



Asian Productivity Organization

IMPLEMENTING BUSINESS EXCELLENCE

A guidebook for SMEs

Main contributors:

Dr. Robin Mann
Musli Mohammad
Ma Theresa A. Agustin

TABLE OF CONTENTS

Acknowledgements	ii
1. Introduction	1
2. Core values and concepts of high performing organizations	2
3. Are you ready for Business Excellence?	3
4. Deciding on which improvement initiatives to implement	6
5. Getting started – implementing six improvement initiatives	9
5.1 Leadership: Vision, mission and values	9
5.2 Strategic planning: SWOT analysis	16
5.3 Customer focus: Self-assessment tool for developing a customer focused culture	18
5.4 Workforce focus: Suggestion scheme	22
5.5 Operations focus: PDCA cycle	28
5.6 Measurement, analysis and knowledge management: A personal performance measurement system	31
6: Undertaking a business excellence assessment	35
- Step 1: Understand organizational profile	36
- Step 2: Assess current performance	36
- Step 3: Identify area for improvement and set improvement goal(s)	39
- Step 4: Develop an action plan	41
- Step 5: Implement actions	41
- Step 6: Monitor progress and evaluate performance	42
- Step 7: Continuously improve organizational performance	42
7. Further information	43
8. About the contributors	44

ACKNOWLEDGEMENTS

We would like to express our appreciation to the numerous people who have contributed towards the completion of this booklet:

- Mr. Sherman Loo, Director, Administration and Finance Department, Asian Productivity Organization (APO).
- Mr. Darshan Singh, Director, Business & Service Excellence, Standards Productivity and Innovation Board Singapore (SPRING Singapore).
- Ms. Sam Choon Yuen, Senior Manager, Business & Services Excellence, SPRING Singapore
- Mr. Koh Sing Ming, Managing Consultant, Spectrum Management Consulting, Singapore
- Mrs. Waila Mohd Nasir, Consultant, Malaysia Productivity Corporation (MPC)
- Mr. Sivasena Seresena, Consultant, Malaysia Productivity Corporation (MPC)
- Mr. Zainudin Elias, Director, Southern Region Office, Malaysia Productivity Corporation (MPC)
- Ms. Waleeporn Thanathikom, Senior Consultant, Thailand Productivity Institute
- Mr. Hsieh-Li Kung, Consultant, China Productivity Center, Republic of China

Thanks to Steve George, www.baldrige.com for allowing us to use excerpts from the “Baldrige Edge – Secure your job . . . Make it better . . . Advance your career” for the performance measurement section of the report.

1. INTRODUCTION

This guidebook provides some simple steps and tools to help your organization to quickly improve its business capability and performance. This guidebook is a continuation from the first guidebook titled “Understanding Business Excellence: An Awareness Guidebook for SMEs”.

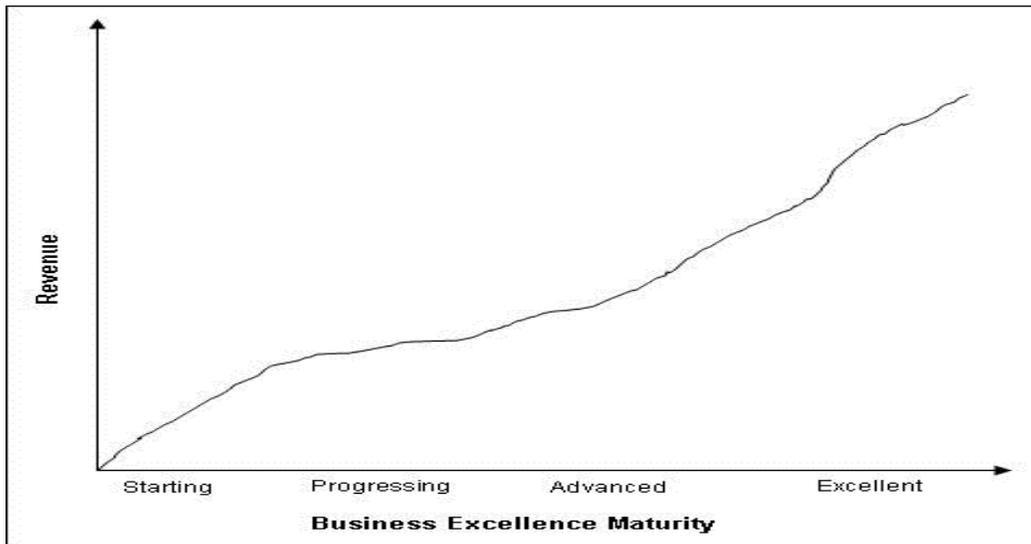


Figure 1: What can be achieved through the application of business excellence?

Figure 1 above, based on the mapping of revenue of business excellence award winners, shows that revenue can be substantially increased through the application of business excellence. Is this something your organization desires?

THOUGHT 

“The business excellence framework is the answer...because the business excellence categories address everything (e.g. leadership, planning, processes, people, customers, results) that is important for sustainability”

Mr. Harnek Singh
Vice President and Director of Business Excellence
Singapore Technologies Engineering Ltd
The first recipient of the Singapore Quality Award with Special Commendation in 2007
Source: Insight to business excellence, SPRING Singapore

2. CORE VALUES AND CONCEPTS OF HIGH PERFORMING ORGANIZATIONS

There are eleven widely recognized embedded beliefs and behaviours found in high performing organizations - otherwise known as the “Core Values and Concepts of Business Excellence”¹. These are:

Visionary leadership	Customer-driven excellence
Organizational and personal learning	Valuing workforce members and partners
Agility	Focus on the future
Managing for innovation	Management by fact
Societal responsibility	Focus on results and creating value
Systems perspective	

The core values and concepts are embodied in business excellence models such as the Baldrige Criteria for Performance Excellence (see Figure 2). These models are used to assess how well the core values and concepts are integrated into an organization’s systems and processes.

As shown in Figure 2, the Baldrige model is composed of seven categories. Six of these, labeled 1 to 6, are called the ‘Process’ categories and the other is called the “Results” category. The Process categories show what an organization does and the Results category shows what an organization achieves.

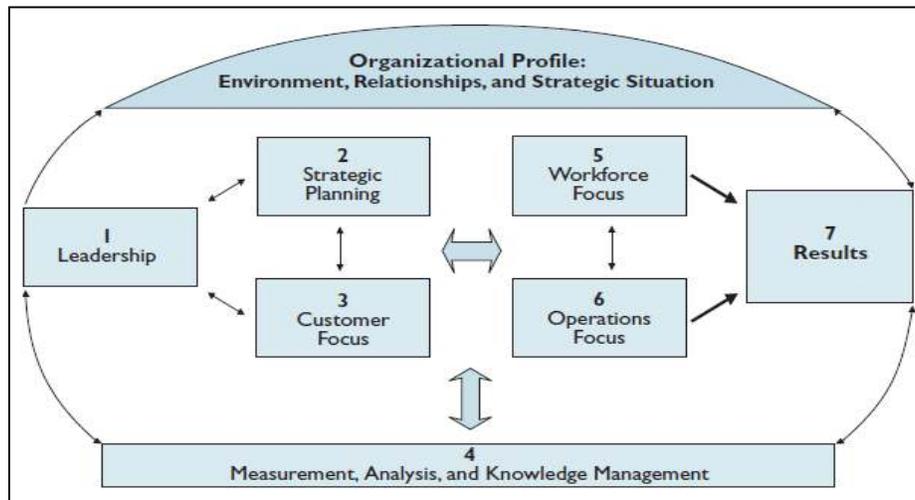


Figure 2: 2011-2012 Baldrige Criteria for Performance Excellence model

¹ For further information about the BE core values and concepts, please refer to the following APO’s booklet: “Understanding business excellence: An awareness guidebook for SMEs”.

3. ARE YOU READY FOR BUSINESS EXCELLENCE?

Is your organization ready for business excellence? It is often difficult to obtain 100% commitment to new initiatives – business excellence is no different.

Complete the following self-assessment to assess your organization’s readiness for business excellence (see Figure 3).

Indicate with a tick(✓) your level of agreement with the statements below	Highly Disagree	Disagree	Agree	Highly Agree	Action (if disagree or highly disagree)
INITIATING CHANGE					
Leading Change					
We have designated senior leaders who will champion business excellence (BE).					
Our senior leaders will provide the time, passion, and focus needed to start the BE journey.					
Our CEO is fully supportive and ready to lead the BE journey by example.					
Creating a Shared Need					
We have spoken to BE organizations and our local BE administrative body on how to start the BE journey.					
Our senior managers can explain the 'reason' for BE and why they support the need for change.					
Our senior managers fully understand what is BE and their role to make it happen.					
IMPLEMENTATION					
Implementation Readiness					
We have a clear plan on how to embed the “Core Values and Concepts of BE” into our organization.					
We have identified our training needs and considered BE self-assessments as part of the implementation plan.					
SUSTAINING CHANGE					
Making Change Last					
All our senior management team are going to be held accountable for implementing at least some part of the BE plan.					
We have meaningful indicators and assessment methods in place to assess our organization’s progress in BE					

Figure 3: Are you ready for business excellence?

If your organization disagrees or highly disagrees with a statement then consider how you can improve your score. Here are some potential actions that you may wish to undertake:

Leading Change

- There should be an intensive executive briefing on the significance and relevance of BE to organizational performance. There has to be a buy-in by senior leaders to make it a reality in the organization.
- Make each senior leader responsible for improving performance in one category of BE (e.g. leadership, strategic planning, customer focus, measurement, analysis and knowledge management, workforce focus and operations focus).
- Ensure senior leaders organize and lead regular meetings to focus on how systems and performance can be improved.
- Get the CEO to deliver a short presentation on the importance of BE at all improvement related training sessions.

Creating a Shared Need

- Find out which organizations in your local area have won a BE award and arrange a visit to learn from them.
- Conduct a teambuilding session with an emphasis on visioning, i.e., to project what the organization wants to achieve within a particular period of time - for example 3-5 years from now. Project what the organization can achieve with and without BE in place.
- Organize meetings to discuss BE and what it means for each person, department and the organization as a whole.
- Give all senior managers a copy of the APO's booklet titled "Understanding Business Excellence: An awareness guide for SMEs".

Implementation Readiness

- Have a brainstorming meeting and consider whether the core values and concepts are relevant to your organization and, if so, what needs to be done to embed them.
- Ensure that your self-assessment process (which identifies your organization's strengths and opportunities for improvement) and action-planning process have been planned and include a large proportion of your organization's stakeholders (senior managers, middle managers, employees and customers and suppliers as necessary). This will lead to greater buy-in of business excellence.

Making Change Last

- Recognize and reward senior managers and project teams that are successful with BE projects. Celebrate success with thank you notes, team dinners, and bonding activities.

- Track all projects and actions that stem from the BE journey. Most importantly record all costs/ benefits per action or project, collate these together and share the information with all staff.
- Create and designate a BE corner in one of the conspicuous areas in the office with bulletin boards of information and graphs showing the results achieved. This is a simple but an effective way to motivate and engage staff as they can follow all the BE activities and projects being undertaken and the impact they are having on organizational performance.

Ideally your senior management team will be fully supportive of business excellence and ready to work together to take the organization forward. However, in situations where this is not the case, you can still consider starting your business excellence journey in a department or part of the organization.

4. DECIDING ON WHICH IMPROVEMENT INITIATIVES TO IMPLEMENT

Once your organization has started its journey it will need to determine which initiatives to implement to improve performance. Examples of some common initiatives and the business excellence categories they primarily relate to are shown in Figure 4. Brief descriptions of these initiatives can be found in Figure 5. You will need to decide which ones to proceed with based on your priorities, time and resources available.

