



Business Excellence in New Zealand

“The Excellence Report”

Business Excellence in New Zealand

Introduction

The purpose of this report is to provide NZ Organisations with unbiased, factual information relating to the concept of Business Excellence. Business Excellence is not a “quick fix” solution and not something that is simply purchased “off the shelf”. It is an approach to doing business which aims for optimum performance across all activities and functions. A Business Excellence approach is holistic in nature and promotes continuous incremental improvement whilst recognizing that there is a business to run and day to day issues that must be addressed. It is a journey rather than a destination.

A Business Excellence approach recognizes there are generic functions inherent in a business that ideally should work in an aligned and integrated manner. And why do increasing numbers of NZ businesses adopt a Business Excellence approach ?, our research tells us that for the private sector it's primarily about achieving “sustainable competitive advantage” and profit. For the public sector it's more about “accountability”, “transparency” and “maximizing the efficiency and effectiveness of their operations”.

How does it work ?, Primarily through the use of a recognized “best practice” framework or “management system” for evaluating and managing the business. It's also a very cost effective option as businesses are encouraged to self evaluate against the framework and to manage the improvement process themselves using well established tools and techniques. In business there is an inherent requirement to adopt sound management practices yet constant pressure to improve performance. Knowing where to focus attention in order to improve performance and capability is invaluable.

If NZ businesses are to compete on the international stage they must measure their performance against competitors on an international basis. There is no ‘one size fits all’ solution but there is a commonality with regard to generic ‘business processes’ that enables us to effectively leverage off the lessons learnt from other organisations that aspire to excellence.”

This report seeks to share knowledge to assist those who are considering adopting a Business Excellence Approach and also those who are already engaged in Business Excellence. Further information may be obtained by contacting the NZ Business Excellence Foundation.

Executive Summary

This publication is the result of a collaboration between the NZ Business Excellence Foundation, Quantel Business Solutions and Jo Innes Stratum Consultancy and the Centre for Organisational Excellence Research (COER), Massey University. For ease of reference the content is presented in three distinct sections, the Survey report, the Case Study reports and the Analysis of NZ Business Excellence Award Applicants 1993 – 2003.

Conclusions

Actions that Matter: Starting the Business Excellence (BE) Journey in New Zealand Service Organisations, Jo Innes (2004)

- ✚ Starting the BE journey is perceived to be associated with managed growth
- ✚ The majority of service organisations in New Zealand adopt the Criteria for Performance Excellence (CPE) to guide continuous improvement
- ✚ BE organisations integrate a number of strategies and events at multiple levels to enable the BE journey
- ✚ Individual and groups, internal and external to the organisation influence the BE journey
- ✚ Highly enabling strategies and events typically influence the BE journey by improving the clarity of organisational and BE direction
- ✚ Constraining strategies and events typically influence the BE journey by limiting capacity and resources
- ✚ The leading BE organisations achieve a rate of improvement (as measured by the CPE) of 42 points a year over the first four years of the BE journey
- ✚ BE organisations report significant change in business results, functional and cultural dimensions from the start of their BE journey.

Analysis of NZ Business Excellence Award Applicants 1993 – 2003, by Quantel Business Solutions

- ✚ Businesses with a focus on Business Excellence and utilizing a coordinated approach to improvement activities do improve their performance and capabilities over time utilizing the “Best Practice” framework. This is borne out by the fact that all companies who have undertaken repeat evaluations showed significant improvements over the journey from first application to the most recent.
- ✚ The improvements achieved came from the “Approach / Deployment” (enabling categories) component of the framework. The results area, notwithstanding the recent inclusion of Governance and Social Responsibility is the weakest area and that which many organisation’s struggle to address effectively.
- ✚ The average score of applicant organisations during the period 1993 to 2003 was 361. Most entrant organisations (most of whom have some form of Business Excellence programme in place) and tend to be “better” organisations score between 150 to 250 points. It is reasonable to assume that most other NZ organisations will score below this level on average.
- ✚ Analysis of the assessments tells us that “Customer” related issues, in particular Customer Results and Customer relationships and satisfaction in addition to the Strategy Deployment areas are the lowest scoring items on average. The items reflecting the best average scores over the total assessments are Organisational Leadership and Information Management.

**ACTIONS THAT MATTER: STARTING THE
BUSINESS EXCELLENCE JOURNEY**

Section 1: Survey report

ACTIONS THAT MATTER: STARTING THE BUSINESS EXCELLENCE JOURNEY

Survey report, 2003

INTRODUCTION

This report presents the findings from a survey undertaken with 38 New Zealand service organisations that have adopted the Criteria for Performance Excellence (CPE) to guide business improvement. The purpose of the research was to develop an understanding for how service organisations start the business excellence (BE) journey. The key findings are listed below.

Key findings

- Starting the BE journey is associated with managed growth and change
- The majority of respondents (76%) adopted the CPE to guide continuous improvement
- BE organisations integrate a number of strategies and events at multiple levels to enable the BE journey
- Individuals and groups throughout the organisation influence the BE journey
- The leading BE organisations achieve a rate of improvement on average of 42 points over their first four years
- BE organisations perceive significant change in a number of functional and cultural dimensions as they start of their BE journey

The report builds on the findings from the case studies reported in the previous section. The report is structured into three sections: introduction, survey findings, and about the research.

SURVEY FINDINGS

Survey findings are presented for each of the main sections of the questionnaire (Appendix A). The sections include: decision to start; key strategies, events and people; how do strategies, events and people influence the BE journey; organisation outcomes. Statistical analysis has been applied to the findings and only those responses identified as statistically significant are recorded within the tables.

Decision to Start

The respondents were asked ‘to what extent the identified determinants had influenced the decision to start the BE journey.’ The key determinants are (a) the need for organisational growth , (b) customer influence, and (c) the need to be more competitive (see Table 1).

A number of respondents added that the desire to improve was a personal goal of the Chief Executive Officer. Interestingly, there is limited influence from government, crisis, restructuring or building a new organisation. This would suggest starting the BE journey is associated with managed growth and change within existing organisations.

Determinants	Extent of influence *	
	Mean	Influenced a great deal
Organisational growth	3.18	53
Customer influence	2.87	30
Need to be more competitive	2.82	37
Stakeholder influence eg Board, supplier	2.16	13
New CEO	1.91	23
Restructure	1.82	6
Crisis	1.73	3
New organisation / green fields	1.71	8
Government influence eg legislation	1.47	5
* expressed as a percentage of all responses	Scale: 1 = Not at all 2 = A little amount 3 = A moderate amount 4 = A great deal	

Organisations were asked to consider why they had adopted the CPE to guide business improvement. Organisations adopt the CPE (see Table 2) for both internal driven reasons (to guide continuous improvement, the need to co-ordinate a range of improvement initiatives) and externally driven reasons (the CPE is internationally proven to work and it provides an external measure of performance).

Of interest is the high number that selected CPE due to its ability to guide continuous improvement (76%) and provide a framework to co-ordinate a range of initiatives. This response contrasts with practice in the UK where the equivalent BE framework is promoted as a measurement tool only.

Determinants	Extent of influence *	
	Mean	Influenced a great deal
To guide continuous improvement	3.71	76
Needed a business framework to co-ordinate a range of initiatives	3.35	54
Internationally proven to work	3.34	47
External measure of performance	3.34	53
Benchmark within & across industries	3.00	38
Desire to be 'world class'	3.08	42
External recognition & credibility	3.03	40
Access to established BE networks	2.46	13
* expressed as a percentage of all responses	Scale: 1 = Not at all 2 = A little amount 3 = A moderate amount 4 = A great deal	

KEY STRATEGIES, EVENTS and PEOPLE

Respondents were asked to identify determinants such as strategies, events and people they perceived had influenced the start of the BE journey. For this research strategies are seen as being ongoing action, events occur at a distinct point in time, and people may be individuals or groups of people.

A key finding was that BE organisations integrate a number of strategies and events at multiple levels to influence the BE journey and that people throughout the organisation influence the BE journey. These determinants may be enabling or constraining or have not influence.

The most significant external enablers are the organisation’s ability to attract talented people and that governors increase expectations (see Table 3). For the respondents, access to financial resources for growth may be an enabler if present or a constraint if absent.

