

## CHANGING APPROACHES TO ACHIEVING BUSINESS EXCELLENCE

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### Abstract

Over the past twenty-five years organisations have used a variety of practices to become world class. The plethora of three-letter acronyms that have emerged over that time is a case in point. We even have a long list of 'award-winning' organisations now in the UK that are held as exemplars of organisational excellence. At Newcastle Business School, a three-year doctoral research project has studied the approaches adopted by nearly ninety UK based award winners to understand how they implemented Business Excellence and to explain any differences. A key area of this research is to compare and contrast the approaches adopted by organisations that began their improvements in the 1980s with those who commenced a decade later. The differences are highlighted and the reasons for the change in focus are provided and discussed.

### Introduction

Over the past two decades numerous solutions have been presented for achieving world-class status. These include Total Quality Management, Business Process Re-Engineering, Organisational Excellence, Lean Thinking and now Agile Thinking. But do we know what really works in practice? Is it a single methodology or a combination of several or do practitioners pick and choose what really works? In addition, are practices changing? What are organisations doing differently now from a decade ago? A number of award-winning organisations have a wealth of experience on how to plan, implement, monitor and sustain business improvement strategies and can provide an insight into practices that do really work. This paper presents results from a recent study of 88 UK based, national Award Winners. An analysis highlights and discusses the differences in their approaches and provides reasons for the change in focus.

### Literature Review

The link between best practice and performance is confirmed by several studies (Hanson et al 1993, 1994, 1996, Voss et al. 1995). However, over the past 10-20 years, confusion has arisen over the use of a range of Best Practice strategies such as TQM, WCM, LP, BPR, TPM and CI. This variety has led to bewilderment and indecision for organisations wishing to embark on business improvement. Flynn et al (1995a; 1995b) stress the need to separate key practices and their impact on performance, in order to develop useful guidelines for aspiring companies. Szulanski (1996) concludes that one of the most important practical management issues of the nineties was the identification and transfer of best practices. However, very few studies have examined successful award-winning organisations and identified their practices. Hence the need to find out what really matters

to successful organisations and equally importantly, what does not. Published case studies do shed light on some key requisites such as management commitment, strong leadership and rigorous training (Besterfield, et al, 1999; Dale, 1997; Gilgeous & Gilgeous, 1999; Mann & Kehoe, 1995; Yong, & Wilkinson, 1999). On implementation, literature provides firm guidance on some issues. These include the use of a cross-section of staff in the initial planning phase (Mann and Kehoe (1995), the importance of visiting and benchmarking companies (Thiagarajan & Zairi, 1997) or the need for an underpinning personnel policy on a single status (Wilkinson, in Dale 1994). However, the literature is divided on other matters such as the scope of initial change; one view recommending the use of the ‘Blitz’ Approach (Oakland 1994) and another (Mann and Kehoe, 1995) the slow, planned, purposeful ‘Softly, Softly’ approach. Over time, changes in implementation approaches are inevitable. Research is necessary to explore such shifts towards current best practices in order to assist companies already on their improvement journey, or companies beginning their improvements.

**Methodology**

The organisations studied were winners and short-listed candidates for major UK awards over an eight-year period in the 1990s. They were finalists from the Management Today/ Cranfield University Best Practice awards, European Quality Award, (EQA), or its Regional derivatives, i.e. British Quality Award, Scottish Quality Award, etc. and exemplar companies from the DTI UK Enterprise (IUK) initiative. The main aim was to learn from the experiences of successful companies and to identify consensus in the methods that they adopted. The research also focused on their reasons for change and the degree of success they achieved. Particular attention was given to their planning processes, the training undertaken, the practices selected and the outcomes monitored. A total of 241 organisations were surveyed; five were used in a pilot study to test the postal questionnaire and the remainder formed the sample frame. Table 1 and 2 illustrate the industrial sector distribution and their geographical spread.