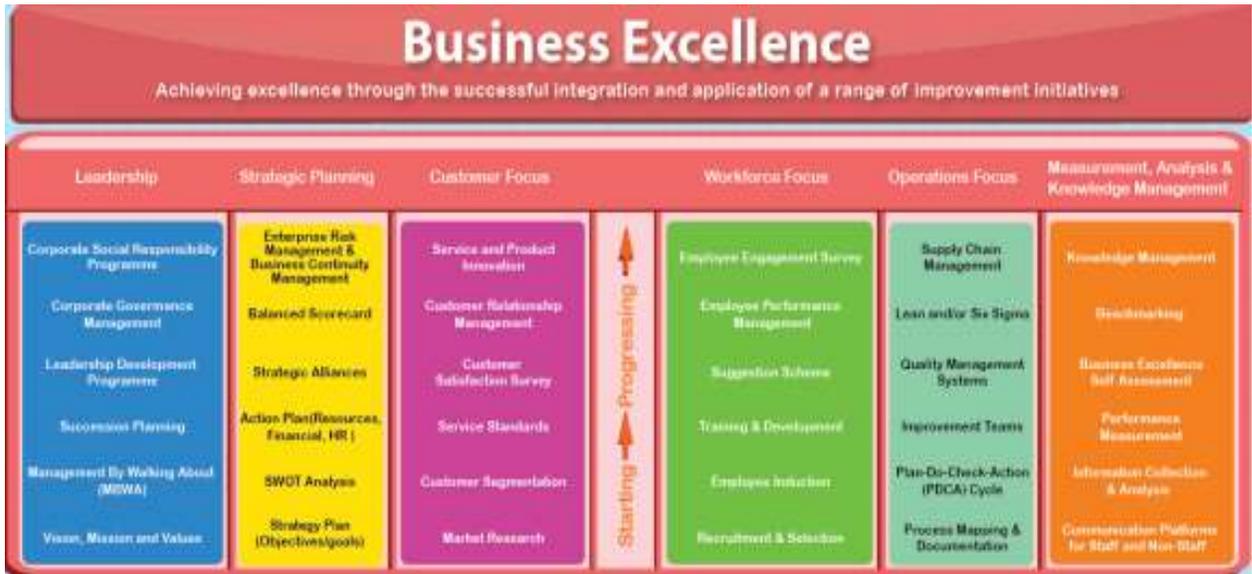


Figure 4: Examples of business excellence related improvement initiatives

Initiative (approach, system, or technique)	
1.	Balanced Scorecard: Translates mission and vision statements into a comprehensive set of objectives and performance measures that can be quantified and appraised. It provides a performance measurement framework centered on four 'perspectives': Financial, Customer, Internal Business Process and Innovation, Learning and Growth.
2.	Benchmarking: A systematic process for identifying and implementing best or better practices. It is a structured process to help organizations close the gap with best-in-class performers without having to "re-invent the wheel". It aims to find "secrets of success" and then adapt and improve them so that they lead to maximum benefits for the recipient organisation.
3.	Business Continuity Management (BCM): Prevents an emerging crisis from becoming an organizational and personal disaster through ensuring processes and resources can operate in critical situations. It involves risk identification and assessment, business impact assessment and analysis, and the development, training and testing of business continuity plans.
4.	Business Excellence Self-Assessment: A systematic and regular review of an organization's activities and results referenced against Business Excellence Award Models (such as the Baldrige Criteria for Performance Excellence, EFQM Excellence Criteria)
5.	Communication Platforms for staff and non-staff: Having appropriate channels of communication, such as weekly and/or monthly report, business review meeting, internet, intranet, newsletter, employee forums and information centre.
6.	Corporate Governance Management: Involves accountability of management's actions, transparency in operations, independence in internal and external audits, and protection of stakeholders' interests.
7.	Corporate Social Responsibility Programme: A programme of activities designed to ensure the company is socially and environmentally responsible when conducting its daily business.
8.	Customer Relationship Management (CRM): A process to understand the customer groups and respond quickly to changing customer desires. CRM data provides companies with insights into customers' needs and behaviors, allowing organizations to tailor products / services to targeted customer segments.
9.	Customer Satisfaction Survey: Surveys conducted by the organizations to measure customer satisfaction.
10.	Customer Segmentation: A subdivision of a market into discrete customer groups that share similar characteristics
11.	Employee Engagement Survey: Surveys conducted by the organizations to measure and monitor employee engagement.
12.	Employee Induction: Processes used to welcome new employees to the organizations and prepare them for their new role.
13.	Employee Performance Management: A systematic approach directed towards organizational performance improvement through the alignment of individual performance with organizational goals. It aligns an employee's individual goals with the organization's objectives, mission, and vision. It requires the development of sound job descriptions, clear accountabilities, and growing employee competency levels. Examples of techniques used are 360 degree feedback, appraisal and coaching systems and online evaluation.
14.	Enterprise Risk Management: Processes, structure and culture whereby organizations methodically address the risks attached to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.
15.	Improvement Teams: A team that is formed to make improvement on the workplace and/or processes. It can comprise members of a single department, cross functional, and/or include representatives of either or both customers and suppliers. Membership can be voluntary or mandatory. Examples of tools used by improvement teams are 7 basic quality tools (Cause and Effect Diagram, Check Sheet, Control Chart, Graphs, Histogram, Pareto Diagram, Scatter Diagram) and 7 management tools (Affinity Diagram, Relations Diagram, Systematic Diagram, Matrix Diagram, Matrix Data Analysis, Process Decision Programme Chart, Arrow Diagram).
16.	Information Collection and Analysis: Concerned with the collection and analysis of information for organizational management and improvement.
17.	Knowledge Management: Method to acquire and share intellectual assets. It increases the generation of useful, actionable and meaningful information and seeks to increase both individual and organizational learning.
18.	Leadership Development Programme: Programme to develop leaders, such as experience sharing, leadership training, and apprenticeship.
19.	Lean: Improvement approach that focuses on removing waste and improving flow. It requires an understanding and analysis of how processes operate and contribute to the production of products and services.
20.	Managing by Walking About (MBWA): Listening, empathizing and staying in touch with the stakeholders (e.g. customers, suppliers, and workforce) and taking necessary action to improve the situation.
21.	Market Research: Helps to ensure that there will be a demand for the product/service and that the requirements of the customer will be met. It can include experiments, surveys, product tests, advertising tests, promotion tests, motivational research, strategy research, customer-satisfaction monitoring and many other

	techniques.
22.	Performance Measurement: Measures are needed to measure the success of an organisation, processes, people, programs, investments, and acquisitions.
23.	Plan-Do-Check-Action (PDCA) cycle: An iterative four-step management process used to improve work processes in the organization.
24.	Process mapping and documentation: Activities involved in mapping and documenting what a work process does, who is responsible, and to what standard it should be completed.
25.	Quality Management System (QMS): A management system to direct and control an organization with regard to quality. It includes a quality policy, quality manual, quality objectives, procedures, records and/or compliance to quality standards, such as ISO9000, ISO/TS 16949, ISO 13485, and ISO/TS 29001).
26.	Recruitment and selection: Process of recruiting and selecting appropriate employees for the organization.
27.	Service and product innovation: Managing how to create, exchange, evolve and apply innovative ideas to the production and delivery of products and services.
28.	Service Standards: Defining the service standard that a customer is entitled to receive.
29.	Six Sigma: A business improvement approach that seeks to reduce variation and eliminate causes of defects / errors in processes by focusing on outputs that are critical to customers and a clear financial return for the organization.
30.	Strategy Plan: A practical, action-oriented guide, based upon an examination of internal and external factors. It directs goal setting and resource allocation to achieve desired future results.
31.	Strategic Alliances: Agreements between organisations in which each commits resources to achieve a common set of objectives.
32.	Succession Planning: A process for identifying and developing people with the potential to fill key leadership positions in the organization.
33.	Suggestion Scheme: A system in which employees are given an opportunity to give ideas and suggestions on how to improve the organization, and are given rewards for useful suggestions.
34.	Supply Chain Management: Synchronizes the efforts of all parties (e.g. suppliers, manufacturers, distributors) involved in meeting a customer's needs. It forges much closer relationships among all links in the value chain in order to deliver the right products to the right places at the right time for the right costs.
35.	SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis: A technique to understand an organization's strengths and weaknesses, and opportunities and threats. This information can then be used to aid in strategic planning.
36.	Training and Development: Initiatives to raise the competencies and capabilities of individuals and groups.
37.	Vision, Mission and Values: Brief statements of the vision, mission and values of an organization, with the intention of keeping employees aware of the organization's direction.

Figure 5: Brief descriptions of a range of improvement initiatives that can be used to improve organizational performance

To help you to achieve some quick wins and set you on your way towards business excellence, examples of six useful and easy to apply improvement initiatives are provided in Section 5.

5. GETTING STARTED – IMPLEMENTING SIX IMPROVEMENT INITIATIVES

In this section, a description of how to implement an improvement initiative for each business excellence category is provided. These will help you to get started on your business excellence journey.

5.1 Leadership – Vision, Mission and Values

Here we describe how you can create your organization's vision, mission and values. In this case the business owner or CEO should be leading this process and reading the instructions below.

5.1.1 Setting a Vision

Let us use an example of a journey everyone has taken before. Imagine you are going to take a holiday, and you have a vision of what the holiday is going to be like. Your vision is that personal thing you want to get from a holiday. You probably have a picture in your mind, a vision, of how you are going to feel: relaxed and warm, what you are going to hear: the sound of waves and laughter, and what this perfect experience is going to look like: blue skies and white sand - this is your dream. Could you draw what this looks like, could you cut out pictures from magazines which reflect this vision? Is this a destination you want to get to? Can you sell this to your family and friends? Can you make them envious and dying to get there themselves?

Now try and do this with the vision of your future business. Can you picture an equally appealing destination? Can you make your peers jealous? Can you, smell it, taste it, and feel it? Can you share this picture with your people?

If as the business leader you are not clear about where you are going and what it looks like, it is going to be very difficult to sell and communicate this to others. Communicating your vision to others is not just about words and pictures, what is often more important is the way you act, what you do and how you look. These are all an integral part of communicating your vision. Help others to see what you see...create the picture...walk the talk.

Who is in control of your destiny?

Try this quick test to see whether it's you, or whether it's everything else that is in control of your destiny. Be honest, how many times are you answering "No" to these questions.

The form is a light green rounded rectangle with a white border. At the top left, there is a 'Yes' button with a checkmark icon. At the top right, there is a 'No' button with a checkmark icon. Below these are six questions, each with a radio button on the left and a radio button on the right. The questions are:

- Do you feel you have a clear picture of where you want to go - a vision of the future?
- Does everybody know what your vision is - are they excited by it?
- Does your vision of the future dictate your day to day behaviour?
- Can you explain your vision to your family and friends?
- Do you believe in your dreams?
- Do you encourage others to have dreams?

If you answered "No" to any of these questions, you may need to take some time to consolidate your vision or get it into a form that can be easily communicated to others. Maybe it is time to step back from the business for a few minutes and look at what you really want to get out of it, what excites you about the future, where are you trying to take the business. This is a personal thing that others need to support and get behind. Be bold, allow yourself to dream.

We are often told not to use the 'I' word as it is exclusive. However, with a vision it is your vision and your people want to get behind it. Your team will want to believe that you are passionate about the future and you have the confidence and drive to get to this better, brighter place. While it is important to involve other people for certain decisions, sometimes you need to take the lead and make decisions. People are often happier if someone else takes responsibility for the future, as long as they believe it could actually happen and the person who has the vision is dedicated to achieving it. Once the vision is set, it is time to get the team involved in setting the mission and the tactics for achieving your compelling vision.