For the majority of respondents changing stakeholders has no influence on the BE journey. This is in contrast to the case organisations experience. Most of the case organisations recognised changing governors had an influence, particularly as new relationships are developed and new ideas are integrated.

External determinants	Extent of influence *		
	Present & enabling	Present or absent & no influence	Absent & constraining
The organisation is able to attract talented people	63		
Governors increase expectations re accountability & results	50		
Organisational growth	47		
Governance & organisational priorities align	39		
Governance & executive roles are distinct	38		
Financial resources are available for growth	34		34
CEO's individual performance measures include BE		52	
Key external stakeholders change		73	

* expressed as a percentage of all responses

The most significant enabling internal determinant is perceived as a ‘strategic plan with a customer and results focus’. 84% of respondents identified this present and enabling. Other key enablers are perceived to be the integration of values, the deployment of plans, and organisational capability achieved with strong support systems and team based project work..

There is agreement that working as one organisation is a key determinant. The findings suggest the majority of respondents have not achieved this in their organisations. The most significant constraining internal determinant is ‘conflicting priorities between urgent work and improvement work’. 81% of respondents perceived this a significant constraint on the BE journey.

Table 4. Extent of influence on the start of the BE journey from internal determinants			
Internal determinants	Extent of influence *		
	Present & enabling	Present or absent & no influence	Absent & constraining
Strategic plan has a customer & results focus	84		
Conflicting priorities between ‘urgent’ work & improvement work			81
Organisation values are integrated	78		
Plans are deployed	77		
Capability in project work & project team work	67		
Strong support processes eg IT, HR, financial	67		
Organisation design facilitates working as ‘one organisation’	33		39
Communication is 2 way	76		
Strategic plan & operational plans (eg HR Plan) align	65		
Recruit & retain key people	65		
Develop leaders throughout the organisation	69		
Focus is on business improvement not awards or points	69		
Invest in new resources for the frontline	44		
Restructuring		46	

* expressed as a percentage of all responses

All the BE determinants were analysed as statistically significant and enabling (see Table 5, Table 6). The top few BE determinants influence at a number of levels, for example the organisation level (BE is adopted as a long term improvement strategy, BE is aligned with organisation purpose and culture), the process level (identify opportunities for improvement, the BE journey is monitored and reviewed) and at the individual level (BE expectations and consequences are clear).

Nearly all respondents perceive the self-assessment report as enabling. Of interest is the enabling influence of not only the self-assessment report but also preparing the self-assessment document (Table 6). The key constraint on the BE journey is perceived to be when improvement projects are not resourced. 68% identified resourcing for projects was absent and this was constraining.

Table 5. Extent of influence on the start of the BE journey from BE determinants

BE determinants	Extent of influence *		
	Present & enabling	Present or absent & no influence	Absent & constraining
Self assessment report identifies opportunities for improvement	92		
BE is adopted as a long term improvement strategy	91		
BE journey is monitored & reviewed	83		
BE is aligned with organisation purpose & culture	80		
BE expectations & consequences are clear for executive performance	48		29
BE is introduced throughout the organisation	49		23
BE improvement project groups are cross functional	76		
BE & organisation planning are integrated	69		
Prepare an award or self assessment application (n=20)	68		
Training for BE understanding & 'tools'	68		
The 'critical few' improvement projects are resourced			68
Improvement effort is sustainable	59		
Communications address BE relevance & benefits	57		
Early improvement projects are organisation wide	57		

* expressed as a percentage of all responses

Although, only 14 respondents had participated as a national BE evaluator; 92% of these people identified being a national BE evaluator as enabling. Likewise ten respondents had experienced winning a national or regional award, of these 90% identified winning an award as enabling.

Table 6. Extent of influence on the start of the BE journey from selected BE determinants

BE determinants	Extent of influence *		
	Present & enabling	Present or absent & no influence	Absent & constraining
Participate as a national BE evaluator (n=14)	92		
Win a regional or national BE award (n=10)	90		
Key people experience 'world class' organisations eg study visits, networking (n=17)	82		

* expressed as a percentage of those who had experienced the determinant

When analysing the people determinants, the findings indicate there are multiple - levels of people perceived to influence the BE journey (see Table 7). Within the top six rated people determinants there five different levels of influence identified: the CEO sponsors BE, executive work together as a cohesive group, managers address performance issues, staff are involved and there is a BE champion or facilitator available.

Of interest is the response to the question about staff reluctance. 13 respondents (42%) indicated that staff reluctance was absent and had no influence on the journey. There were only 13 respondents (39%) who identified staff reluctance as present and constraining. These results contrast with international findings, as staff reluctance is often identified as a key constraint.

Table 7. Extent of influence on the start of the BE journey from people determinants

People determinants	Extent of influence *		
	Present & enabling	Present or absent & no influence	Absent & constraining
Managers address performance issues	58		31
There is a BE champion or facilitator	86		
Staff are involved in initiatives that impact on them	86		
CEO sponsors BE	78		
The BE champion has influence with executive & with staff	77		
Executive work together as a cohesive group	51		26
CEO focuses on both leadership & strategy	75		
Staff are involved in BE initiatives eg self-assessment	73		
Executive are actively involved eg apply BE to their unit, participate in BE initiatives	47		29
Staff see improvement ideas actioned	73		
Key people have access to a BE advisor /coach	72		

BE steering group has influence with the executive	69	
Managers are actively involved eg apply BE to their unit, participate in BE initiatives	39	28
BE steering group is cross functional	60	
There is a network of BE champions throughout the organisation	45	
Managers have access to a BE advisor /coach	54	
Staff are reluctant to 'go extra mile'		42 36
* expressed as a percentage of all responses		

HOW DO STRATEGIES, EVENTS AND PEOPLE INFLUENCE THE BE JOURNEY

Respondents were asked to comment on how the determinants (strategies, events and people) had influenced the BE journey. The findings are clustered around key themes; direction and integration, relationships, capacity, expertise, momentum and engagement.

Direction and integration

Many of the respondents commented on how a clearly stated business strategy and BE strategy had contributed to understanding organisation direction and the importance of BE for business improvement. People reported that BE has 'provided a fresh perspective on what we thought we were doing well'. Clarity of direction was also achieved with a focus on customers and results; staff understood what 'success looked like.' The integration of business strategy, BE and organisation values also enhanced confidence in direction. The importance of BE was communicated with a number of consistent 'messages' such as having top management actively involved, resourcing a BE structure and monitoring people involvement in the BE journey.

The CPE itself and the self-assessment process were seen to influence the clarity of direction. For some people, completing a self-assessment was the first time they had seen the organisation as an integrated whole. When the CPE based self-assessment results were 'fed' into strategic planning, people could see how improvement work was 'part of the picture'. The self-assessment results enabled organisations to identify and focus on the critical few improvement initiatives, as well as providing a baseline for continuous improvement. The CPE provided a framework for managers to explain to their staff how the various improvement initiatives 'fitted together'. For those people who had the opportunity to develop an in depth understanding for the CPE, they were able to 'generate and clarify ideas' for the next steps. The BE champion was seen to 'show the way', as they guided executive and managers in the BE journey and facilitated a consistent approach to BE across the organisation.

Relationships

Relationships refers to the relationship an organisation has with external people and groups, such as the board, customers, and suppliers; and relationships within the organisations, such as cross-functional relationships and the manager – employee relationship. Monitoring the BE journey and acting on the information was perceived to contribute to building relationships with key stakeholders. Winning a BE award was seen as being influential as key stakeholders and customers developed confidence in the organisation, also ‘talented people’ were attracted to the organisation. People reported BE had influenced the organisation to work as ‘one organisation’ and work together ‘for the customer.’

Cross functional groups came together for a range of BE events, such as self - assessment and training. These events were reported as influential as they enabled different ‘silos’ to work together and develop an understanding for how they contribute to the organisation. BE and the role of BE champion was reported as influential as they facilitated the ‘link’ between the CEO, executive, managers and staff.

Capacity

BE was reported to influence organisation capacity. BE was seen to contribute to organisational growth, in that it enabled growth in the products and services offered, as well growth in the number of people to further develop products and services.