**ANALYSIS AND DISCUSSION**

Industry Sector	Sample Frame (n=236)	Sampling Distribution (n=88)
Manufacturing	72%	70%
Service	25%	23%
Public Sector	3%	6%
Education	1%	1%

Table 1: Sectoral Distribution of 'Best Practice' Organisations

Geographical Region	Sample Frame (n=236)	Sampling Distribution (n=88)
East & Northern Midlands	32%	40%
Southern England	21%	17%
Wales	28%	21%
Scotland	8%	7%
Northern Ireland	9%	13%
	3%	3%

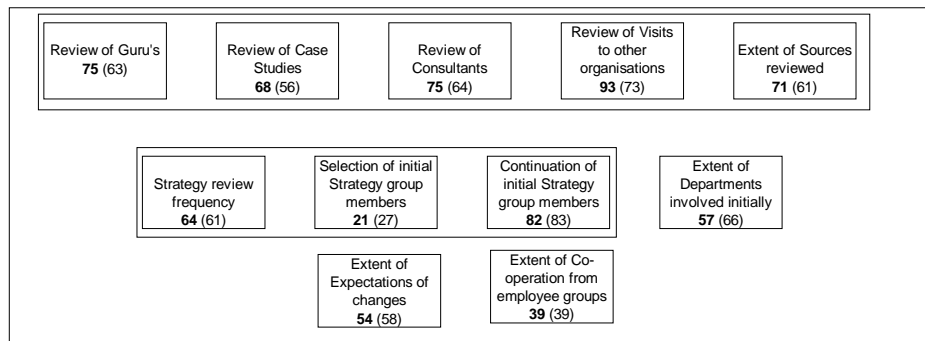
Table 2: Regional Distribution of 'Best Practice' Organisation

Some 300 variables were involved in the questionnaire, that required several levels of analysis most of which are outside the scope of this paper. This analysis examines organisations that began their improvement programmes in the 1980s and compares and

contrasts them with those that started in the 1990s. For the purpose of this paper the two groups are called “*early*” and “*recent*” starters. The choice of two decades stems from preliminary analysis of the data. Any differences that are statistically significant are highlighted. The analysis uses a generic business process framework representing the four stages of planning, training, implementation and monitoring. Key activities, shown in the accompanying figures for each section, have been identified in an earlier analysis (Prabhu & Riley, 2001). The figures also show utilisation levels for each activity, labelled in bold for *early* starters and in brackets for *recent* starters.

**Planning: - (1) Information sources used**

Figure I shows key activities for the planning stage, five of which refer to the use of external sources including the review of gurus, consultants, case studies and visits to other organisations. Overall utilisation levels for both subgroups are high; over 76% and 63% respectively for *early* and *recent* starters. The *early* starters clearly relied on visits to other best practice sites (93%) whereas this figure dropped to 73% for *recent* starters. This difference is statistically significant (p=0.05%) and probably reflects the wider availability of best practice information in the public domain, i.e. case studies, conferences, journal papers.



