Challenges to Business Excellence: Some empirical evidence

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ABSTRACT

The business excellence models are used by many organisations around the world as a strategic driver for business improvement and in some cases as the basis for applications for awards based on the models. These include the Baldrige, EFQM, Australian Business Excellence Framework and many other national and regional models. Whilst many award recipients showcase their achievements, comparatively little is known about the challenges and impediments they face in reaching and sustaining high levels of success as evidenced by winning awards. This paper seeks to identify challenges faced by examining the experience of a sample of Australian Business Excellence Award winners. Findings suggest that the primary challenges include; leadership support, drive and consistency throughout the organisation and communicating strategy and making it meaningful for people at all levels. The study also found variability in challenges across organisations.

Keywords: Business excellence, sustaining, quality, challenges, Australia

1.0   Introduction

We know much about what makes a great organisation yet considerably less about what it takes to build and maintain the greatness. More specifically, little attention has been paid in the literature to challenges and impediments in building, driving and sustaining business excellence.

Business excellence frameworks such as the EFQM Excellence Model 2010, Malcolm Baldrige Award and Australian Business Excellence Framework (ABEF) are used by organisations throughout the world to guide their strategy, business processes and business improvement. Whilst the primary aim of adopting an excellence framework is to provide guidance for building organisational performance as measured by various success indicators, it is also a process which can involve benchmarking and internal self-assessment around the core elements of the framework.

The focus in this paper is not on challenges at the implementation or transformation phase of excellence, rather at a level of maturity since all of the organisations studied had reached the level of an excellence award and had been using the excellence framework for a long period of time.

2.0   Challenges to sustaining quality and excellence

In the early years of quality, especially the period of TQM mania in the early 1990's, the sceptics were asking questions about its robustness as an organisational strategy. Papers with titles such as Why TQM Fails, A Postmodern Deconstruction of TQM, Ten Reasons Why TQM Fails and The Cracks in Quality are testament to these challenges (Harari, 1993a, 1993b, Miller and Cangemi, 1993, The Economist, 1992).

Zairi (2002) has suggested that TQM sustainability is dependent on four factors. Firstly, transformational change in quality focused organisations from reflecting a product and service orientation through to a customer and market orientation. Secondly, the existence of critical success factors for successful TQM

implementation. Thirdly, the existence of a culture of continuous improvement and learning and innovation and fourthly, an emphasis on measurement using a balanced approach.

Van der Wiele and Brown (2002) examined the decade long experience of five large Australian organisations which had introduced quality initiatives in the nineties. They found the following factors were important in influencing sustainability of quality initiatives: top management, driving forces, human infrastructure (Vouzas, 2011), audits and assessment, quality frameworks eg ABEF and mapping customer satisfaction. Similarly, Venkateswarlu and Nilakant (2005) studied five New Zealand companies and identified factors which influenced the adoption and continuity of TQM programmes. These included; compulsions for change, core philosophy, commitment of senior management, capability, experience and fit of TQM champion, collateral changes and continuity of leadership.

Sebastianelli and Namimi (2003) identified five obstacles to TQM in a survey of US quality managers. They were; lack of planning for quality, lack of leadership for quality, inadequate HR development, inadequate resources and lack of a customer focus. A number of studies have sought to identify critical success factors for the implementation of quality management (Saraph et al 1989, Black and Porter, 1996, Tamimi, 1998, Jiju et al 2002) using questionnaires and factor analysis. These relate primarily to success factors in implementation rather than sustainability although similar factors are likely to influence the latter. Whilst there have been some differences in emphases in outcomes between the studies, they typically show the following as CSF's. Top leadership commitment, training and education, HRM, process management, quality data reporting, communication and customer satisfaction orientation which are somewhat generic

Whilst the literature on quality failure, success, implementation and sustainability offer useful insights into possible challenges and impediments for organisations using business excellence frameworks, it does tend to focus on more general aspects of failure rather than issues which need to be managed. The approach in this study is exploratory in seeking to identify the challenges from the perspective of those organisations engaged in using excellence framework at a relatively high level of organisational performance as evidenced by the achievement of an award status.