Organisation wide improvement projects developed core support functions, such as human resources, information technology and technology for the frontline. Another influence noted was how BE and self assessment had guided the organisation to develop a ‘tighter focus on the vital few projects’ and use limited resources ‘smartly.’ As BE becomes established, capacity is released, such as the CEO is able to focus on strategic issues versus day to day operations.

Expertise

BE was reported to influence the development of expertise on a number of levels. At the strategic level BE was seen as providing a ‘wake up call – we needed to focus on business management’. At the manager level, managers ‘matured ...we made the shift from being master technicians to being business managers.’ BE consultants or advisors were seen as offering executive ‘clarification and specific expertise.’ BE training and the self-assessment were perceived to influenced the ‘organisational knowledge levels of all staff’. Project capability and cross-functional project teams was seen as being influential for developing expertise.

There were a number of influential strategies for developing BE understanding and expertise. Executive reported gaining the most from participating in BE and change

management training, working with colleagues to prepare a self-assessment report and receiving the feedback report. Those who had the opportunity to visit world-class organisations identified this as 'transformational'. The BE champion or facilitator was reported to be influential in raising the knowledge of managers.

Momentum

A range of BE strategies, events and people influenced the momentum of the BE journey. People reported aligning strategic planning and BE, and the self-assessment process as 'a major catalyst' for starting and sustaining the journey. Also, shifting the focus to business improvement and away from winning awards. While others noted the need to follow up words with action, particularly the deployment of plans and improvement projects as being influential in sustaining momentum.

'Leadership development', 'network of champions' and 'participating as a national evaluator' were reported as influencing momentum by building 'a critical mass of advocates throughout the organisation'. Those who had won regional or national awards identified the application process and the award as influential for sustaining momentum.

Engagement

Engagement is a term used to cluster a number of culture effects. For example, (a) developing confidence and trust in the organisation e.g. 'staff have confidence if the message is consistent' 'staff lose confidence if there is no action', (b) developing energy and interest 'the self-assessment process energised people as they were listened to', and (c) developing voluntary involvement in improvement e.g. 'people think improvement' 'people volunteer for improvement project teams'.

Confidence and trust was influenced by 'values are integrated', 'BE is introduced throughout the organisation', 'communications address BE relevance and benefits' and 'managers address performance issues'. 'Plans are deployed' and 'conflicting priorities' influenced energy and interest. 'Cross functional projects' influenced confidence and trust, and energy and interest.

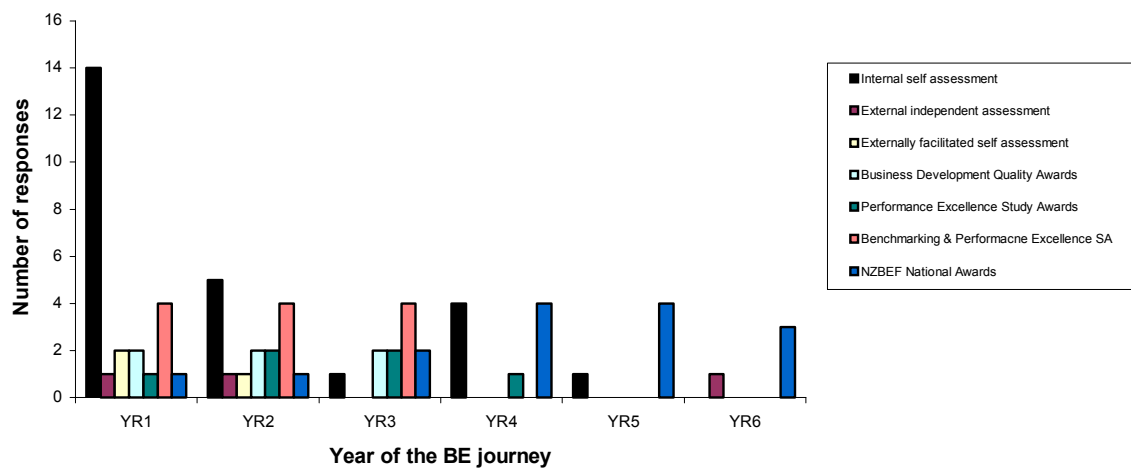
Strategies and events were reported to be particularly effective in influencing engagement when people are involved. For example, executive and managers are actively involved in applying BE; staff are involved in strategic planning and improvement projects, staff are involved in BE events such as self-assessment and preparing for an Award.

ORGANISATIONAL OUTCOMES

Organisations that adopt the CPE to guide business improvement typically assess themselves against the CPE at some stage in their journey. There are a number of approaches used (see Figure 1) with the early adopters more likely to use internal self-assessment and the mature organisations more likely to apply for the NZBEF national award.

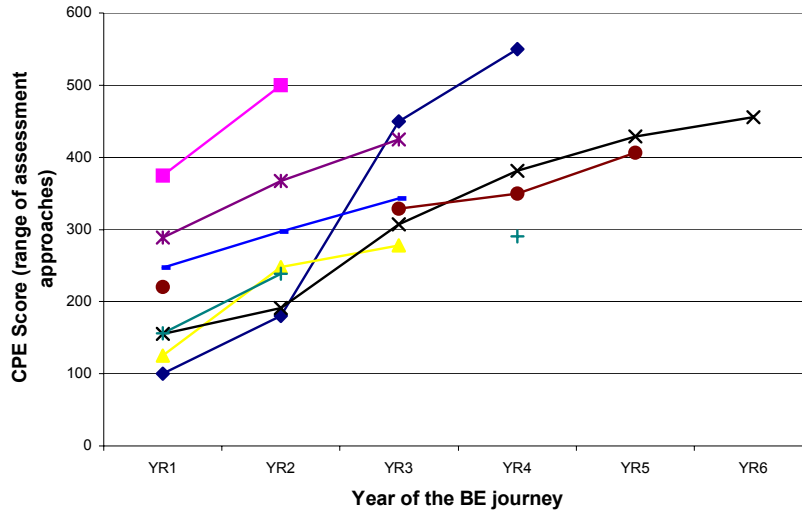
Of interest is that 50% of the respondents undertook an assessment against the CPE in their first year. This contrasts with UK writings, which typically suggest organisations do not undergo assessment until at least year 3.

Figure 1: Assessment approach for the BE journey



The leading organisations report a steady rate of improvement (as measured by the CPE) over the BE journey with an average improvement of 42 points per year over the first four years (see Figure 2). Note: The assessment process is not an exact science; these results provide an indication only.

Figure 2: Rate of Improvement for leaders



Respondents were asked to consider their perception for any significant change in the organisation since starting the BE journey. Findings indicate that overall, all the identified organisational outcomes had improved (see Table 8). The most significant change occurred in 'clarity of direction' and 'stakeholder and customer relationships'.

	Mean
Clarity of direction eg clear organisation strategy, focused approach to improvement	4.24
Stakeholder & customer relationships eg considering each others needs, gaining credibility	4.00
Business results eg customer, service, financial, market, human resource, operational effectiveness	3.97
Energy & interest in improvement eg people are energised, there is a 'buzz' about the place	3.97
Organisation wide capacity eg infrastructure, capacity to be involved in improvement initiatives	3.97
Expertise eg business & management maturity, BE champions throughout the organisation	3.88
Confidence & trust in the organisation eg staff are proud to work for the organisation, challenging is OK	3.85
Voluntary involvement in improvement eg people think & act improvement, they volunteer for projects	3.74
	Scale: 1 = Significantly decreased 2 = Slightly decreased 3 = No change 4 = Slightly increased 5 = Significantly increased

Respondents were then asked to consider to what extent BE had influenced the change. Findings indicate that overall, BE had influenced the improvement to some extent in all the identified organisational outcomes (see Table 9).