Just remember each person will have their own vision of their own future. This is fine, as you cannot take away or replace someone's personal vision. Vision is a very personal thing – replace the word vision with the word dream then all of a sudden it feels a bit more personal than that business thing called vision! Your people need to understand your dream and believe that helping you to achieve your dream will also help them achieve theirs. Allow people to dream - allow them to buy in to your dream to achieve theirs.

Take action

1. Create a passionate statement or picture that shows people how you see the future.
2. Make it personal. If you are excited about what you believe in, others will follow – they are putting their future in your hands. People feel a sense of security if you are confident and you are prepared to LEAD the company to your desired vision.
3. If you already have a vision for the business do not be afraid of changing it if the unexpected happens or external events force change. Following an old vision you no longer believe in will show and will erode confidence. Just remember as a leader you only have to be right most of the time!
4. Once you are clear, talk to people about your vision. Talk about it to your friends and family and talk about it with your key people and staff. The more you talk about it the more convinced you will be that it is achievable. The more you believe in your vision the more likely it is to happen and the more likely people will help you get there. *However, don't be afraid to change the vision once you receive inputs from other members of your team but only do this if you passionately believe in the new vision.*
5. Just do it! - Don't think about it too much, your dreams are in there they just need a bit of encouragement to come out. Just remember your dreams/vision can't be wrong just different to others.

What is your vision?

Allow yourself to dream. Use pictures and words – this is your dream, your vision the more you share it the more likely it is to come true!

I have a dream...

5.1.2 The mission statement – why are we in business?

One person may have vision, however it takes a group of people to have a mission that will ensure a vision is achieved.

The mission is a cause which unites and inspires a group of people into action. A mission should encourage ownership, passion and commitment. The language of a mission needs to concentrate on 'we', we are/we do. The mission is a public thing that people can communicate and support. The mission statement:

- Describes the purpose of the organization.

- Identifies what the business defines as success.
- Informs and inspires employees.
- Defines what success looks like.
- Serves as a statement.

Developing a mission statement can be something that is easy to put off. However once it is in place, you'll soon see the fruits of your efforts as customer relationships blossom and employees develop. In doing so, take great care to involve others in your organization, for they are the ones you must count on to help you succeed. Do not hesitate to involve an external business consultant or facilitator.

Do you have a mission? Please answer the questions below to understand more about your mission statement:

The form is a rounded rectangle with a light green background. At the top left is a 'Yes' button with a checkmark icon, and at the top right is a 'No' button with a checkmark icon. Below these are six questions, each with a radio button on the left and a radio button on the right. The questions are:

- Does the whole business have a focus on where it is going?
- Can all the members of the team tell you what the business does?
- Has the business as a whole been involved in developing the business mission?
- If you have a mission is it current, does everyone still buy in to it, are they excited by it?
- Have you looked at or revisited your mission over the last 6 months?
- Have the management team bought in to the vision and mission - have you asked?

If you have answered "No" to any these questions you may need to spend some time developing your Mission. Much has been written about developing the company mission and many consultancy and senior management hours have been spent developing company mission statements. However all too often the mission statement is put on the wall and forgotten and not used to guide strategy and is never revisited if things change.

Why are we bothering to develop a mission statement?

The mission statement is put in place as a guide and focal point for the strategy of the business. Measures and targets are then put in place to make sure the mission and vision are being achieved. How do you know whether you are on the right track if you do not know where you are going or what business you are supposed to be in?

Take Action

1. Sit down with your leadership team and, with your dream/vision in mind; start to develop your mission. Look at using the following language:

- We believe the future will rely on.....

- We aim to be the market leaders in XXX delivering more quickly than all our competition.
- We aim to be the first to market and meet all the latest needs of our customers.
- We want to be more professional than companies 100 times our size without losing the personal touch and flexibility of an excellent small business.
- We aim to offer a five star service for a three star price.
- We will be closer to our customers than any other business they deal with.
- We aim to make our customers look and feel good.
- We aim to make things happen where others would talk about it.

2. When writing your mission statement, remember the following:
Keep it -

- Succinct; to the point - clear and understandable to everyone who reads it.
- Focused on the customer and specific to your type of business.
- Directional, i.e., explains what you are trying to accomplish.
- Written in active voice, e.g., "deliver high-quality services," not "the delivery of services of high quality"
- Created through a process that involves multiple individuals and levels within the organization, not "handed down from on high" (be careful there is still real meaning to the mission statement after extensive consultation)
- Take into account all the views of all those with a vested interest.

3. Keep it fresh – It is often thought that a mission statement is carved in stone and cannot be changed. This is not the case; there are often real reasons for changing the mission statement.

- Market shifts and organizational changes.
- Changes in product or service offering.
- Signs of disgruntled employees such as higher-than-average turnover.
- Drops in customer satisfaction and loyalty.
- Attrition.
- Reduced profitability.
- Mission isn't visible in day-to-day operations.

Work with your leadership team to develop the mission that people will follow. Get across what you sell/make/deliver. Mission: Why you do what you do; the organization's reason for being, its purpose. It says what, in the end, you want to be remembered for.

<p>Our mission is.....</p>

5.1.3 Our values – what is important in our business

Once we set out on a business excellence journey, as well as knowing where we are going, we have to understand the values we are going to operate by. We need to set some ground rules and guiding principles which we all understand, which will make the journey more enjoyable and ensure we get to our destination without having to make too many sacrifices. Setting values defines the working environment and helps build a culture for achieving success. The values should be designed to 'add value' to the company's proposition to its customers. Values should create 'value' to the customer and the people within the company.

The clearer you are about your values and the better they are communicated and understood the less time you are going to spend putting in place procedures and controls to make sure things happen in a certain way. The phrase "do as I say not as I do" does NOT work when it comes to values; the leadership has to lead by example.

What the business stands for

Values are the building blocks for developing a successful culture within the business. Answer these questions to see whether you have the foundations for a successful culture.

The form is a light green rounded rectangle with a white border. At the top left, there is a 'Yes' button with a checkmark icon. At the top right, there is a 'No' button with a checkmark icon. Below these are five rows of questions, each with a radio button on the left and a radio button on the right. The questions are:

- Do you understand what you value in your business?
- Do you practice what you preach? Hypocrisy is ugly!
- Is what is important to you reinforced by your employee's actions?
- Do you know whether what you believe is important to your customers is actually what is important to them?
- Are you consistent in your actions?

Take Action

1. Do an internal survey of your senior management team and staff to find out what is important to them and what they believe is important to the business.
Examples of questions:
 - List five things that are the most important to our business.
 - List three areas that our business is different from our competitors.
 - What are the top three negative comments from our customers?
 - What are the top five problems within the business?
 - In general do you believe the leadership practice what they preach?

2. Survey your customers to see whether your values are being delivered and if they are significant to them. What do your customers value?
Examples of questions:
 - List five things you want our business to be passionate about?
 - List three reasons you think our business is different to other suppliers?
 - If you were to pick fault what would be the three main things we could do better?
 - In general do you believe we practice what we preach?

3. Survey your suppliers to see what they think your business values are.
Examples of questions:
 - List five things you want our business to be passionate about?
 - List three reasons why you feel our business is different to other businesses?
 - What are the three negative things you would say about us as a customer?
 - In general do you believe we practice what we preach?

4. Once the questions are answered, see whether there are any common values. Are your team's values similar to your customers and suppliers? If things don't look as they should start with yourself, are you walking the talk, are you practicing what you preach?
If not, you will have to change – actions speak louder than words.
If you are not sure whether you are walking the talk, with values in hand, ask people whether you deliver what you expect from others. Are you open and honest, and do you allow time for planning and business development. Do you deliver on time and respect others opinions?

5.2 Strategic Planning – SWOT analysis

Here we describe how you can carry out a SWOT analysis as part of your organisation's strategic planning process.

5.2.1 What is SWOT analysis?

SWOT analysis is a useful tool for strategic planning. SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats (See Figure 6). SWOT analysis identifies the internal factors (strengths and weaknesses) and external factors (opportunities and threats) that affect an organisation. Executives and managers can use it to consider how their organisation can build on its strengths and take advantage of its opportunities, while minimising its weaknesses and avoiding threats. Figure 7 provides examples of Strengths, Weaknesses, Opportunities, and Threats.

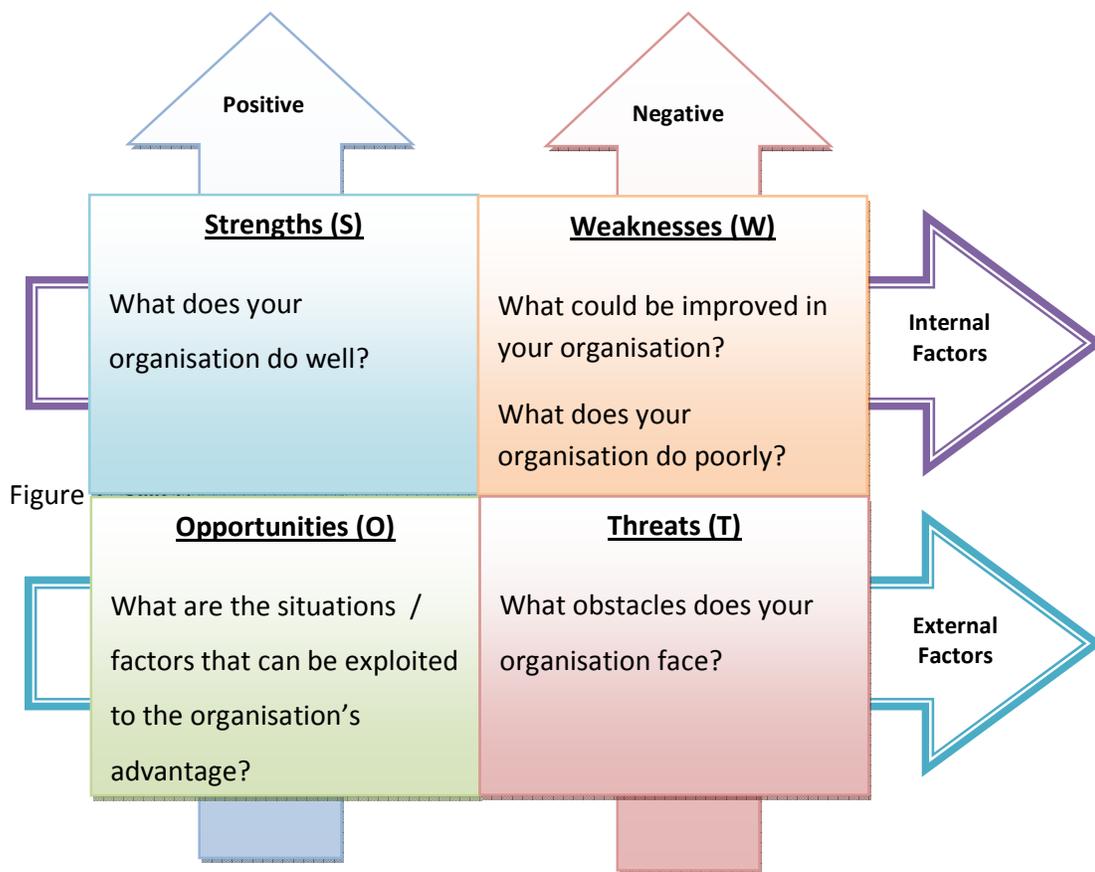


Figure 6: Explanation of Strengths, Weaknesses, Opportunities, and Threats

Items	Examples
Strengths	<ul style="list-style-type: none"> • Technological skills • Product quality • Customer loyalty • Leading brands • Access to valuable distribution networks. • Exclusive access to natural resources
Weaknesses	<ul style="list-style-type: none"> • Lack of important skills • Poor product quality • Low customer retention • Weak brands • Lack of access to distribution networks • Lack of access to natural resources
Opportunities	<ul style="list-style-type: none"> • Changing customer demand • Technological advances • Loosening of regulations • Removal of trade barriers • Changes in population age
Threats	<ul style="list-style-type: none"> • Changing customer demand • Closing of geographic markets • Technological advances • New regulations • New trade barriers • Changes in population age • Development of substitute products/services