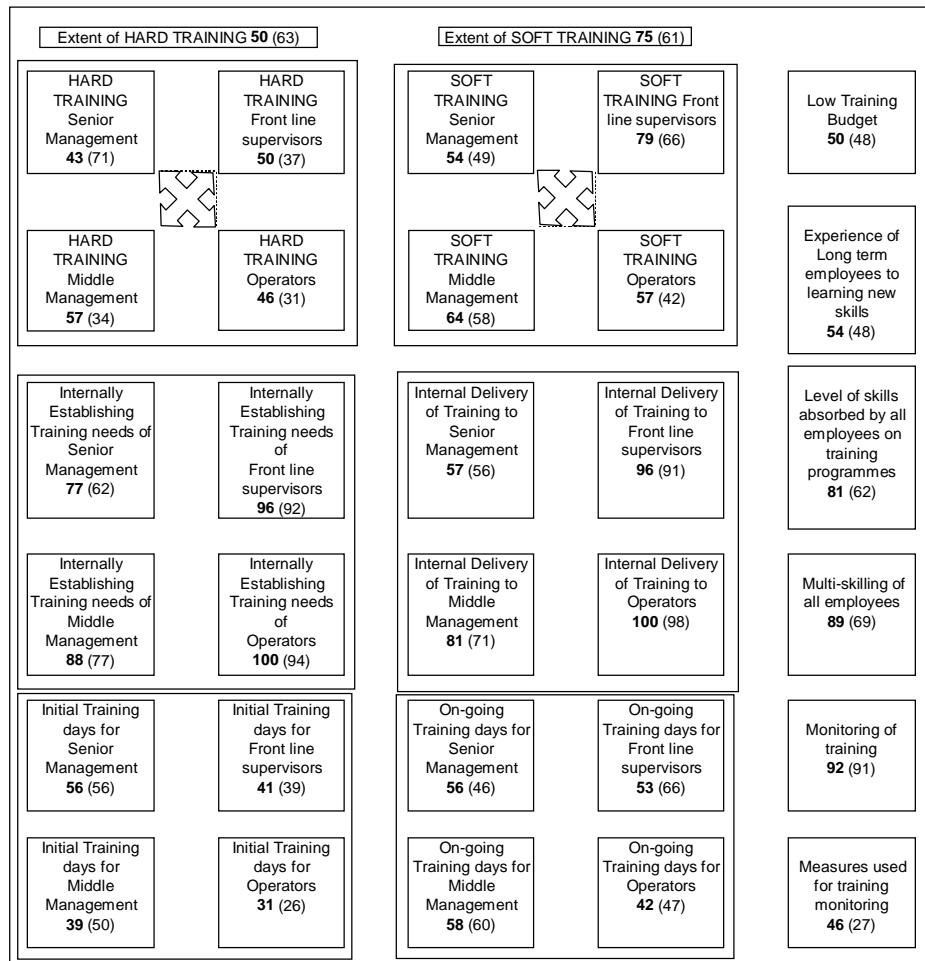
**Figure I: Key Activities within Planning Stage**

**Planning: - (2) Strategy formulation and review**

The results show consistency in the methods used for formulating improvement strategy. The organisations select an initial strategy review group of mainly senior management and Board members, continue with this group and review frequently. This method seems to have worked successfully perhaps because the planning stage is crucial and usually quite lengthy, requiring great creativity of thought and purposeful decision-making. To change membership of that group as the process moves is seen as unnecessary and detrimental to its success. However, although this practice is reflected in both sub-groups of organisations, these results are in conflict with the literature, which prescribes the establishment of a cross-section of staff to consider initial strategy.

**Planning: - (3) Co-operation and involvement**

Despite low co-operation levels (61% of *early* and *recent* starters have reported resistance from some groups of employees) the organisations have been undaunted in their improvement programmes. Both subsets of organisations have initially involved only those departments relevant to their improvement strategy, mainly production and manufacturing or customer service functions, that are key to their core process. They have not been influenced by the literature to take the “Big-Bang” approach involving the entire organisation from the outset.



**Figure II: Key Activities within Training Stage**

**Training: - (1) Types of training delivered**

Figure II shows key activities within the training stage and their provision for different levels of staff. There is a definite shift related to senior management. It seems that *recent*

starters are more likely to provide Hard training, i.e. Statistical Techniques, Taguchi Methods, etc., for them. A possible reason is the increasing expectation that senior managers should learn about the technical aspects of change programmes in order to lead them successfully. These results show that senior managers are at the very heart of the change process, and that *recent* starters are demonstrating that commitment through training. Coupled with the significant decrease ( $p=0.05\%$ ) in Hard training given to middle managers, we see a shift in the management roles and responsibilities in *recent* starters. Middle managers have less training in Hard skills, but the same level of Soft training, emphasising their focus on soft skills. This could be because of more devolved responsibilities and flatter management hierarchies. It could also reflect that middle managers in *early* starters already have the Hard training from previous work experience or through formal higher education.