	Mean
Clarity of direction eg clear organisation strategy, focused approach to improvement	3.12
Expertise eg business & management maturity, BE champions throughout the organisation	2.84
Stakeholder & customer relationships eg considering each others needs, gaining credibility	2.72
Energy & interest in improvement eg people are energised, there is a 'buzz' about the place	2.56
Organisation wide capacity eg infrastructure, capacity to be involved in improvement initiatives	2.53
Business results eg customer, service, financial, market, human resource, operational effectiveness	2.48
Confidence & trust in the organisation eg staff are proud to work for the organisation, challenging is OK	2.42
Voluntary involvement in improvement eg people think & act improvement, they volunteer for projects	2.34
	Scale: 1 = Not at all 2 = A little amount 3 = A moderate amount 4 = A great deal

Statistical analysis was used to examine the relationship between determinants (strategies, events and people) and organisational outcomes. The analysis indicates some determinants have a statistically significant relationship with some organisational outcomes (see Table 10).

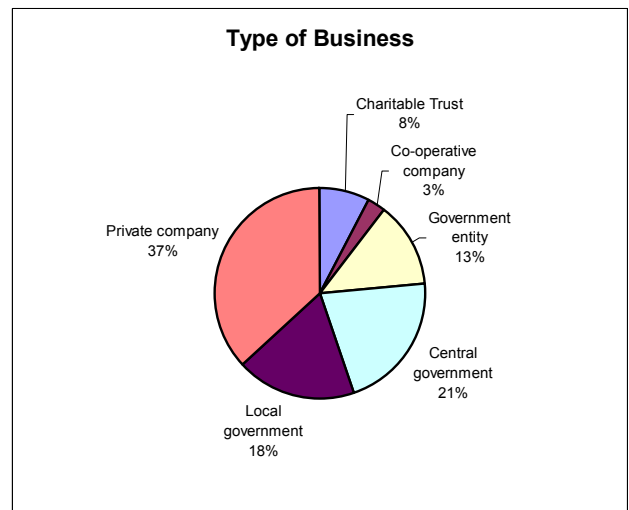
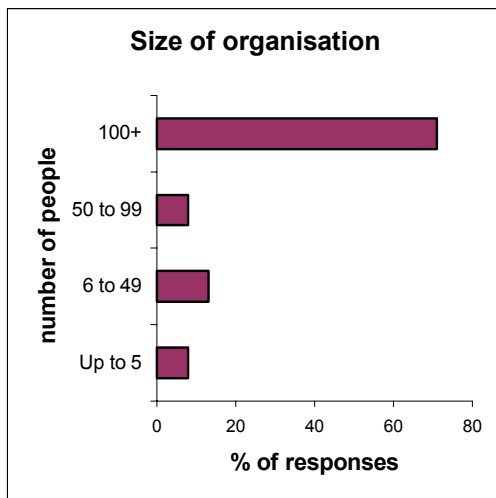
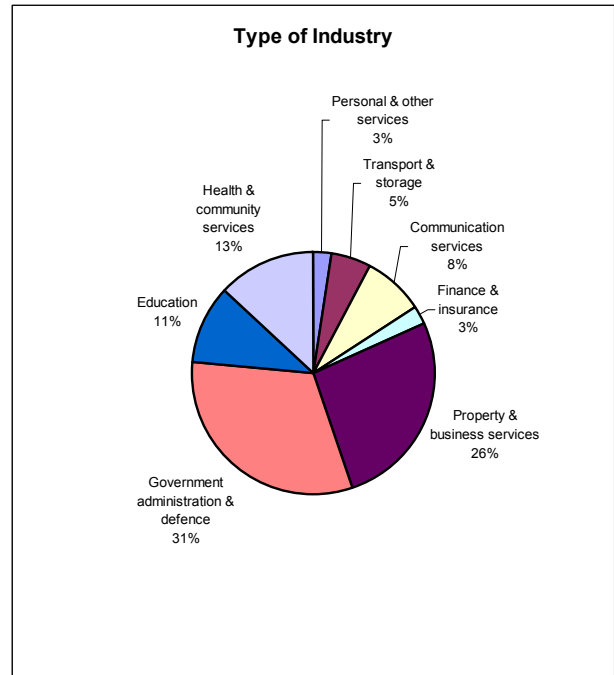
The outcomes can be clustered as functional change (eg business results, clarity of direction, relationships, organisation capacity, expertise) and cultural change (eg, confidence and trust, energy and interest in improvement, voluntary involvement in improvement).

Table 10. Relationship between determinants and performance outcomes								
Determinant	Significant change							
	Business results	Clarity of direction	Stakeholder & customer relationships	Organisation capacity	Expertise	Confidence & trust	Energy & interest	Voluntary involvement
External								
Industry changes		*						
Key stakeholder do not change				*				
Internal								
Organisation values are integrated	*					*		
Plans are deployed	*						*	
Communication is 2 way	*							
Conflicting priorities between urgent work & improvement work							*	
Business excellence								
BE improvement projects are cross functional	*				*	*	*	
BE journey is monitored & reviewed	*		*					
Self assessment report identifies opportunities for improvement	*			*				
People								
CEO sponsors BE		*						
BE champion has influence with executive & staff					*			
Staff are involved in initiatives that impact on them	*						*	*

ABOUT THE RESEARCH

BE member organisations identified service organisations known to have adopted CPE. All identified organisations (85) were sent a questionnaire in 2003. 38 returns were received from 71 valid organisations (54% response rate). Note some organisations withdraw as they did not see themselves as service organisations.

The respondents represent the private and public sectors equally. There is a dominance of large, professional business types with no respondents from the utility, wholesale and retail, or tourism related industries.

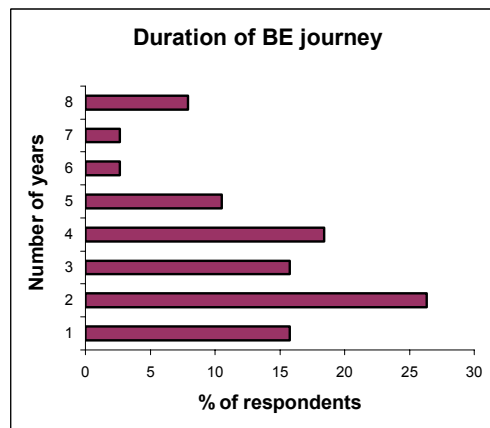
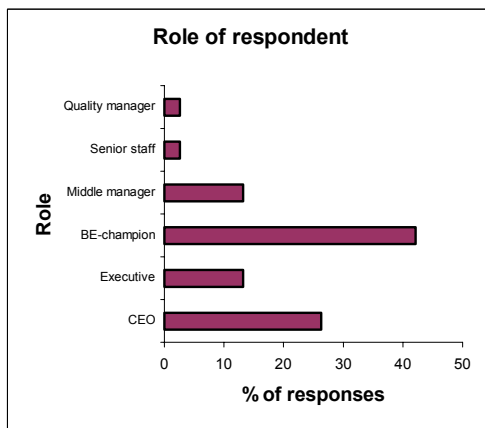
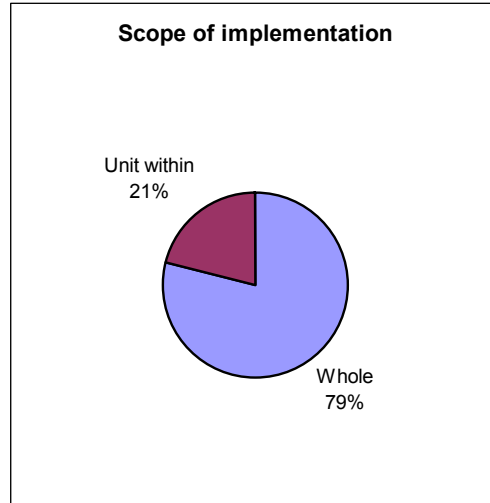


Features of the respondent profile indicate New Zealand organisations are taking a strategic approach to starting the BE journey.

The majority of the organisations (79%) had implemented BE throughout the whole organisation.

The majority of organisations (84%) had implemented BE for at least two years.

And the majority of the respondents held executive or senior management roles.



This report presents an overview of the findings only, a full description, analysis and discussion of the research is available in the researchers' unpublished PhD thesis.

For further information contact Jo Innes, the researcher at 06 357 6790 or jo@stratum.co.nz

Acknowledgements.

The research could not have occurred without the support and involvement of many people. Particular thanks goes to the case organisations and the people who responded to the survey. The research has been guided by supervisors from Massey University, Dr Robin Mann (Centre for Organisational Excellence Research) and Associate Professor Claire Massey (New Zealand Centre for SME Research). Also thanks to the New Zealand Business Excellence Foundation and Massey University for financial support.