3.0   The study

This study focused on exploring the question of; what are the challenges faced in driving business excellence?

A sample of organisations, namely recipients of Australian Business Excellence Awards (recognition through to gold), were approached to participate in this study. Whilst this is a somewhat exclusive sample, it does represent organisations who have been using the excellence framework for a reasonable period of time and have reached a high level of competence in this and therefore be in a position to provide insights into challenges from a mature and on-going perspective rather than simply those which might be encountered at a start up phase.

Interviews with managers (quality/excellence/business improvement) who had primary responsibility for driving and coordinating the excellence focus and in some cases, people who were previously responsible for business excellence in the respective organisations were undertaken. Additional information was obtained from published material which was either publicly available or provided to the researcher. In total, eight organisations participated in the study and are representative of different industries from both the private and public sector. Most had been using the ABEF since 2000. Interviewees were asked several questions concerning challenges and issues which they had encountered in the pursuit of excellence and how they had dealt with these. The questions were focused on drawing attention to each of the ABEF categories.

4.0   Findings

4.1   Strategy

Strategy was the area which most organisations had experienced challenges with. Three specific issues identified are the process of developing strategy, strategy communication and engagement of people with strategy.

Whilst strategy is frequently developed by the senior management team, its effectiveness depends on the level of identification and engagement with it throughout the organisation. This is a challenge which many organisations have grappled with. Some have endeavoured to involve people throughout the organisation in the development of strategy. This might mean vertical "slices" of people so as to ensure that the voices of all levels of the organisation are heard in the strategy formulation process. In one organisation about 70 people from all levels and all areas are involved in the strategy development process.

The need to operationalise strategy is paramount in communication and engagement. People at operational levels, need to see meaning for them in the strategy. This might be an important task of leaders at functional and front line levels of the organisation to convey strategy messages. Plans on a page (POP) are one technique used to facilitate communication and ensure that normally lengthy and complex strategic documents are not overwhelming. Linking strategy to key pillars or strategies in the organisation is another. Pillars have an "owner" and are linked to the KPI. Focusing on a critical few KPI's rather than a large list is another. Other strategies include; management by walking about and discussing strategic matters with people and making the strategy a living document. In one organisation the term work plan is used instead of strategic plan in order to provide focus that it guides everyday operations. The emphasis is on using it as a diagnostic rather than a reporting tool. Having employees involved in unit planning at the operational level is also a means of gaining commitment and engagement.

The need to prioritise strategic goals so as to ensure that they are not overwhelming was considered a challenge by two organisations. One identified the critical few key strategies (very few objectives) and the other prioritised strategic goals by using a matrix which identifies urgency and impact on strategy to help select the key strategic priorities.

4.2   Leadership

Leadership challenges identified include the need for support and drive at senior levels, building support from middle managers and ensuring consistent messages from leaders throughout the organisation,

Most organisations in the study had CEO's who had been with the organisation for periods of up to a decade and who were instrumental in driving the excellence focus. In one case a new CEO had been appointed a few years ago and they were an internal appointee who had been a significant driver of excellence and therefore no significant changes in direction or strategic focus had been encountered as a result.

The need to have a critical mass of leaders who are supportive of the business excellence drive was identified as a key requirement. The critical mass was defined as having at least seventy percent support. Of these, those who are seen as significant leaders of influence are important to have on board. A few champions to reinforce, push and drive the excellence effort are important and these may be the CEO and in some cases may be others such as quality, operations or production managers. A view expressed in another organisation was that whilst a supportive and passionate leader is central to driving business excellence, there still needs to be a routine of self assessment in order that people are accountable and actions take place rather than simply remain words. This was seen as an important part of driving the culture of excellence.

Whilst some acknowledged the 80:20 rule applied, patience was required to build middle level management commitment to excellence and that this typically took up to five years. Getting them on board required the general manager to push with the message "what interests the general manager interests me". Long term commitment needs to be demonstrated by reinforcing unwavering commitment and that it won't be a fashion that will go away.