Figure 7: Examples of Strengths, Weaknesses, Opportunities, and Threats

5.2.2 Steps to conduct a SWOT analysis

1. Identify suitable people to be involved in the SWOT analysis (such as, a person who knows the organisation very well as he / she has been with the organisation for many years, a critical and analytical person who can analyse the situation faced by the organisation, and a person who is well-versed with the industry and competitors).
2. Set up a meeting / workshop to carry out the SWOT analysis.
3. Identify and/or brainstorm key strengths, weaknesses, opportunities and threats based on relevant and updated data.
4. Based on the SWOT now consider what are the top five critical success factors (If there are more than five factors this may mean that you are more likely to be paralysed by the burden of 'too much to think about'.) If you're struggling to find those critical success factors, take a five-year perspective and consider your top strengths, weaknesses, opportunities and threats – such as:
 - What issues affect your ability to carry out your mission?
 - What product and service features or new products or services are customers likely to want in the future?
 - How will you retain a smaller pool of customers, if your market shrinks?
 - If you do not change anything, where will you be in 5 years?
5. Discuss, analyse and/or report the findings.

5.3 Customer Focus – Self-assessment tool for developing a customer focused culture

Here we describe a self-assessment tool and some best practices that can help your organization become more customer focused.

5.3.1 What is a customer focused culture?

Every organization has its own “culture”. It is the organizational equivalent of “personality” or “character” and is developed from the shared, collective experience and understanding of people working together in an organization over time. Culture is the sum total of people’s beliefs and behaviors in an organization.

In mature organizations, “culture” is entrenched and enduring and can be resistant to change. In newer and/or smaller organisations “culture” more often stems directly from the attitudes and management styles of its founders. Where these values are very strongly held and people join the organisation because of them, the resulting culture can be retained even as the company becomes very large.

Organisations with a strong customer focus have been shown to exhibit the following characteristics:

1. Leadership - Customers drive organizational direction and actions.
2. Listening - Customers' views are actively sought and it is easy for customers to make contact and conduct business.
3. Analysis and Understanding - Customer expectations and key requirements are understood.
4. Integration and Deployment - Customers' expectations are acted upon.
5. People - Customer-focused culture is understood and embedded throughout the organization.
6. Review and Improve - Customer-focus strategies, procedures and processes are regularly reviewed and improved.

5.3.2 Customer focus self-assessment tool

The following self-assessment tool, see Figure 8, is useful for assessing how “Important” various customer focus characteristics are to your organization and your level of “Capability” (or performance) with respect to each characteristic. Differences between “Importance” and “Capability” can then be addressed.

The steps to complete the assessment are as follows:

1. Form a self-assessment team of 4 to 6 people. Make sure you have representatives from front-line staff to senior management – all should be involved in customer related roles.

2. All team members complete the self-assessment, the data is collected, and the average response is recorded.
3. A consensus meeting is held. Here a discussion should be held on those questions where there is the largest variation in response. Those that responded differently to the average should be asked to explain their reasons why. After the discussion the team can re-evaluate the score for the question.
4. An action planning meeting is held. The purpose of this meeting is for team members to consider how the gaps between “Importance” and “Capability” can be addressed. The majority of time should be spent on the characteristics which had the largest gaps.
5. Action plans are implemented.
6. Repeat the assessment in one year’s time.

5=Very High	5=Outstanding
4=High	4=Very Good
3=Neutral	3=Average
2=Low	2=Below Average
1=Very Low	1=Poor
NS=Not Sure	NS=Not Sure
Importance	Capability

LEADERSHIP		
1	Our organisational structure is customer, not product based.	
2	Customer-care philosophy is an integral part of our Mission, Vision and Values.	
3	We have full support across all levels of management for customer management initiatives.	
4	Our organisation understands the value of customer retention and building long-term relationships.	
5	Our business strategy is driven by what we learn about/from our customers and markets.	
6	Our senior management lead from the front and demonstrate customer-centred values in their day-to-day activities.	
7	Product/service strategies are aligned with our customer relationship strategies.	
8	Our product/service promotion is targeted to meet the needs of chosen customer segments.	
9	We consider organisational agility (speed/flexibility) a vital component in our ability to respond to customer needs.	
10	Our senior management actively participate in the development of customer relationships.	
LISTENING		
11	We know how customers prefer to interact with us (e.g. email, person-to-person, phone, and letters).	
12	We make it easy for our customers to contact us as it suits them.	
13	We regularly seek qualitative and quantitative feedback from customers.	
14	Our customers can have all types of issues/queries resolved using any communication channel, such as call centre, the web, phone, email, and personal contact.	
15	We welcome complaints, because they can help us improve and give us an opportunity to “delight” our customers.	
16	We have a formal complaints procedure, which includes service standards, and recording and monitoring for resolution.	

17	We routinely survey our customers on the quality of products/services provided.		
18	We actively encourage customer feedback.		
19	Our customers can talk with senior managers if they choose to.		
20	Our customer self-service systems (e.g. voice mail, web) do not prevent customers from accessing a “real” staff member.		
ANALYSIS & UNDERSTANDING			
21	We have a continuously updated customer knowledge base that provides all critical business information about our customer relationships.		
22	We place vital importance on understanding the impact customers have on our business.		
23	Our customer information/data is available and updated after changes for immediate use.		
24	We analyse all sources of customer information to determine key customer requirements.		
25	We are able to differentiate our customers by their needs.		
26	We conduct well-defined market tests for new product/service offerings.		
27	We conduct regular, competitive/comparative analysis of product and service delivery processes and systems, which we use to understand customer expectations and requirements.		
28	Our sales force keeps customer contact information constantly and accurately updated.		
29	Our customer information allows us to understand the value of our customer relationships in multiple dimensions (e.g. value, profitability, breadth of products, and length of time).		
30	We have the appropriate customer information to support our customer-focus strategies.		
INTEGRATION & DEPLOYMENT			
31	Personnel have appropriate access to customer information (information needed to properly service customer needs).		
32	We ensure that all customer-related information is readily communicated to all appropriate areas of the organisation that it will impact on.		
33	Customer information (e.g. name, address) is consistent in all the systems where we maintain customer data.		
34	Different areas of our business have easy access to information about what new business opportunities are being pursued with existing customers.		
35	Customer expectations about the organisation match with customers’ experience.		
36	We track and remember which products and features a customer chooses, and use the information the next time we deal with that customer.		
37	We design products and services to meet customer needs.		
38	Cross -functional groups meet on a formal regular basis to address customer strategy and service delivery.		
39	We keep customers informed of all matters that will affect them, including following up on enquiries or complaints.		
40	We have a well-defined and well-enforced process for how we interact with our customers, including service standards and a “service promise”.		
PEOPLE			
41	Our performance appraisal process is linked closely to improving customer relationships.		
42	We link staff satisfaction indicators with customer satisfaction information.		
43	We recognise/reward behaviours that enhance customer satisfaction.		
44	Staff are empowered to be flexible to meet the needs of the customer in different situations.		
45	Our employees are regularly evaluated on the level of service provided to their customers.		

46	Our organisation ensures that the right resources are available to deliver the standards of service promised to customers.		
47	All employees understand their role in delivering service standards.		
48	Our employees are trained and their skills developed to provide excellent customer service.		
49	Our staff have the right skills to implement customer-centred initiatives.		
50	We believe that if we have satisfied “internal” customers we will find it easier to create satisfied “external” customers.		
REVIEW AND IMPROVE			
51	We systematically review and improve our customer service processes.		
52	We learn from our mistakes, we correct them - and avoid making them again.		
53	We analyse customer information against historical data to determine trends, to identify improvement opportunities and to monitor effectiveness of new initiatives.		
54	We actively seek/research best-practice systems/processes to establish targets and benchmarks for improvements to our products/services, processes and delivery.		
55	Our organisation has a process that identifies the source of problems associated with customer service.		
56	The organisation adapts continuously to satisfy customer needs.		

Figure 8: Customer focussed self-assessment tool

5.3.3 Examples of good-to-best customer focus practices

Examples of good to best customer focus practices are shown below. These should be considered for implementation in the action planning stage of the self-assessment.

- a) Have a management-driven passion for resolving issues raised by customers.
- b) Treat complaint handling as a vital opportunity, empower staff to resolve issues and encourage customers to provide feedback.
- c) Actively follow-up when feedback is received and ensure corrective actions are taken.
- d) Proactively seek feedback from customers which may result in product/service redesign.
- e) Suggest a range of possible solutions to address each feedback. This can provide a different perspective and allow consideration of alternatives that may not have been thought of by the customer.
- f) Proactively advise customers on how to maximise the performance and value of products/services.
- g) Seek a “fit” with your customers and find customers who “fit” with your organisation. Therefore find customers with a similar culture or vision as your organisation.
- h) Ensure you know your customers and your own business well, and look for long-term relationships with low customer turn-over.
- i) Have a strong commitment to maintain contact with customers.
- j) Provide custom-designs as appropriate, and allow customers to “pull through” products/services they need.
- k) Encourage innovation amongst staff.
- l) Develop products/services that meet customers’ needs.

- m) Continuously invest in new technology and training to improve services, capabilities, and frequently review the product range.

5.4 Workforce focus – Suggestion scheme

Here we describe how organizations should invest in its most important resource, the workforce, by introducing an employee involvement process. In this case, the business owner or the CEO takes and shows deep interest in motivating, empowering and developing its people to get involved in the decision making process for improvement initiatives in the organization through an employee suggestion scheme (SS).

5.4.1 An Employee Involvement Process - Motivation to Participate

Have you encountered a situation at work or at a social event where the boss or the leader is the “know-it-all” person who gives orders to other people and dominates with his/her strong commanding voice/gestures? These individuals will give orders and expect others to follow. If you have experienced these situations, do you feel happy with this work culture, relationship and communication style?

Gone are the days when authoritarian leadership styles are in popular use or considered as good practice. This holds true for all types of organizations, big or small, public or private. Nowadays, successful organizations are those that establish a partnership between the workers and the business owner / Chief Executive Officer (CEO). This is achieved through work force involvement and empowerment.

The business owner / CEO should encourage staff participation in making decisions concerning the organization. With the involvement, the employees get to fully understand how their job role contributes to the achievement of the organizations’ goals.

There are two approaches the business owner can adopt to motivate people to participate in decision making – a top-down approach and a bottom-up approach.

A top-down approach is when orders are issued from the top level of the organization. A positive example of this approach is when people in the organization have to follow and to participate accordingly in a clearly defined and well communicated strategic plan. A company / business strategic plan sets the overall roadmap of your business direction and success. This contains the company’s short and long-term plans which need the participation of all units in the organization and of everybody in the business. On the other hand, another similar example may be seen in a negative context as practised in a traditional organization. That is, when the company’s strategic plan is not shown to people and they do not participate in crafting the vision, mission as well as the strategic plan. Another example is when a company policy is issued without due consultation with the people in the organization. An example is issuing a policy that workers cannot bring their “packed lunch” anymore; instead everyone has to buy their lunch at the canteen. In this approach, all orders come from the top. In this case, communication is a one-way process as orders from the top should be adhered to by everyone without question.