**ACTIONS THAT MATTER: STARTING THE
BUSINESS EXCELLENCE JOURNEY**

Section 2 : Case study reports

ACTIONS THAT MATTER: STARTING THE BUSINESS EXCELLENCE JOURNEY

Case study reports, 2002

INTRODUCTION

This section focused on how six New Zealand service organisations started their BE journey. There are three public organisations (either central government or local government) and three private organisations (registered limited liability companies). All organisations have been involved with the BE journey for at least 4 years and have achieved a steady rate of improvement.

The purpose of the case studies was to develop understanding for how New Zealand service organisations start the BE journey. The description focuses on how each organisation made the decision to start the BE journey, some of the key strategies, events and people that influenced the start of the journey and what the impact of the journey has been.

The findings from the case studies were used to inform the design of a survey which was circulated to a wider group of BE organisations within New Zealand. The findings of the survey are presented in the next section.

Approach and working definitions

The description of the BE journey is based on data collected from individual and group interviews, documents and observations. The descriptions of the *determinants* (strategies, events and people) are factual, whereas the comments on how the determinants influenced the BE journey are based on participants' perceptions.

For this research *service organisations* are defined as organisations involved in "any primary or complementary activity that does not directly produce a physical product – that is the non-goods part of the transaction between customer and provider. The term *business excellence (BE) journey* refers to a business improvement process that is being guided by the *Criteria for Performance Excellence (CPE)*.

ORGANISATION A: Local Government organisation

Organisation A is a local government organisation that offers a range of community orientated services to customers within their area. In New Zealand, local government organisations are typically governed by an elected Council, and managed by an executive management team. Buy New Zealand standards, Organisation A is a large organisation with over 100 staff (full time equivalent). As with most service organisations, Organisation A relies on its staff and a range of key suppliers and partners to deliver services.

The Business Excellence (BE) journey started for Organisation A when a group within the organisation adopted the Baldrige Criteria for Performance Excellence (CPE) to guide service development and improvement. The group experienced dramatic business improvement. More recently the whole organisation has embarked on a BE journey. The organisation is now in its 5th year of the BE journey. BE is perceived to be embedded within organisational planning and development strategies. They have achieved significant improvement each year, along with two regional quality awards.

The case study was conducted over 4 months, in the latter part of 2002. The researcher initially established an overview of their BE journey by interviewing the key BE person and reviewing a number of relevant documents. This introduction provided the basis for an interview with the General Manager (customer services group), and group interviews with an executive management group, a middle management group and a frontline staff group.

The business excellence (BE) journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants' perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants.

Decision to start

The decision to start the improvement journey was in response to a crisis; the organisation was experiencing a loss of public confidence due to unsatisfactory service and poor financial performance (see Table 4.1). A new Chief Executive was appointed who focused on core services, customer relationships and financial management. The talk at the time was “one city – one organisation”.

The BE journey started for Organisation A when a group within the organisation adopted the Baldrige Criteria for Performance Excellence (CPE) to guide service development and improvement. The service was new, the Manager was new to the service and based on previous experience was highly motivated to introduce Baldrige to guide development. His motivation to adopt Baldrige was driven by “a desire to create a great organisations and to eventually be world class”, that it was internationally proven to work, and that it offered an external measure of performance that would have credibility with customers and Councillors.

Table 4.1. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting CPE to guide business improvement
Organisation was in crisis	GM wanted to create a great organisation
The rate payers demanded a credible organisation	Baldrige was internationally proven to work An external measure of performance provided credibility

Key determinants (strategies, events and people)

A new Customer Service Group (referred to as the Group) was established in order to provide “a one stop shop” for customer service. This restructure provided the opportunity to focus staff on the customer and gave the impetus to start the BE journey. Baldrige was adopted as the strategy to guide development of the new service and to focus improvement. At the time the staff understood the adoption of Baldrige “was non-negotiable”.

The Group submitted an application for the New Zealand Business Development Quality Awards (BDQA was a regional award programme based on the CPE) in year 2 of its BE journey. The Group received a “shocking” feedback report that provided the “will to improve”. They repeated the process in year 3. This second application process and report was perceived as the “real catalyst for action”. They approached this second application “more maturely” in that they addressed the application process as a full project, fully resourced and involving key people from within the Group. The senior

managers focused on the opportunities for improvement identified in the report and used these to plan for improvement within the annual planning cycle. In addition, as the runner-up winner, the manager and one other person joined a group study visit to national Baldrige winners in the USA. For the two participants, this was a “turning point” - the “lights went on” as they recognised Baldrige was about business improvement not just winning an award.

The next significant phase in the BE journey occurred in year 4; the executive adopted BE as the organisation wide improvement strategy. Executive and other sections within the organisation had noticed the success of the Customer Services Group. Also, in year 4, the Group won the BDQA and another opportunity for more key people to visit USA winners. These people returned with the vision to “bring the whole organisation on board”. The first key step was establishing an executive team responsible for “carrying the torch” and implementing BE throughout the organisation.

Although the senior managers were convinced BE had the potential to achieve business improvement, they saw “conflicting priorities between work as usual plus improvement work” as a major constraint for improvement. Also, they perceived they were constrained by their lack of understanding for how to start the BE journey. Frontline staff were not that interested in BE as an improvement strategy. They were more interested in the effect it had on improving their ability to do their work. For example, the installation of an integrated customer and service management system enabled frontline people to provide a better service.

By year 5, the executive perceived the ongoing series of award wins had enhanced key stakeholder relationships. The public and Councillors developed confidence in organisation to deliver services. The organisation experienced increasing requests for employment opportunities and staff volunteering to be involved in improvement initiatives. The key constraint at year 5 was perceived as being “too little BE understanding through the organisation” and a limited number of “champions” throughout the organisation who were able to lead improvement initiatives.

The BE journey has involved a range of determinants at many levels of the organisation. These determinants influenced the BE journey in a number of ways. Table 4.2 outlines the strategies, events and people perceived to be the most influential on the BE journey. When asked to identify the key enabling strategy or event, people typically identified the early feedback reports as the most influential. The most constraining strategy or event was perceived to be the early focus on gaining awards versus focusing on improvement.

Table 4.2. Key determinants (strategies, events and people) and their influence on the BE journey

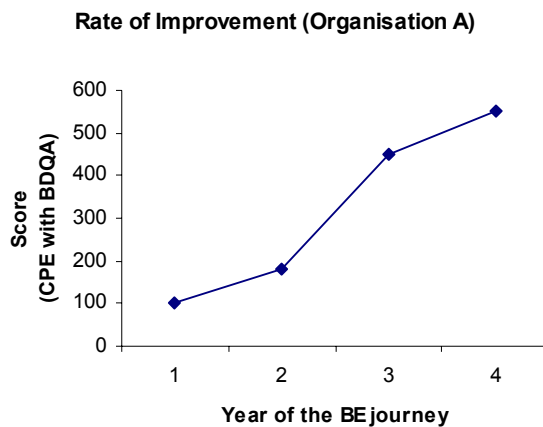
Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Pre BE	Develop effective organisation wide support processes eg finance, IT	E	+ Built capacity; created a firm foundation
	Develop customer service focus	E	+ Developed customer relationships
Year 1	Organisation wide restructure	E	+ Clarity of direction; bringing all customer staff together enhanced the customer focus
	GM, Customer Service Group introduced BE	E*	+ Clarity of direction; BE was non-negotiable
Year 3	Second BDQA application	E	+ Engagement; the team develop their BE knowledge and understanding
	BDQA feedback report identified key opportunities for improvement	E	+ Momentum; the report was a catalyst for action
	Staff see improvement ideas & initiatives actioned	E	+ Engagement; staff develop confidence and trust in BE & the organisation
	Key people experience world class organisations while on the USA study tour	E*	+ Clarity of direction; recognised BE is about long term business improvement not just an Award
	Invest in new technology for the frontline eg customer service software	E	+ Engagement; staff see BE is relevant to them
	Expectations re achieving BE were unrealistic	C	- Clarity of direction; treated BE as a short term project , expected quick results
Year 4	New CEO sponsors BE	E	+ Engagement; staff like stability; they need to see BE is not a fad
	Winning the BDQA	E	+ Stakeholder relationships; the group & staff achieve internal & external credibility
	Key people experience world class organisations while on the USA study tour	E	+ Clarity of direction; CEO has the vision to introduce BE organisation wide
	BE is adopted as the organisation wide, long term business improvement strategy	E	+ Clarity of direction; focused approach for business improvement across the organisation
	The BE team is established	E	+ Capacity; the network of torch bearers is extended
	Organisation planning & BE are integrated	E	+ Clarity of direction; identifies BE as important + Capacity; key projects are prioritised & resourced
	Managers are actively involved	E	+ Engagement; managers & staff develop confidence in BE
	BE is not understood at all levels	C	- Engagement; people do not get involved in something new if they do not understand & do not see the relevance to them
Year 5	Winning a series of awards	C	- Momentum; we relax as we perceive we are good enough; it is a challenge to keep going
Ongoing	Conflicting priorities between urgent work and improvement work	C	- Capacity; limited capacity to think improvement or be involved in improvement projects
	The BE steering group & BE champion have influence with executive	E	+ Clarity of direction; BE is seen as a strategic initiative
	Appointment of a BE champion	E	+ Momentum; the champion keeps us focused, moving + Expertise; the champion keeps us up-to-date