Ensuring consistency in messages throughout the organisation and working in the same strategic direction is an issue which many organisations have suggested that they have to deal with. This may be due to differences at supervisory, front line manager, branch manager and other levels. It may depend on the personalities involved, people being "stuck in their ways", communication skills and other factors. Dealing with it involves a range of strategies including; MBWA, visibility of senior managers and bringing the leadership team together on a regular basis.

Some of the organisations were multi-site operations with either interstate branches or various work sites in the same major city. This has challenges in developing and maintaining an excellence culture throughout the entire organisation. Organisations faced with this structure place an emphasis on MBWA and management/leadership visibility to reinforce excellence and build effective communication. In one company, it was indicated that the travel expenditure was relatively high for an organisation of that size, but was considered worthwhile to ensure effective communication and engagement throughout. The CEO regularly travelled to all Australian states and met with a range of people at all organisational levels. He knew people on a first name basis. In another organisation, with eight work sites in a major Australian city, the senior leadership team regularly visited all sites and met with people at all levels to drive the strategy. They spent more time at the work sites than in their corporate office.

4.3   People

The main challenges in this area are employee and managerial engagement, effective communication, and performance management processes and systems.

A theme which runs through all categories in the framework is employee engagement and to a lesser extent leadership engagement. Getting buy in and involvement and ensuring people commit time and balance between strategic and operational strategies is an ongoing challenge. Effective communication processes which stimulate engagement of people can range from communication of strategy and making it relevant and meaningful to all throughout the organisation, communicating how people can be involved in decision making and participation, communication of how to use information and consistent communication of key messages throughout the organisation.

Getting people together regularly and having visible senior managers/leaders is practiced by most organisations studied here. The methods vary and include, fortnightly breakfasts, toolbox meetings (mangers conveying important information), BBQ's, MBWA, newsletters, intranet information, interstate visits and meetings between senior leaders and people at all organisational levels. Even open office floor plans and having the senior leadership team spend limited time in an office are also strategies used to facilitate communication.

Having an open culture in the organisation is important to ensure that people at all levels are able to have an input to a variety of issues and have a say on any matters. In one organisation, the open plan head office with an open door policy of the CEO facilitates this, in another, so called skip meetings, whereby people are able to discuss issues with the next managerial level beyond their immediate boss is considered a means of doing this. Others involve a cross section of people in the strategic planning process. Most have scope for people involvement in teams such as process or continuous improvement.

A few organisations indicated that they still had scope to improve their performance management systems. They have processes and systems in place but need to be used more effectively. Middle management tends to be bogged down in operations issues. Plans and strategies are good documents but when it comes to annual reviews need to hone in on performance in some areas. Organisations deal with this by management training, awareness sessions, managing people training and so on.

Training and development were not seen as significant challenges, with many organisations finding that employees were often seeking more training. Many organisations had career development plans in place. A couple of issues identified were; having only two quality specialists restricted training activities which in turn inhibited the number of improvement projects that could be established and the need for improved induction training.

4.4　　Processes

No organisations in this study reported any major challenges associated with processes although some issues were identified and included silo mindsets and the need to instil a continuous improvement and process focused mindset.

Dealing with functional responsibilities which may tend to produce silo mindsets has included placing the senior managers into teams (leadership group) who meet regularly eg monthly and focus on discussing hot topics which might form the basis of process improvement team activities. Interdivisional teams are an important mechanism for allowing people in organisations to work on process issues and also develop an understanding an appreciation of other parts of the organisation. One organisation has "de-siloed" quality and compliance by building it into all leadership position descriptions which has meant eliminating around ten specialist positions. Most did suggest that cross functional process improvement is an important means of ensuring silo mindsets did not prevail. It was seen as equally important for both leaders and employees to be involved in this process.

Several organisations noted the need to take a "big picture" approach to processes in order to prevent getting bogged down in excessive detail and specific compliance and work role functions. Process improvement necessarily involves processes which are important to the organisation and which transcend functional areas so the focus needs to be strategic. A view expressed was that whilst improving smaller and more specific processes is part of a process improvement culture, the core processes need to be considered as a priority. One organisation has an objective to significantly reduce the number of processes.