A bottom-up approach provides opportunity for the employees to communicate their own ideas to management, and in turn, receive an appropriate response from management. An example of this approach is when an employee proposes and implements improvement efforts directed toward enhancing productivity, safety, reducing costs, faster delivery, customer satisfaction and employee morale. In this case, the business owner allows the employee to grow, professionally and personally, by expressing himself and his creativity at work. People feel a sense of belonging to the company when their ideas, opinions are heard and considered by management. Consequently, this leads to employee commitment, support and participation in company programs.

When people are encouraged to share ideas, opinions and to participate in important decision making activities in the organization, people feel empowered. They feel a sense of responsibility for their work and are strongly motivated to do their best. Given this situation, employees acquire a sense of pride in workmanship which may lead to opportunities for product and service improvement and a greater dedication to quality. In turn, people that are motivated and satisfied in their work are more likely to provide customers with a high level of customer service. This in turn leads to product loyalty. As a result, it is the company business performance that benefits.

5.4.2 What is a Suggestion Scheme?

A Suggestion Scheme (SS) is one of the Kaizen or basic productivity and quality improvement tools that fosters two-way communication between management and employees. SS is an individual-oriented approach as it solicits creative ideas from individual employees. As a Kaizen tool, the SS encourages total employee participation through the generation of creative ideas. It is the senior management team's responsibility to design and to implement a plan for a vibrant suggestion scheme that will entice total employee involvement.

Important elements for the successful implementation of the SS are: (1) management support and commitment; (2) employee motivation and willingness to participate; (3) knowledge and skills necessary to bring out creative ideas to address productivity and quality improvement concerns.

An improvement idea is illustrated below:

The Problem Situation:

A bakery receives many customers daily at its reception area. Various transactions take place in this area—the placing of orders, picking-up of orders and bill payment. With no systematic process to guide the customers on making their transactions, customers experience irritation with each other and with the staff on the disorganised environment.

Improvement Idea:

The customers will, upon entering the bakery have to take a customer number which the store clerk will follow in serving customers in an orderly, organized fashion.

Benefits:

- Customers wait patiently for their turn.
- Customers do not get stressed with a disorderly queue and irritated customers.
- Customers feel satisfied in transacting business at the bakery and will think of coming back and maintain product loyalty.

5.4.3 Implementing a Suggestion Scheme

Employees should be encouraged to contribute their creative ideas that will lead to productivity and quality improvement. Creative improvement ideas are usually based on concerns that are related to: productivity, quality, cost, delivery, safety and improving employee morale. On the other hand, unacceptable ideas are those that pertain to: personal problems, complaints on management policies and decisions, salaries and wages and those improvements that require a very large investment.

An SS Committee should review and submit shortlisted suggestions for approval by the business owner or the CEO. Suggestions that are submitted must be duly acknowledged to recognize the improvement effort of the individual employee. Whether the suggestion is considered for approval or not, the employee deserves to receive feedback. This instance proves to the employees that no matter how small their ideas might be their ideas matter and are recognized.

An evaluation mechanism to review and evaluate suggestions must be developed to serve as a reference and to guide decisions in the deliberation process. It is equally important to formulate a reward and recognition scheme to duly acknowledge and to give appropriate credit to individual suggestions. Rewards can be in the form of monetary and non-monetary incentives. A caveat here is to start off with non-monetary incentives to encourage people to participate in the absence of any monetary consideration. If rewards start with something monetary, chances are that when these are taken off, people will not be interested in participating.

It is recommended these steps are followed when implementing a SS:

1. The business owner or the CEO should formally announce the launch of the SS through a general message during a staff assembly or meeting and through a written office order to that effect. This will help to demonstrate the business owner and CEO's commitment to the SS.
2. A Suggestion Scheme (SS) Committee is formed.
3. The SS Committee formulates the guidelines in giving suggestions, receiving and acknowledging suggestions as well as giving feedback.

4. It is important to devise a suggestion form and acknowledgment form for the received suggestion, and a feedback form to communicate status of the suggestion. Sample forms are provided in Figures 9-11.
5. The SS Committee defines the rules on acceptable and unacceptable ideas.
6. Evaluation criteria should be designed to guide the SS Committee in reviewing and evaluating suggestions.
7. A reward and recognition scheme should be devised to encourage participation and assist in sustaining the program.

Suggestion Form	
Date prepared: _____	Registration no.: _____
Name of suggester: _____	Date/time received: _____
Division/section: _____	
Title of suggestion: _____	
Current situation: _____	
Improvement proposed: _____	
Potential benefits: _____	
(Note: please feel free to draw illustrations and use additional sheets if necessary)	

Figure 9: Suggestion Form

Acknowledgment of Receipt

Date: _____ Registration No.: _____

Dear Mr/Ms: _____

Thank you for your suggestion dated _____ We are now evaluating your suggestion and will let you know the results on or before _____

The SS Chairman

Figure 10: Acknowledgment of Receipt

Feedback Form

Dear Mr./Ms. _____ Date: _____

Thank you very much for your suggestion dated _____ and submitted _____

However, we regret to inform you that your suggestion cannot be considered due to the following: _____

We deeply appreciate your concern for the improvement of our organization. Your record will be kept for possible consideration in the future. We look forward to receiving more suggestions from you.

The SS Chairman

Figure 11: Feedback Form

5.4.4 Learning and Growth

In the process of participation in the SS, the employee is able to develop professionally as technical or job skills are further honed to respond to the challenges for improvement of the work environment through the contribution of creative ideas. SS encourages creativity and the clear articulation of ideas through writing the suggestion for improvement. It is important that the supervisor provides guidance to the staff in writing appropriate and clear suggestions.

The entire process of giving suggestions is a learning opportunity for the employee and leads to professional and personal growth. In this manner, the organization demonstrates its concern for the development of its people. The process of developing and submitting suggestions may result in the identification of training and development needs of employees which the organization should address. How and what the employee writes as part of the suggestion can provide an indication of what competency areas need to be developed.

Whether it is a small or a large organization, a suggestion scheme can play an important role in engaging employees and business improvement through the simple, ordinary ideas of employees. Through suggestion schemes, people realize that no idea is too small or trivial so as not to be considered.

5.5 Operations focus – Plan Do Check Act (PDCA) Cycle

This section describes how you can continuously improve your organisation's operations resulting in quality products and services by adopting the Plan-Do-Check-Act (PDCA) Cycle.

5.5.1 Adopting the PDCA Cycle

The Plan-Do-Check-Act (PDCA) Cycle is a four stage continuous improvement model. The PDCA provides a mechanism for quality and productivity improvement. Simply put, it means making things better today than yesterday and better tomorrow than today.

As shown in Figure 12, the PDCA Cycle is best illustrated by the four (4) repetitive steps.

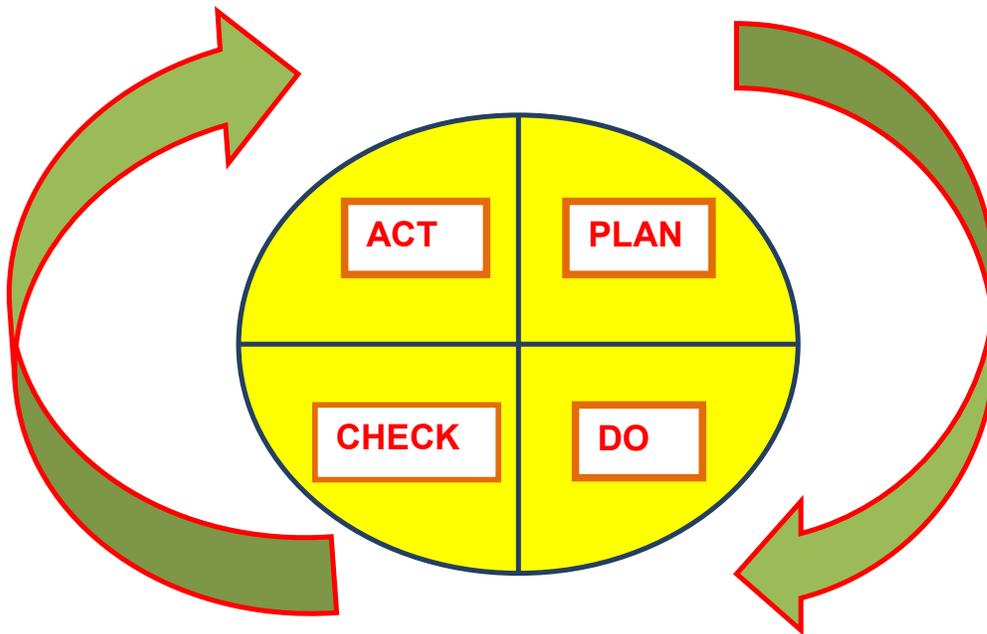


Figure 12: Plan Do Check Act

As the PDCA cycle follows a circular pattern to illustrate continuous improvement, operationally, the PDCA can be done on a repetitive basis, just like a circle that has no end, to carry out improvement or change initiatives. Plan-Do-Check-Act refers to the following:

P means **Plan**, which emphasises the need to plan as planning increases the likelihood that a project or action is the appropriate one to undertake and it will be undertaken successfully. As we plan, we also assess our current situation, identify problems and plan for appropriate solutions to address it, identify opportunities, know our direction,

and analyze our needs, customer requirements, and evaluate the impact of the business environment on the work we do.

D means **Do**. This is executing what you have planned by implementing changes or improvement, or even trying out implementation like a pilot-test.

C means **Check**. This means reviewing, checking, analyzing and monitoring whether you have accomplished your objectives.

A means **Act**. This means you have to implement, make improvements or take actions on the basis of what you have obtained as a result of your review and analysis. If you have successfully accomplished your objectives, then you need to set the practice into place, standardize and institutionalize it. If things did turn out well, you have not accomplished your objectives, and then you have to go back to the PDCA cycle again using a new plan.

Practically, in everything that we do, in everything that we manage at work and even at home, the PDCA can be effectively and repetitively applied.

The PDCA can be used in: (1) developing a productivity project, improvement plan or program, (2) working on a problem situation on the job – in particular, it could be used by a quality circle or improvement team to solve productivity and quality-related improvement concerns, (3) in project management, (4) in the adoption of a quality management system, and (5) in implementing a training and development plan or program.

An example of how to apply the PDCA will now be given.

Example – PDCA applied to productivity improvement

Developing a culture of continuous improvement and BE can take a long time. It is, therefore, imperative that the organization is well guided as it traverses along the road to continuous improvement. In this case, a well-thought out, organizational productivity improvement plan should be formulated to guide how this can be realized. Consider you are at the stage of developing and implementing your organization's productivity improvement plan. In this case, you use the PDCA as a framework for the continuous improvement of your organizational processes.

PLAN

To apply the PDCA, the Plan stage unfolds with an assessment or the conduct of a productivity diagnosis of your organization to be able to identify the gaps in your organization's performance as compared with other similar organizations or competitors as well as how you meet customers' requirements. It is also important to note that this should also be aligned to your strategic and operational plans. To carry out the plan for this stage, appropriate technical interventions should also be identified on the basis of the assessment results. For example, is it 5S, a suggestion scheme or

improvement teams that can help address your improvement concerns? This should be decided upon based on the gaps identified. Specific performance targets should be set. It is an assumption at this stage that a project team has already been organized to steer development and implementation of the plan.