#### **Training: - (2) Needs analysis, delivery and outcomes**

There is little change in assessing training needs or its delivery. Almost all organisations in the sample do it internally. The only exception is in the delivery of training to senior managers, where nearly half use external providers. Obviously internal training will reduce costs and therefore budgets, but the level of training remains consistently high and reflects world-class standards. A high proportion of both subsets of organisations provide more than 5 days initial training and continue with it at similarly high levels. The training outcomes show one significant difference. The *recent* starters have a lower level of multi-skilling ( $p=0.05\%$ ). This could reflect greater use of dedicated training for cells or teams by *recent* starters, rather than blanket education for all. It also reflects the previously described shift in selective and focussed training for senior and middle managers. All organisations in the sample emphasise the monitoring of their training. They all report high levels of skills being absorbed by all staff except long term employees. Fifty percent of companies have expressed difficulties with this group.

#### **Implementation: - (1) Initiatives**

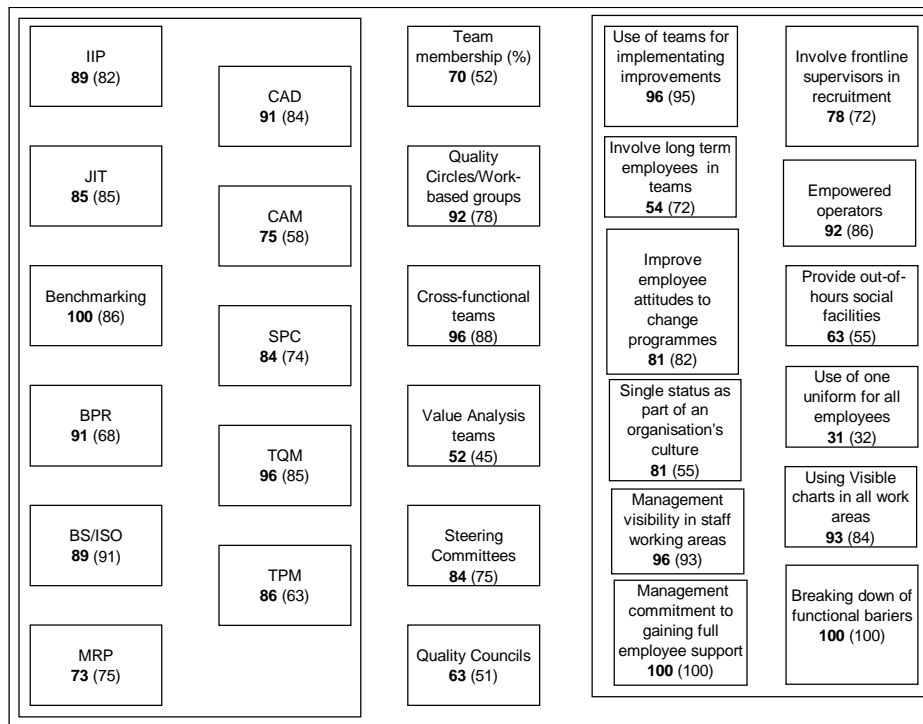
Figure III shows key activities for the implementation stage. The focus here is on the adoption of appropriate “technologies” advocated by the literature, such as TQM, BPR, Benchmarking, CAD, etc. There continues to be a high level of on-going improvement activity in all organisations, especially in the use of Benchmarking and TQM (nearly 100% uptake for *early* starters). This reflects an enthusiasm to remain dynamic and current in their thinking. *Recent* starters, however, report significantly lower uptake of Benchmarking and BPR ( $p=0.05\%$ ). They also make less use of other “technologies” such as CAM and TPM. This difference is not statistically significant and may be due to the shorter elapsed time for *recent* starters. More research is required to better understand changes in the adoption of these techniques.

