inventories shrank from 54 to 49.5 - a positive sign that will eventually lead to replenishment needs.
- Order backlogs increased from 35.5 to 40.5.

Are these the signs of a full-fledged recovery - absolutely not. However, these continuous improvements are worthy of optimism, and a testament to the open market structure that allows for cyclical economic functionality. Hopefully the amount of government investment will not hinder the spending public via exorbitant taxing as greater gains are made.

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