DO

Once requirements for the Plan are prepared, the organization is now ready to go right ahead to the Do stage. At this juncture, the project team should coordinate with all offices or units and assist with the implementation of the plan.

CHECK

The implementation of the plan at the Do stage should be monitored by the project team to keep track of its progress.

ACT

In case the objectives have been met, then the improvement is standardized. On the other hand, if objectives have not been met, the productivity committee will provide recommendations in the form of corrective actions.

The entire cycle gets repeated as part of the continuous improvement cycle.

5.6 Measurement, Analysis and Knowledge Management – A Personal Performance Measurement System

In this section we describe how to develop a *personal* performance measurement system that will help you to more effectively contribute to your organization.

5.6.1 How Can We Measure Performance?

In a perfect world, your organization has a performance measurement system that features a balanced scorecard at the top and key performance measures supporting that scorecard cascaded to your department and group. Your department may have its own scorecard. Key processes may have scorecards, as would key suppliers in a perfect world.

In the real world, measurement is usually erratic and inconsistent. Most businesses focus almost exclusively on financial measures, on budgets and costs and headcount and revenues, with a constant eye on stock price. Some measures of quality, cycle time, and service are usually tracked, but they tend to be important only to a few departments, such as production or sales, and not to the entire organization. Whether your organization has a balanced performance measurement system or the more common piecemeal approach, you can create a *personal* performance measurement system that will help you understand and improve the processes that you are responsible for.

To create a personal performance measurement system, follow these steps:

1. **Determine your areas of focus.** You measure what you want to manage and improve. Start by figuring out how your work supports your organization's mission, vision, and strategic plan. Identify which key processes you contribute to, who your key customers are, and what they require. Determine the requirements and key performance indicators (KPIs) of your department, work unit, and/or team. If you have a performance appraisal and/or career development plan, list which areas you can measure your performance on.

2. **Identify what is required of you for each area.** Most requirements fall into one of four areas: quality (defects, error rate, etc.), delivery (speed, cycle time), cost (labour cost, material cost, product/service cost), and value (customer satisfaction, staff satisfaction, community satisfaction). What does your organization, manager, customers, and coworkers require?

<p>WHY THIS MATTERS: Being guided by data rather than opinions and assumptions is like being a one-eyed man or woman in the land of the blind: You will have a distinct advantage. By relying on data to track and improve your performance, you will consistently get better results—and be able to prove it—than those around you. That will come in very handy at performance review time.</p>
--

3. **Select performance indicators and goals.** How can you measure your performance on each key requirement? As you select performance indicators, consider: (a) How you can link performance indicators to your team, work unit, department, and organization; (b) whether improving performance on the performance indicator will accurately reflect your performance; (c) your ability to collect the data (for example, getting satisfaction data from your customers may help you evaluate service levels but it can be difficult to acquire); (d) your ability to compare your performance to relevant benchmarks; and (e) the correlation between improving your performance and improving performance on the performance indicator. For each performance indicator, set goals for the next six months and year.

4. **Implement performance measurement system.** To ensure you are measuring the right things and the measurement system will last and be of value it is good practice to have a performance measurement recording and analysis system in place. Figure 13 shows a Performance Measures Record table which should be completed for each performance indicator – this will help to ensure the indicator is useful and the data will be reviewed and acted upon. Figure 14 shows an example of a completed Performance Measures Record table.

Name of the measure	The title of the measure. A good title is self-explanatory, avoids jargon and explains what the measure is and why it is important
Type of measure	Record here the type of measure. There are three types of measures: Key Result Indicators (KRIs). These include measures like customer satisfaction, net profit before tax, profitability of customers, employee satisfaction, return on capital employed. The common characteristic of these measures is that they are the result of many actions. They give a clear picture of whether you are travelling in the right direction. They do not however tell you what you need to do to improve these results. Thus KRIs provide information that is ideal for the governance board, therefore to those not involved in day to day management. Performance Indicator (PI). These tell you what to do. PIs lie beneath KRIs and could include: profitability of the top 10% of customers, net profit on key product lines, % increase in sales with top 10% of customers, no. of employees using a suggestion scheme. Key Performance Indicators (KPIs). Key performance indicators are a set of measures focussing on those aspects of performance that are the most critical for the current and future success of the organisation. They have six characteristics: <ul style="list-style-type: none"> • measured frequently e.g. daily or weekly • acted upon by CEO and senior management team • all staff understand the measure and what corrective action is required • responsibility can be tied down to an individual or team • significant impact (on more than one objective) • has a positive impact (on other performance measures)
Purpose	If a measure has no purpose, why introduce it? Example purposes: 1. To enable you to monitor the rate of improvement thereby driving down the total cost. 2. To ensure that enquiries from the public are responded to within a specified time-frame. 3. To stimulate improvement in a suppliers performance. 4. To increase the use of a product or service. The purpose of a KRI is to provide the governance board with overall performance information.
Relates to	Identify the business objectives that the measure relates to. As with purpose, if the measure being considered does not relate to any business objective, why introduce it?
Benchmark	What is best practice performance for this measure? Have you managed to find a benchmark? The benchmark should help you set an appropriate target.
Target	Targets specify the levels of performance needed and the timescales within which they need to be achieved. Example targets: 1. X% improvement year on year. 2. Y% reduction during the next 12 months. 3. Achieve Z performance by the end of next year.
Current performance	Record your current performance here.
Formula	How something is measured will affect the way people behave. An appropriately defined formula should drive people towards good business practice. Beware of the formula that

	stimulates behaviour you do not want.
Frequency	The frequency with which performance should be recorded and reported is a function of the importance of the measure and the volume of data available
Who measures?	This box should identify the person who is to collect and report the data
Source of data	This box should specify where to get the data from. If you want to see how performance changes over time, then you must get data from the same source each time.
Who acts on the data?	This box should identify the person who is going to act on the data.
What do they do?	Without some action here, the measure is pointless. You may not be able to detail the action to be taken if the performance proves either acceptable or unacceptable as the detail may depend on the context at the time. You can define, in general, the management process to be followed in the case of acceptable or unacceptable performance. Example. 1. Set up a continuous improvement group to identify reasons for poor performance and to make recommendations as to how it can be improved.
Notes and comments	Any specific features, outstanding issues, specific problems, to do with the measure.

Figure 13: Explanation of how to complete a Performance Measures Record Table

Name of the measure	First Call Resolution (FCR) FCR is the average percentage of calls that are closed out by the customer as complete during the first customer call made on one issue to the customer service centre.
Type of measure	KPI
Purpose	To enable the monitoring of a key influence on customer satisfaction and operational costs
Relates to	Raising levels of customer satisfaction
Benchmark	95%
Target	75% by 1 Jan 2014; 85% by 1 Jan 2015; 90% by 1 Jan 2016
Formula	The total number of calls closed out for the week, divided by the total calls received by the customer service centre for the week.
Current performance	70%
Frequency	Measured weekly and reported monthly
Who measures?	Latoya Maher, Call Centre Senior Operator
Source of data	FCR weekly report from Call Centre business objects reports folder on O: drive
Who acts on the data?	Latoya Maher, Call Centre Senior Operator
What do they do?	Update FCR trend with weekly report data and circulate graph to Operations Division management team. If two successive weekly figures trend downwards, an improvement request shall be raised in the Process Improvement System.
Notes and comments	<ol style="list-style-type: none"> 1. Check weekly data files for correct dates 2. Check raw data if first report produces unexpected result based on present trends. 3. In case of problems contact Johnny West of IT before proceeding

Figure 14: Example of a completed Performance Measures Record Table

5. **Analyze data to identify and act on opportunities to improve.** After a few months of data collection, start looking for cause-and-effect relationships and other correlations in your results. Once you've nailed down an area for improvement, develop a 90-day action plan to improve performance.

6. **Refine your system.** Set times to review your personal performance management system to assess how well it is working and, if needed, make changes to improve it.

It is hard to measure pieces of a process and, in most cases, that's what you are looking at. Quality and cycle time measures are easiest to identify: error rates, defects, mistakes, complaints, the time it takes to complete a step, etc. Start with a few measures. Collect the data and plot the data and see what it tells you. As you gain confidence, add more measures to better understand what is working and what needs to be improved.

Trend charts make measurement actionable by showing levels and direction (see Figure 15). Rather than numbers on a page, trend charts visualize performance.

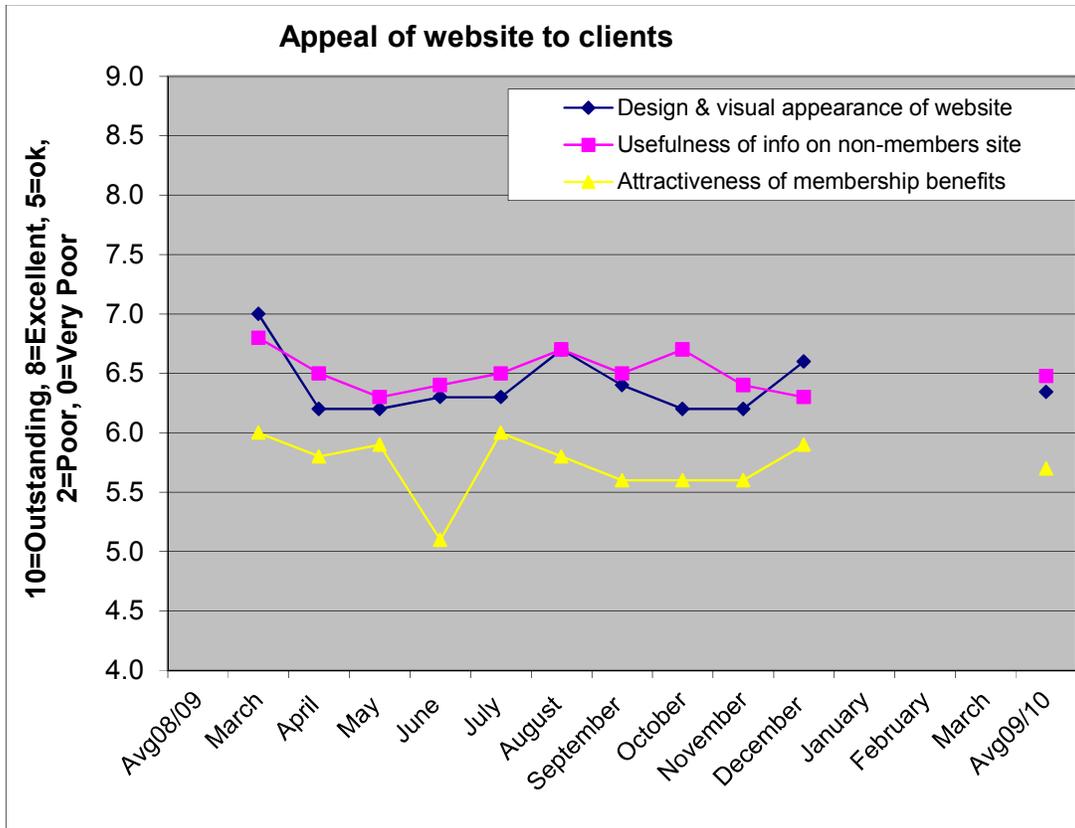


Figure 15: Example of a trend chart

The purpose of the chart is to visualize what's going on in the area you are measuring. If you want to get noticed at work, start posting charts like this about your process measures on your walls. And if you want to get recognized, improve the process to move those trend lines in a positive direction.