#### **Implementation: - (2) Team practices adopted and their impact on culture**

Both *early* and *recent* starters make substantial use of various types of teams. Three quarters use Quality Circles, Cross-functional Teams and Steering Committees and over half use Value Analysis teams and Quality Councils. Both subsets of organisations have del-

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egated responsibility for key activities to lower levels of staff, helping to increase involvement, confidence and loyalty. The emphasis on soft training by *recent* starters will have contributed to this. *Recent* starters are less concerned with a “single status” culture ( $p=0.05\%$ ). This is contrary to the views in the literature. Commonly held views on issues such as single uniforms for all employees continue to have limited support.



**Figure III: Key Activities within Implementation Stage**

### **Monitoring: - (1) Self-assessment, Communication and feedback mechanisms**

Figure IV shows key activities for the monitoring stage. Almost all *recent* starters have adopted self-assessment techniques ( $p=0.05\%$ ) showing a preference for the European Foundation Quality Model. A significant proportion of both subsets monitors performance and improvement departmentally rather than centrally. Both subsets of organisations still make greatest use of ‘traditional’ methods of communication i.e. notice boards, newsletters and meetings. To a lesser extent they still use impersonal mediums such as e-mail (around 70%), external bodies such as Trade Unions (around 45%) or large committees such as Quality Councils (around 50%). Any observed differences between them are not statistically significant. They also substantially favour direct feedback from their supervisors and workforce through regular meetings, face to face interviews and attitude surveys. Less favoured especially by *recent* starters are bureaucratic approaches such as Quality Councils, Steering Committees and Trade unions, who also make less use of quality circles for feedback purposes. This reduced commitment to traditional methods of feedback by

*recent* starters also extends to their use of customer suggestion schemes (p=0.05%), employee suggestion schemes and telephone surveys. Almost all companies in the sample informed their senior managers only of their overall performance results. Other than this one exception, changes in communication styles are observed between the *early* and *recent* starters. A much smaller proportion of *recent* starters communicate this information further down the line e.g. approximately 60% to middle managers, reducing to only 16% to operators. The difference is significant particularly for supervisors (p=0.05%) with levels dropping from over a half of *early* starters to less than a third of *recent* starters willing to do so. This would appear to contradict open communication generally found in world-class companies. However this could simply reflect that sensitive financial information is separated and reported to senior managers only.