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

Impact of the journey

The executive suggested the organisation had achieved significant business improvement over the BE journey. A consistent improvement in overall CPE score (450 points over 4 years) indicates the organisation is achieving business improvement (see Figure 4.1). Also, the business results score within CPE based assessments indicates a positive trend in all business results.

Figure 4.1: Rate of Improvement for Organisation A



When asked to describe what had changed, participants identified a range of improvements (see Table 4.3). In particular they perceived, there had been the most significant improvement in business results, clarity of direction, stakeholder and customer relationships and staff engagement in improvement. In addition, staff had experienced a positive change in leadership and management maturity and the effectiveness of cross functional groups. The senior groups perceived BE had contributed “a great deal” to the improvements in business results, stakeholder relationships and the interest in improvement.

Table 4.3. Most significant change

Improvement in business results eg customer, service, financial, market, human resource, operational effectiveness
Improvement in clarity of direction eg clear organisation strategy, focused approach to improvement
Building stakeholder & customer relationships eg gaining a positive public profile
Building leadership and management expertise
Increase in voluntary involvement in improvement eg people think & act improvement, they volunteer for projects

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers eg Customers raised service expectations
- ✓ Internal driver eg Organisation in crisis

The decision to adopt the CPE was influenced by a mix of:

- ✓ A key person eg Senior Manager
- ✓ External drivers eg Internationally proven to work, external measure of performance
- ✓ Internal drivers eg desire to create a great organisation, to be world class

There were multiple determinants perceived to influence the BE journey, such as.

- ✓ External strategies and events
- ✓ Organisational wide strategies and events
- ✓ Business excellence strategies and events
- ✓ Individuals and groups of people

Collectively the key determinants influenced the BE journey in multiple ways, such as.

- ✓ Clarity of direction eg organisation & improvement strategy
- ✓ Stakeholder and customer relationships eg with the Council, external and internal customers
- ✓ Organisation capacity eg infrastructure, capacity to involved in improvement initiatives
- ✓ Expertise eg business and BE expertise
- ✓ Engagement eg confidence and trust in the organisation and BE
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results eg business results, CPE score over time
- ✓ Organisation function eg clarity of direction, stakeholder & customer relationships, expertise
- ✓ Organisation culture eg confidence and trust in the organisation and BE, voluntary involvement in improvement

ORGANISATION B: Private company

Organisation B is a registered limited liability company that specialises in intelligent information technology solutions. Information technology services are delivered to clients through consulting, project engagements and by providing ongoing support. Although based in New Zealand, it has clients throughout the world. Organisation B is a group of interrelated companies with leadership and performance management achieved by a Board and Management Team. By New Zealand standards, Organisation B is a large organisation with over 100 staff (full time equivalent). As with most service organisations, Organisation B relies on its staff and a range of key suppliers and partners to deliver services.

The Business Excellence (BE) journey started for Organisation B with an application to the Business Development Quality Awards (BDQA, a regional award programme based on the CPE). The application was made 3 years after company start up and after success with ISO accreditation. The organisation is now in its 8th year of the BE journey and BE is perceived to be embedded within organisational planning and development strategies. The company has achieved significant improvement each year, along with regional and national quality awards.

The case study was conducted over 4 months, in the latter part of 2002. The researcher established an overview of the BE journey by interviewing the key BE person and reviewing key documents. This initial interview and the document review provided the basis for an interview with the Chief Executive Officer (CEO), and a group interview with senior managers. Project leaders and frontline staff were not available due to work commitments.

The business excellence journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants' perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants.

Decision to start

The decision to start an improvement journey (see Table 4.4) was in response to the owner's desire to develop a "proven quality company". The interest in business improvement is now driven by the need to be increasingly more competitive in a demanding industry. The rationale for adopting the CPE to guide improvement was primarily driven by the need for "an external yard stick" and recognition by the business community. The CPE was also seen as a "coat hanger" as something to "hang things off while developing the company".

Table 4.4. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting CPE to guide business improvement
Need to be more competitive	"External yardstick" "Internal framework to hang things off" "Desire to be a quality company"

Key determinants (strategies, events and people)

The BE journey was influenced by a range of strategies, events and people (see Table 4.5). The feedback report received from the submission for the BDQA was perceived to be the first key event. The management team thought "the BDQA was just another quality process". The feedback report was enabling as it was a "major wake up call – the message was our technical capability was strong but our business capability was exceedingly poor". This resulted in the owners turning their attention to becoming "better at business" as well as being great at technical work.

The second significant phase of improvement occurred in year 3 and 4 of the journey, and was focused on business capability. The company made the roles of governance and management distinct. An external director with a strength in commercial and financial management was appointed. The specialisation of roles enabled the CEO to focus on "running day to day business". Within the same year the company recruited a person with expertise in growing a software company. This appointment had the influence of shifting the company's core service offering from project management to information technology services. The following year the company won a major Government contract to develop and deliver software services. This provided "a launch pad" for growing services and income assurance. The steady income took the pressure off delivering and enabled senior people to develop longer-term improvement strategies.

The company continued to submit an annual application to the BDQA, using this as its measure of progress. The company won the BDQA award in year 4 of their journey, which provided the opportunity for three key people to participate in a study tour of Baldrige winners, USA. This study tour was a “turning point” for the individuals concerned – “three evangelists returned from USA”. In the following year (year 5) the company shifted from applying for the BDQA to the national award offered by the New Zealand Quality Foundation (NZQF). The national award is also based on the CPE and offers four levels of award: gold, silver, bronze and progress. Although Organisation B won a Progress Award, the feedback report “was depressing”. This encouraged the company to “lift the bar” and respond to the report’s recommendations.

The phase of focusing on awards was followed by two key events that further developed the capability to grow. First, the company introduced a peer review recruitment process that required the new recruit to meet technical requirements and “fit” the team as assessed by peers. This had the effect of “raising the bar for capability and teamwork”. There was a noticeable improvement in productivity and workplace satisfaction. Second, the company developed a “more flexible” banking relationship with a new bank. This had the effect of “removing financial restrictions”. The company used this situation to develop new products and services.

In year 6 the BE journey was constrained. The company merged with a management consultancy company with the intention of developing the capability in management consultancy. The merger process was “messy” and “stopped the journey in its tracks for some months”.

After the merger the company moved into a rebuilding phase. Each of the following key events in year 7 contributed to staff developing their confidence in the company. First, core processes around project work were streamlined to improve project reliability and responsive, also improve the invoicing turnaround time. Second, an accountant was appointed who further “tightened up” financial management and improved cash flow. Third, the executive reviewed management reporting to strengthen monitoring and improve the timeliness of management information.