6. UNDERTAKING A BUSINESS EXCELLENCE ASSESSMENT

It is important for organizations to regularly (typically once a year) measure their progress towards business excellence. The assessments can be undertaken by external evaluators (as would be the case if your organization is applying for a business excellence award) or through an internal evaluation process – called a business excellence self-assessment. The different types of self-assessments are described in the APO’s guidebook “Understanding Business Excellence: An Awareness Guidebook for SMEs”.

Assessments not only identify an organization’s progress but, more importantly, identify an organization’s strengths and areas for improvement. From this information, senior management can make sensible decisions on the actions needed to achieve the desired results. Generally, organizations scoring at least 600 from 1000 points on the BEMs assessment are deemed to have reached a state of excellence or world-class performance. Figure 16 shows the seven steps that can be adopted to improve organizational performance towards achieving BE.

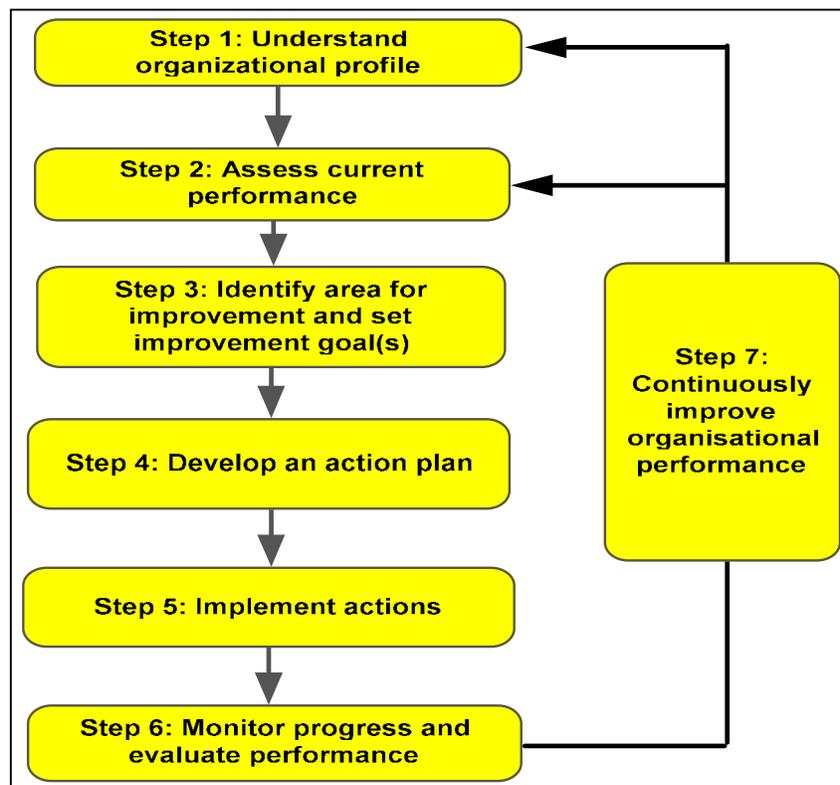


Figure 16: Seven steps to improve organizational performance towards BE

Step 1: Understand organizational profile

The first step is to create and/or review your organizational profile to ensure all members of your senior management team have the same understanding of the business, its direction and the market it is operating in. The organizational profile provides the context for the way your organization operates. Proposed contents of the organizational profile are summarized in Figure 17.

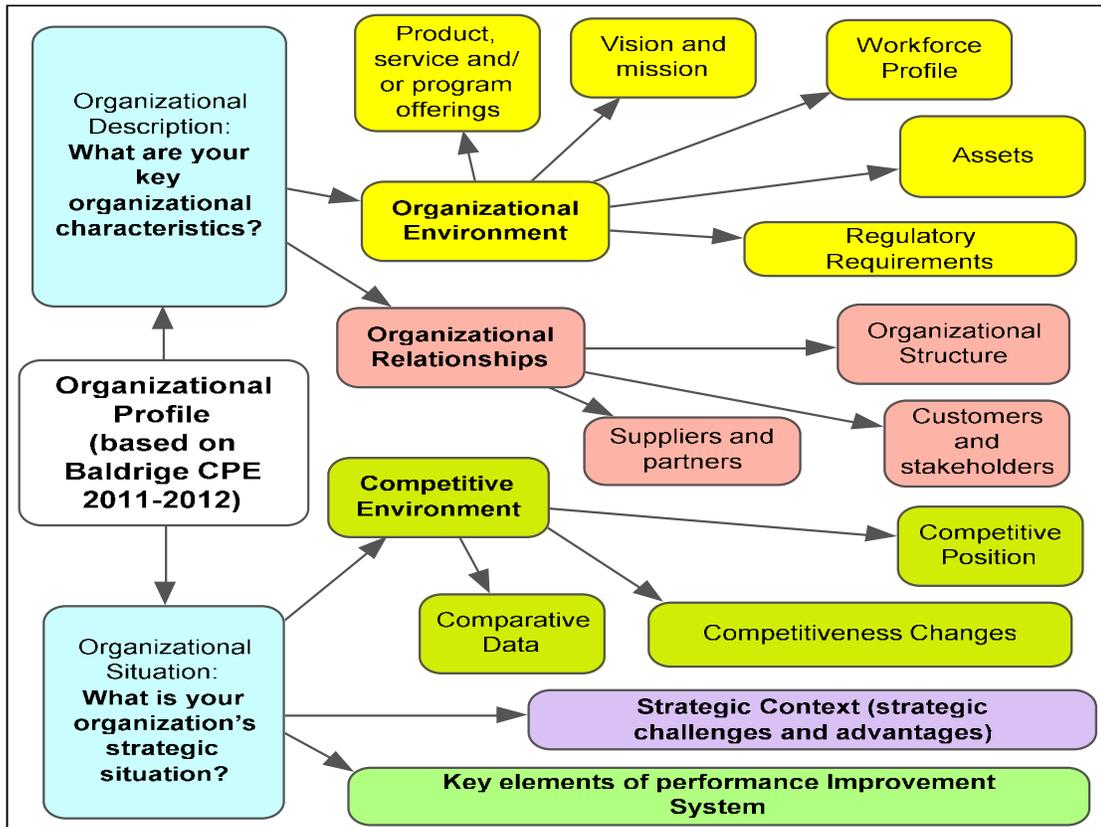


Figure 17: Proposed contents of the organizational profile

Step 2: Assess current performance

The different types of self-assessments are described in the APO's guidebook "Understanding Business Excellence: An Awareness Guidebook for SMEs". One of the simplest types of self-assessment is using a matrix chart or maturity grid to obtain a consensus viewpoint on the current state of the organization – see Figure 18.

No	Item	Starting	Progressing	Advanced	Excellent
1	Leadership	We don't have a vision, mission, strategic direction and performance expectations or they are out of date. We rarely review the negative environmental and community impact of our products, services, processes and sites. We do not have an overall strategic plan. We don't have missions, plans and performance targets cascaded to our departments, teams, and employees.	We have a vision, mission, strategic direction and performance expectations that we are happy with but these are only known by a few staff. We sometimes review the negative environmental and community impact of our products, services, processes and sites. We have a strategic plan but use an informal approach to its development – therefore we don't conduct a thorough review of our strengths and weaknesses based on relevant information from our customers, competitors and on potential and emerging markets. Most of our departments, teams, and employees have missions, plans and performance targets that are aligned to our key strategies.	Our vision, mission, strategic direction and performance expectations are communicated and known by most employees. We regularly review the negative environmental and community impact of our products, services, processes and sites. We have a strategic plan and use a formal approach to its development – therefore we conduct a thorough review of our strengths and weaknesses based on relevant information from our customers, competitors and on potential and emerging markets. All our departments, teams, and employees have missions, plans and performance targets aligned to our key strategies. Our strategic planning approach is regularly reviewed for effectiveness.	Our vision, mission, strategic direction and performance expectations are communicated and regularly reviewed. We address and minimise the negative environmental and community impact of our products, services, processes. Our leadership approach is regularly reviewed for effectiveness. We have a strategic plan and use a formal approach to its development – therefore we conduct a thorough review of our strengths and weaknesses based on relevant information from our customers, competitors and on potential and emerging markets. All our departments, teams, and employees have missions, plans and performance targets aligned to our key strategies. Our strategic planning approach is regularly reviewed for effectiveness.
2	Strategic Planning	We do not clearly define who our customers are (from which market segments) or clearly identify their needs. We do not have a system for monitoring and recording customer complaints – we deal with them as they happen.	We have segmented our customers and have a basic understanding of their specific needs (based on anecdotal information) for some of our products and services. We have a basic customer complaint system in place but do not proactively encourage or record all complaints.	We have segmented our customers and identified their specific needs (based on thorough research) for most of our products and services. We seek, monitor and record customer complaints and take action to correct the problems but do not check if the customer is satisfied with the resolution process.	We have segmented our customers and identified their specific needs (based on thorough research) for all of our products and services. We seek, monitor and record customer complaints and take fast appropriate action to correct problems. We ensure that the same problems do not occur again and we check the customer is satisfied with the resolution process. Our customer focus approach is regularly reviewed for effectiveness.
3	Customer Focus	We do not track daily operations and overall organisational performance using adequate information. There is no formal effort or approach to identify and share best practices throughout our	We track daily operations and overall organisational performance using a partial set of accurate and relevant information addressing some of our needs. We do have some systems and methods in place to identify, share and implement best practices but the	We track daily operations and overall organisational performance using generally accurate and relevant information addressing most of our needs. We have clear systems and methods in place to identify, share and implement best practices but the	We track daily operations and overall organisational performance using a full range of information (financial, customer satisfaction, employee satisfaction, environmental, suppliers, and key processes). We have clear systems and methods in place to identify, share and implement best practices throughout our organisation using a
4	Measurement, Analysis, and Knowledge Management				

	organisation.	effort is sporadic and ad-hoc.	effectiveness of our approach is not monitored.	variety of means – team meetings, benchmarking studies, best practice database – and deployment is monitored. Our measurement, analysis, and knowledge management approach is regularly reviewed for effectiveness.
5	<p>Little thought has been given to how our work systems and jobs are designed to encourage individual initiative, innovation, rapid response, co-operation and effective communication. We do not formally assess our employees training and education needs.</p>	<p>Some of our work systems and jobs are designed to encourage individual initiative, innovation, rapid response, co-operation and effective communication. Some of our employees training and education needs are assessed and acted upon but the system is not strongly aligned to our strategy and the future needs of our organisation.</p>	<p>Most of our work systems and jobs are designed to encourage individual initiative, innovation, rapid response, co-operation and effective communication. Most of our employees training and education needs are assessed and acted upon in order to develop their knowledge, skills and capabilities to meet the current and future needs of our organisation.</p>	<p>Our work systems and jobs throughout our organisation are designed to encourage individual initiative, innovation, rapid response, co-operation and effective communication. All of our employees training and education needs are regularly assessed and acted upon in order to develop their knowledge, skills and capabilities to meet the current and future needs of our organisation. Our workforce focus approach is regularly reviewed for effectiveness.</p>
6	<p>We have not mapped out our key design and production/delivery processes and developed clear procedures and systems for their operation. We do not continuously review and improve our processes.</p>	<p>We understand how most of our key design and production/ delivery processes operate and for some we have developed clear procedures and systems for their operation. We continuously review and improve some of our processes – our measurement of internal and external customer satisfaction is ad-hoc.</p>	<p>We understand how most of our key design and production/delivery processes operate and for most we have developed clear procedures and systems for their operation. We continuously review and improve most of our processes and measure internal and external customer satisfaction.</p>	<p>We fully understand how all our key design and production/delivery processes operate and how they all interact (through process flow charts, procedures and systems). We continuously review and improve all our processes to improve internal and external customer satisfaction (both of which are regularly measured). Our operations focus approach is regularly reviewed for effectiveness.</p>
7	<p>We have some financial results but few, if any, other stakeholder results (relating to customer focus, product and service performance, market results, human resource focus, organizational effectiveness, governance and social responsibility).</p>	<p>We have business results covering most stakeholder areas (customer focus, product and service performance, market results, human resource focus, organizational effectiveness, governance and social responsibility) and for most of these our performance is improving over time.</p>	<p>We have business results covering most stakeholder areas (customer focus, product and service performance, market results, human resource focus, organizational effectiveness, governance and social responsibility) and for most of these our performance is improving over time, and we have above average performance for most metrics in comparison to our competitors and other organizations..</p>	<p>We have business results covering all stakeholder areas (customer focus, product and service performance, market results, human resource focus, organizational effectiveness, governance and social responsibility) and for most of these our performance is improving over time, and we are performing better than most of our competitors and other organizations we benchmark against.</p>

Figure 18: BE maturity grid for the Baldrige CPE

Step 3: Identify area for improvement and set improvement goal(s)

The purpose of a self-assessment is to identify areas for improvement and set improvement goals. Here a process of prioritization needs to occur as it is unlikely there will be enough resources to tackle all the opportunities for improvement at the same time. If you have undertaken a simple assessment such as a maturity grid assessment you can discuss with those that took part what are the priorities and address, first of all, the categories where your organization's performance was weakest. For more sophisticated self-assessments it is likely you will be able to construct a chart such as Figure 19 and identify the major gaps and where you want to be in the future.