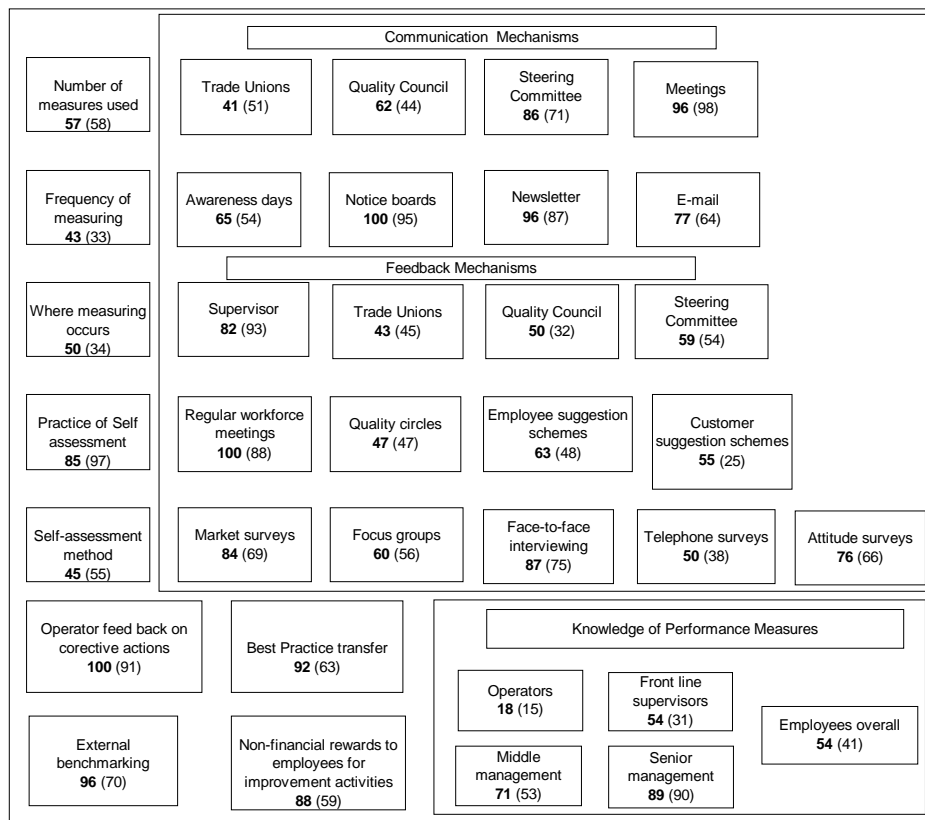


Figure IV: Key Activities within Monitoring Stage

**Monitoring: - (2) Use of Performance data**

Both groups fully involve their operators when implementing required corrective actions. In other activities *recent* starters show significant differences in their approach (p=0.05%). They show a downward trend in sharing best practice or in benchmarking performance against competitors. This may simply reflect the difference in elapsed time between these

groups for improving process, with *Recent* starters still concentrating on raising their practice and performance levels and fewer organisations being able to make external comparisons. Alternatively it may reflect the practical difficulties of true process benchmarking which requires intensive preparation and resources. The impact of downsizing may have also reduced their capability to undertake and resource such work. Another significant difference is the provision of non-financial rewards for improvement activities. This may reflect that continuous improvement is no longer seen as an add-on activity, which requires special recognition but is an integral part of any work-activity.

### CONCLUSIONS

Overall, there are significant differences between the approaches of the *early* and *recent starters*. *Early* starters were clearly involved in a wider range of activities whilst *recent* starters make more selective and lower use, of even those activities where the differences between the two groups are not significant. In the planning stage the only significant difference is that far fewer *recent* starters visit best practice organisations. Planning activities still include many other sources of information. Improvement strategy is developed mainly by senior managers and does not include company-wide representation. Low co-operation of various employee groups is still an issue today, but this has not deterred award winners from managing and implementing change successfully. Such change is clearly targeted at core processes and not applied using a big-bang approach. In terms of training, a significant change has occurred in *recent* starters. They place greater emphasis on hard training for senior managers, enabling them to spearhead the change process and on soft training for middle managers, which helps them to become effective team leaders. There has been little change in training needs assessment; most organisations do it internally. Similarly training is delivered internally, except for senior managers where almost half of all organisations use external providers. Most organisations continue to provide high levels of training and regard it as very important. But there is significantly lower emphasis on multi-skilling.

Even though all companies have used a wide range of improvement philosophies, significantly fewer *recent* starters use Benchmarking and BPR. Wide-spread use of a variety of teams coupled with delegated responsibilities is still important to most organisations, however single-status for employees is now seen as less important in *recent* strategies. There has been a significant move towards self-assessment, which is not surprising given the increased momentum of excellence awards. Most organisations continue to monitor performance at departmental level rather than centrally. Traditional methods of communications such as notice boards and meetings used in conjunction with direct feedback from supervisors and operators are still the most popular mechanisms. The use of customer suggestion schemes is now significantly lower. Finally, there is progressively less sharing of sensitive company information at different levels in the organisation hierarchy. In most organisations senior managers only are provided with such information. Information on operational practice and performance continues to be widely used for continuous improvement on the shop floor. Sharing of best practice and external benchmarking is still widely used, however by significantly fewer organisations.

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