The above rebuilding phase was followed by a focus on improving company leadership, strategic planning and human resource strategy. Three key enabling strategies and events were identified for year 8. Firstly, the “top end” of the company was “revamped” to develop distinct roles for the leaders and managers. This enabled “leaders to lead” and “managers to manage”. The effect for the rest of the company was further clarification of direction and performance management.

The second influential event was the revision of the strategic planning process. Historically the process involved the “select few” from the Board and the Management Team. The revised process involved a wider “network” of key managers. Staff involvement in the process “developed their understanding of the industry ... their maturity as management” and their “engagement in the company”. The third event was the alignment of business and human resources strategies with a clear focus on working as “one organisation to build the company”.

Although the company had made progress during year 8, participants perceived the rate of improvement had been constrained with two key events. Firstly, a project team developed a new performance management and remuneration strategy “behind closed doors”. This had the effect of staff losing confidence in the organisation and its leaders. An second, the CEO established an organisation wide KPI of “improve our CPE score by 75 points a year”. Unit managers reacted negatively as they perceived “this as being an isolated measure – not integrated into our strategic plan or work”.

Aside from the strategies and events associated with distinct years, participants reported ongoing constraining events and strategies related to manager capability and resistance to BE. They noted the company tended to “learn as they go and recruit from within” with limited attention to developing people’s leadership and management capability. As the company had grown participants perceived improvement was constrained by “bottle necks in decision making, limited 2 way communication and no follow through on improvement initiatives”. All participants reported a key constraint as “the resistance to BE”. Participants suggested that although the CEO was a strong sponsor of BE he lacked “support from senior managers and a dedicated champion to drive the BE journey”.

Table 4.5. Key determinants (strategies, events and people) and their influence on the BE journey

Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Year 1	Regional quality awards (BDQA) feedback report identifies key opportunities for improvement	E*	+ Momentum; the report was a catalyst for action
Year 3	Governance and executive roles are made distinct	E	+ Clarity of direction; strengthened governance
	New market opportunities facilitated growth; new focus on information technology	E	+ Business results; growth in market share
Year 4	New market opportunities facilitated growth; obtained large / long term Government contract	E	+ Capacity; provided a launch pad (cash cow) to invest in new initiatives
Year 5	Key people experience world class organisations eg study tour	E	+ Clarity of direction; decided to introduce Baldrige
	National quality awards (NZQF) feedback report identifies key opportunities for improvement	E*	+ Momentum; the report was a catalyst for action – lifted the bar

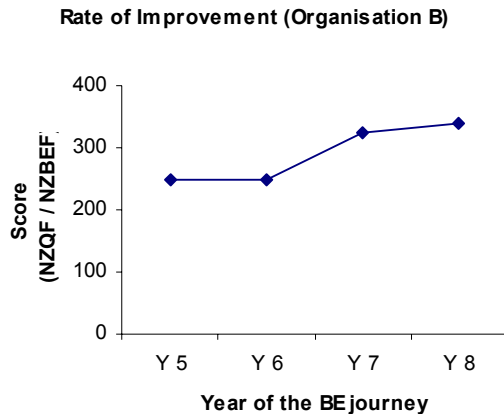
	Develop effective organisation wide recruitment processes	E	+ Capacity; developed people and team capability; also
		E	+ Engagement; confidence in management & opportunities for involvement
	Flexible & stable access to financial resources	E	+ Capacity; provided the confidence to invest in new initiatives
Year 6	Organisation wide restructure; merger	C*	- Business results; stopped progress; reduced productivity
Year 7	Develop effective organisation wide project support process	E*	+ Capacity; improved project reliability, responsiveness, & quality of invoicing
	Employed an accountant;	E	+ Expertise; key person – raised the game
	Developed an effective invoicing system		+ Capacity; improved management of cash flow
	Developed an effective management reporting	E	+ Clarity of direction; timely decision making based on fact
Year 8	Restructure governance, leadership & management roles	E	+ Capacity; enabled leaders to lead & managers to manage
	Staff are not involved in the new performance management / remuneration strategy	C	- Engagement; staff lost confidence in management & the opportunity to be involved; created a them & us ethos
	Developed strategic planning process & extent of involvement from senior managers	E	+ Expertise; increased depth of understanding for the industry & company
	CEO established a KPI for BE progress; world class by 2005 & achieve 75 points a year	C	- Engagement; unit managers saw this as an isolated goal & KPI; not connected to the strategy or their work
	The strategic plan & HR plan align	E*	+ Clarity of direction; developed “one organisation view” + Expertise; HR plan focused on developing managers
Ongoing	CEO is supported by a BE implementer	E	+ Momentum; the annual award application is co-ordinated
	Senior managers are not actively involved in BE; need to find a way to ‘sell’ BE to managers	C*	- Engagement; BE is not applied beyond CEO; staff do not see BE as being relevant to them
	Staff do not see improvement ideas actioned	C	- Engagement; staff loose confidence
	Limited investment in leaders & facilitators through the organisation	C	- Engagement; limited devolvement of responsibility, communication bottlenecks, one way communication
	No dedicated BE champion; with influence	C*	- Expertise; no “resource” to assist us apply BE, “make it work for us”

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

Impact of the journey

The participants reported significant business improvement over the 8 years of the BE journey. A consistent improvement in overall CPE score (91 points over 4 years) indicates a steady rate of improvement (see Figure 4.2). Also, business results as measured by the CPE indicate a positive trend in all result areas.

Figure 4.2: Rate of improvement for Organisation B



Participants perceived that BE had influenced the improvement in business results, clarity of direction, maturity of the company and the leaders (see Table 4.6). They described the company as making the transition from a “small two person operation to the large company of today” and the leaders as making the transition from “technical practitioners to corporate leaders”.

Table 4.6. Most significant change

Improvement in business results eg customer, service, financial, market, human resource, operational effectiveness
Improvement in clarity of direction eg clear organisation strategy
Building organisational wide capacity eg maturity of the company, development of infrastructure
Developing expertise eg business & management maturity

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers eg Need to be competitive
- x Internal driver

The decision to adopt CPE was influenced by a mix of:

- ✓ A key person eg CEO
- ✓ External drivers eg External measure of performance
- ✓ Internal drivers eg Desire to a quality company, framework to hang things off

There were multiple determinants perceived to influence the BE journey, such as:

- ✓ External strategies and events
- ✓ Organisational strategies and events (predominant)
- ✓ Business excellence strategies and events
- ✓ Individuals and groups of people

The determinants influenced the BE journey in multiple ways, such as:

- ✓ Clarity of direction eg organisation & improvement strategy
- x Stakeholder and customer relationships
- ✓ Organisation capacity eg infrastructure, capacity to involved in improvement initiatives (predominant)
- ✓ Expertise eg business
- ✓ Engagement eg confidence and trust in the organisation and BE (limited positive events / strategies)
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results eg business results, CPE score over time
- ✓ Organisation function eg clarity of direction, organisation capacity, expertise in management
- x Organisation culture

ORGANISATION C: Government owned company

Organisation C is an independent, government owned company that provides research, technology and services to support the development of commercial products, typically from primary products. The company is internationally recognised for its research, science and technology services. By New Zealand standards, Organisation C is a large organisation with well over 100 staff (full time equivalent). Organisation C has people in New Zealand and Australia. In addition, the organisation develops science and commercial partnerships, both nationally and internationally.

The Business Excellence (BE) journey started for Organisation C in order to complement science philosophy and strengthen the business focus. The new Chief Executive Officer (CEO) adopted the Baldrige Criteria for Performance Excellence (CPE) as the business model that offered an external measure of performance and could also guide continuous improvement. The organisation was in its 4th year of the BE journey when the research was completed. They have achieved steady improvement each year. The perception from the CEO is that BE is now embedded within the organisation

The case study was conducted over 7 months, in 2002 and 2003. The researcher interviewed the BE champion, reviewed relevant documents and completed two group interviews, one with middle managers and another with executives. Each of the people had been involved in the BE journey, at some stage since the beginning of the journey.

The business excellence journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants' perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants. The comments in quotation marks are verbatim comments from the participants or from key documents.