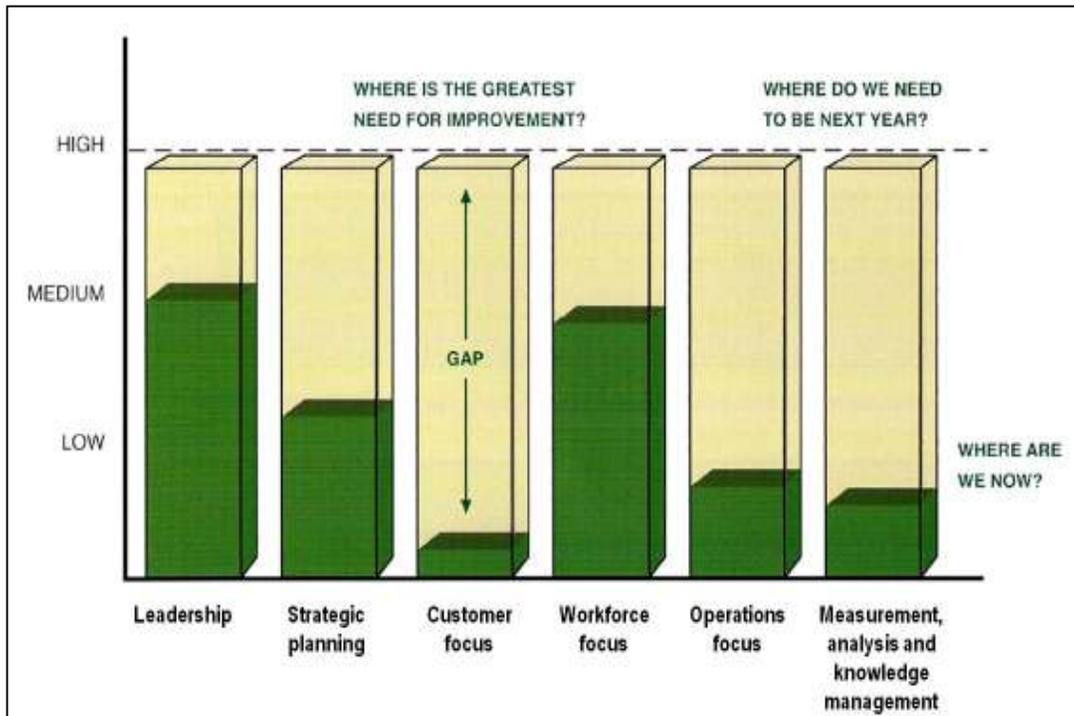


Figure 3: Example of a gap analysis from a BE assessment

Areas for improvement can be broken down further into the category items as shown by Figure 20 or even to a more detailed level. Such charts are useful for visually showing the largest opportunities for improvement.

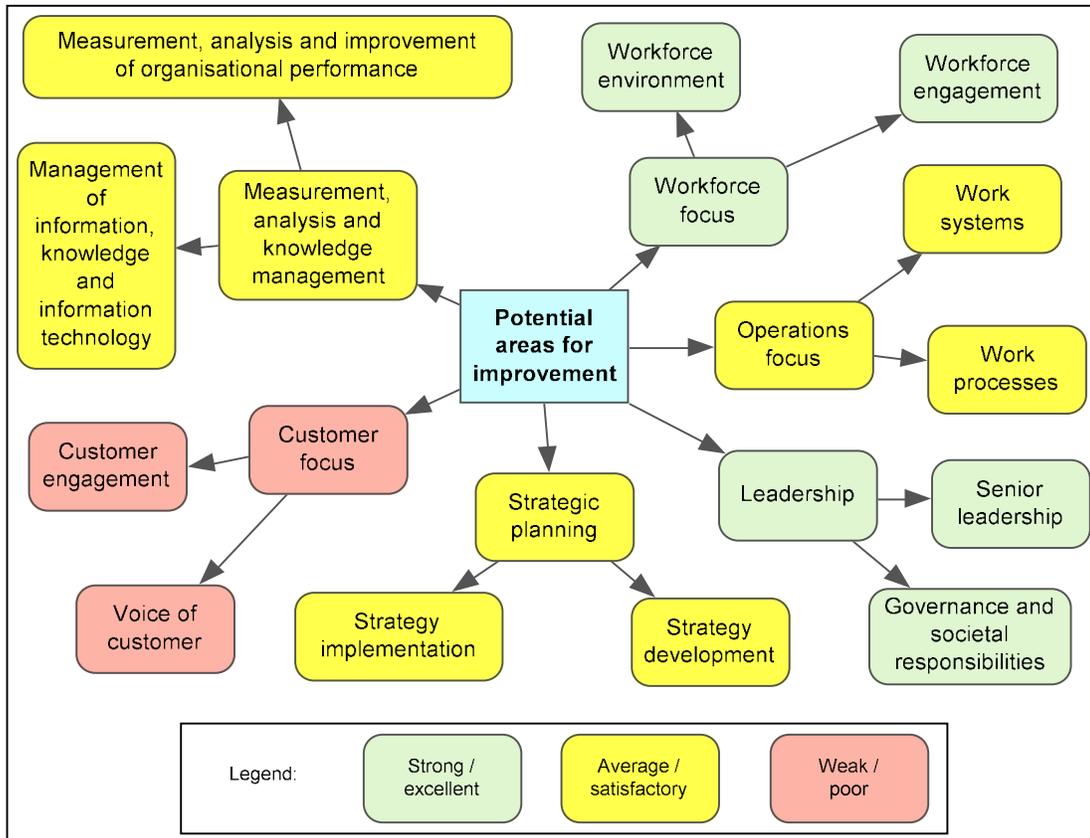


Figure 20: Examples of potential main areas for improvement

The following are some tips on how to identify your areas for improvement and address them:

- Consider all possible areas for improvement and priorities, and decide on the specific improvement areas that are important to focus on.
- Identify stakeholders (e.g. employees, customers, suppliers) that are affected by the improvement area. Get buy-in and involvement from them.
- Identify inputs, processes and outputs involved in the area of improvement (use flow-charts so that everyone has the same understanding of how the process operates).
- Measure performance, diagnose and analyze the situation. Identify possible root causes of the situation.
- Consider what actions and resources are required to improve performance and consider what the expected future performance would be if changes are made.
- Get buy-in, resources, and support from top management to implement actions.

Step 4: Develop an action plan

An action plan needs to be developed with the support of key stakeholders and process owners. The action planning process should be integrated into your strategic planning process to ensure that the actions can be resourced and implemented. Otherwise, resources may have already been committed to other projects if the strategic planning process is separate to the action planning process.

In some cases you may decide to introduce a new initiative to address one or more of the opportunities for improvement. Examples of such initiatives were shown in Figure 4 and 5. The following are a list of things that should be considered when deciding on implementing a new improvement tool or initiative such as six sigma, balanced scorecard, or benchmarking:

- Fundamental purpose, strengths and weaknesses of the initiative
- Expected values or payback for implementing the initiative successfully
- Expected costs, time and resources needed to introduce and implement the initiative successfully
- Ability to fit in with, complement, integrate or support other initiatives already in place, or those that might be used in the future.
- Possible risks of implementing the initiatives
- Whether the initiative has been proven to provide value / benefit in other similar organizations.

Step 5: Implement actions

Recommendations for implementing actions are as follows:

- Make senior managers responsible for overseeing the implementation of actions. In particular, assign senior managers as category leaders with overall responsibility for one or more business excellence categories. The category leaders will then assign individuals to be responsible for the implementation of actions.
- Select and train the right people and teams to implement the actions.
- All the people involved in implementing the action or will be impacted by it should understand:
 - (1) What is the action?
 - (2) Why they are doing it?
 - (3) What are the benefits of doing it?
 - (4) What are they supposed to do? and/or
 - (5) How they can balance the implementation of the action with their daily job.

Step 6: Monitor progress and evaluate performance

Action plan review meetings should be held regularly with those responsible for action plan implementation. At these meetings progress against the action plan can be assessed and the results achieved reviewed. If category leaders have been assigned it will be these individuals that attend this meeting.

Step 7: Continuously improve organizational performance

- Continuously repeat Steps 1 to 6 to improve organizational performance towards BE.

7. FURTHER INFORMATION

For further assistance on implementing BE, you should contact your local national custodian for Quality, Productivity and/or BE. For more information on your local National Productivity Organization (NPO), including contact address, please link to: http://www.apo-tokyo.org/04npo_list.htm

The prime links for you to obtain information about BE are as follows:

- Business Performance Improvement Resource (<http://www.apo.bpir.com>)
- Baldrige Performance Excellence Program (<http://www.nist.gov/baldrige/>)
- European Foundation for Quality Management (EFQM) (<http://www.efqm.org/en/>)
- Singapore Quality Award (SQA) (<http://spring.gov.sg/BE>)

For further information on the Asian Productivity Organizations (APO), link to:

<http://www.apo-tokyo.org>

8. ABOUT THE MAIN CONTRIBUTORS

Dr. Robin Mann is Founder and Head of the Centre for Organizational Excellence Research (COER), www.coer.org.nz, Massey University, New Zealand; Commercial Director and Founder of BPIR.com - a leading internet resource for sharing best practice and benchmarking information; Chairman of the Global Benchmarking Network; and Advisory Board member at the Hamden Bin Mohammed e-University in Dubai. Robin has served as Chief Expert on Business Excellence for a number of Asian Productivity Organization projects.

Musli Mohammad is a Lecturer in Quality Management and Industrial Engineering at the Universiti Tun Hussein Onn Malaysia (UTHM). Before joined UTHM in 2003, he worked as an Executive, Total Quality Management at the UMW Toyota Motor Sdn. Bhd., Malaysia. Currently, he is a PhD student at the Centre for Organizational Excellence Research (COER), School of Engineering and Advanced Technology, Massey University, New Zealand.

Ma. Theresa A. Agustin is a Director, Industry Competitiveness and SME Productivity Development Programs, Centre for Quality and Competitiveness, Development Academy of the Philippines.