An interviewee from one organisation indicated that everyone in the organisation needed to embrace the application and reinforcement of the ADRI cycle amongst all people in the organisation in order to promote continuous improvement. One organisation deals with non value adding creep by process mapping and eliminating unnecessary steps. Several organisations reported that they were simplifying processes where possible including aiming to be able to map them on a page.

Another organisation has identified a challenge as being that some people not "process minded" and may be quality assurance driven by "ticking the boxes" rather than focused on real improvements. Dealing with this includes recruitment which focuses on getting in new recruits who have a process improvement mindset. Many younger generation employees do have this. They have recruited some project managers from outside the sector with good process improvement skills.

Several organisations and one in particular stressed the importance of having regular self assessment and also external assessment which ensured that excellence was embedded into processes. This provided discipline and structure to continuous improvement thus providing focus and sustainability. One organisation has a number of people who are trained in business excellence and also internal quality

auditing and that they are an important core of people who can assist in processes such as self assessment and training for continuous improvement.

The need to capture and document tacit knowledge was identified as a process related challenge in two organisations. One had an employee age profile where many would retire in the next few years and therefore it required a strategy to ensure existing knowledge was captured and retained once these people left the organisation. This scenario is not that different from many organisations.

4.5   Data and information

A challenge facing most organisations is having too much data and information and the need to be selective in what is produced and how it is used. One response used by some is to focus on exception based reporting to avoid information overload. One organisation has become more selective in its production and use of information. It focuses on producing information which is helpful in the identification of client needs and how the organisation provides these requirements. This has taken the guesswork out of analysis and also means that any queries from customers can be addressed by using information.

In order to address the challenge of information access and dissemination, most organisations had an intranet facility accessible to all people in the organisation. A few were still moving from extensive paper based systems to an electronic format. An important consideration here is people not knowing where to find information so information management systems need to be user friendly.

4.6   Customers

Interdivisional teams, cross functional teams and others are directed at organisational processes in order that silos do not develop or persist and interfere with delivery of customer service. Apart from improving customer service, these strategies and activities also help build internal learning and appreciation of the organisation as a whole. One organisation had placed considerable effort in improving internal processes and systems before paying more attention to external customers.

Several organisations have placed an emphasis on building an understanding of who the organisation's customers are, an appreciation of their importance and what their needs are in order to improve customer service. Building and understanding of each individual's role in delivering customer satisfaction, whether they have front line, backroom or leadership roles is seen as important throughout organisations.

The use of customer feedback obtained through systematic processes was common throughout most organisations and they didn't feel that there were any major challenges with this. The information obtained was usually an input to improvement team activities.

5.0   Conclusions

The insights gained in this examination of Australian organisations which have been recognised as excellent through the Australian Business Excellence Awards helps identify challenges and impediments which they face. They show that it is not always "plain sailing" for those who have reached excellence award status. The findings here suggest that the key challenges are; leadership drive and support throughout the organisation, gaining commitment and sustaining the momentum and making strategy meaningful to people throughout the organisation. Communication and engagement of people throughout the organisation is something which all organisations recognise as a challenge and adopt a range of measures to deal with. Future research could also consider factors which might be relevant at different stages in the process of pursuing business excellence eg implementation, development, maturity and sustainability. This was not explicitly considered in this study but the matter did emerge in some discussions. The focus here was not on the transformation phase but ongoing with a level of maturity.

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Professor Alan Brown *is from the School of Management, Edith Cowan University, Australia and has held positions of Director, Small Medium Enterprise Research Centre (SMERC), Head of the School of Management and Dean of the Faculty of Business and Public Management at ECU. He was President of the Australian and New Zealand Academy of Management in 2006. He has substantial teaching and research experience in quality management, human resource management and small business management. His research has been published in many international journals including; the International Journal of Small Business, International Journal of Human Resource Management, International Journal of Quality and Reliability Management, Asia Pacific Journal of Human Resources, Total Quality Management, and Quality Management Journal and presented at numerous conferences. He has undertaken training and consulting activities with major Australian public and private sector organizations.*