Decision to start

Organisation C was facing key strategic challenges, such as the owners (the Government) required “evidence for how good are you”, along with “increasing demands for outcomes from research to be more visible” (see Table 4.7). The new CEO focused on developing commercial capability to complement the science capability. The CPE was adopted as the business model to contribute to this commercial focus. The key motivators were the CEO’s desire to be a world-class science organisation, to provide evidence for capability with an external measure of performance, to continually improve being guided by the CPE and to gain from benchmarking opportunities.

Table 4.7. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting a BE framework to guide business improvement
Organisational growth; need for growth to be successful and more competitive	Desire to be world class
Government influence; change in research policy and focus	External measure of performance
New CEO; with a desire to improve	Guide continuous improvement
	Benchmark within and across industries

Key determinants (strategies, events and people)

Organisation C was well established prior to adopting the CPE (see Table 4.8). Events prior to BE were perceived to influence the journey. Organisation C was created from three government research departments into a distinct company. Participants perceived this development as a key enabler as it was the start of the shift from a “public service mentality” to a “strong commercial focus”. It was also perceived to “enable scientists to think differently, extend out of science into business”. The new company appointed a new chairman who bought commercial capability in the form of “venture capital expertise and diverse business interests”. The next key event was a change in the company structure; the original departments were restructured into new science teams, each with a core capability focus. This enabled “a new strategic direction” and “a deliberate mixing of the old teams and room for new blood”.

Progress was limited until the organisation appointed a new CEO who offered a strong commercial mindset and “positive energy.” His early focus was on business planning and building commercial capability; there was further restructuring and new managers were appointed who had “proven capability as scientists and business leaders”.

For some the build up of capability was “too slow”, often constrained with poor appointments to key executive roles. Confidence in the new direction and new structure oscillated with key events. “Goodwill was lost” when the CEO set “over optimistic targets”. Confidence was regained when he achieved “significant new contracts”.

The adoption of CPE as a business model was perceived as influential by a selected few. Many of the staff were not aware of the strategy. BE is “not overt ... business skills and business excellence skills are seen as being the same”. The comment was made “we don’t advertise BE as scientists are not into anything that looks like a fad”. Along with adopting the CPE, the organisation joined a benchmark club “as an add on to access extra information”. In year 2 of the journey, the management team completed the Club’s self-assessment “survey” (the BPES). Neither the self-assessment process nor the report were perceived as influential.

As Organisation C approached year 3 of the BE journey, improvement was given a “boost”. The owner reduced their expectations re level of dividend. This had the effect of enabling the organisation to “look to a future .. to invest in their growth and be less reliant on Government funding”. The following year (year 4 of the BE journey) the Government changed how it funded research. Research organisations were required to “bid for their research funds”, and organisations with a strong client / commercial partner focus tended to be more successful. This worked in Organisation Cs favour. The focus on “client based work” brought to the surface an old unaddressed constraint, “the opportunity cost associated with unfunded scientists” and with senior people not “in touch with their client / market needs”.

Participants described ongoing constraints to improvement specific to the science industry. The key constraint was perceived to be the challenges associated with the owner “changing its priorities and rules”. This limited the ability to make long term investment in building science capability in a specialist area, which placed the organisation at risk “we spread ourselves thinly over a number of specialists areas ...if we loose a key scientist we loose a whole capability”. Also, as the rules changed it had the negative effect of “having to learn a new dance .. it gobbles up already stretched people resources”. The key constraint associated with the commercial model was described as the conflict between the value of intellectual capital to the company versus the need for scientists to publish their work to maintain and develop their international “academic standing”.

Table 4.8. Key determinants (strategies, events and people) and their influence on the BE journey

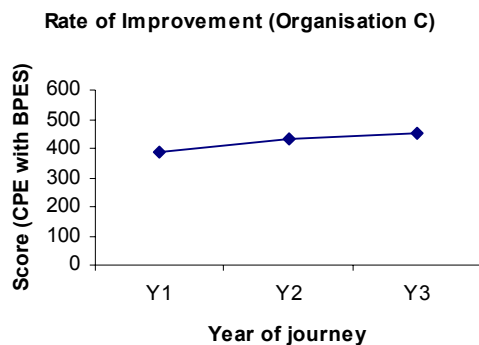
Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Pre start	3 research organisations amalgamated into a new, distinct company	E*	+ Clarity of direction; started the move from a public service mentality to a commercial focus
	New chairman; offered commercial expertise	E	+ Expertise
	Restructure	E	+ Clarity of direction; structured around core capabilities
	Divisional managers did not work together	C	- Momentum; some managers sabotaged the new strategic direction
	New divisional manger; offered commercial expertise	E	+ Momentum; provided the drive to make commercialisation happen; with capability & personality
	Strategic plan included business thinking	E	+ Clarity of direction; increased planning & monitoring, results focus; challenged traditional research operation
Year 1	Government increased expectations re accountability & results	E	+ Clarity of direction; developed measures and reporting processes + Relationships; raised client focus – became aware of client needs, relationships, and diversity of client base
	New CEO	E*	+ Clarity of direction; clear message re commercial focus
	Restructure	E	+ Capacity; increased commercial roles
	CEO sets optimistic targets	C	- Engagement; Lost goodwill, destructive
	CEO achieves significant contract	E	+ Engagement; rebuild confidence in CEO & organisations future
Year 3	Poor recruitment for key executive roles	C*	- Momentum; no action
	Building up executive and management group	E	+ Expertise;
	Managers do not address poor performance; unwilling to address/ too hard science team leaders / unfunded scientists	C*	- Capacity; opportunity cost - Engagement; do not buy in to the commercial focus
	New team leader recruitment; balance of interest in the organisation, science, & self	E	+ Engagement; network of likeminded people
	Government reduces expectations re return on investment	E	+ Capacity; enabled investment in future of company
Year 4	Government funding favours organisations with commercial / partnerships	E	+ Capacity; well placed to achieve funding
	Government changes priorities; failed to support new / developing capability	C	- Capacity; invested in new capability unfunded
Ongoing	Government changing priorities	C*	- Clarity of direction; Science capability takes a long time to build up – not easy to change quickly
	Government changing the rules e funding	C	- Capacity, need to keep learning the new dance, gobbles up people resources
	Lack of critical mass in specialty science areas	C	- Capacity; strategic risk
	Conflict between organisational / client ownership of intellectual capital and scientists	C	- Expertise; difficult for scientists to maintain & develop their international standing

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

Impact of the journey

The participants reported significant business improvement over the 4 years of the BE journey, as evident by consistent improvement in business results and a steady improvement in the CPE score over time; 68 points over 4 years (see Figure 4.3). Stories about improved business results focused on how changes had occurred in how they ran the company. Research outcomes had shifted from small research projects worth \$20 k to \$2 million + commercial company developments that provided a substantial return to the company and owner. They had moved from total reliance on one Funder, the Government to multiple funding sources; 50% Government, commercial partners and profitable commercial companies.

Figure 4.3: Rate of improvement for Organisation C



The most significant change described by participants was the clarity of direction achieved as the organisation has made the shift from a public service science organisation to a company with a strong commercial focus (see Table 4.9). Some of the comments were: “the fight has gone – we now have a stable, commercially focused leadership”, “isolated individuals focused on their own work are now working with partners to spread the benefit wider and create wealth”, “information and knowledge was available to everyone is now private”, “managers are now professional managers with an empathy for science; scientists are recruited for their science capability and also their ability to contribute to the organisation”.

Participants described the culture change as changing from “not expected to survive” to “one of optimism and pride”. Also, changing from “a number of people fighting the change” to “a mix of people with a drive to succeed and improve”. The groups perceive the adoption of the CPE as a business model had “moderate influence” on their success to date; they perceived the “consistent management of change” as having a greater influence.

Table 4.9. Most significant change

Improvement in business results eg financial, scope of projects

Improvement in clarity of direction eg shift from public service mentality to commercial company

Engagement eg confidence in the organisation, level of voluntary involvement in improvement

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers eg Government influence, need to be competitive,
- ✓ Internal driver eg Need for growth

The decision to adopt BE was influenced by a mix of:

- ✓ A key person eg CEO
- ✓ External drivers eg External measure of performance
- ✓ Internal drivers eg Guide improvement, benchmark between industries, desire to be world class

There were multiple determinants perceived to influence the BE journey, such as:

- ✓ External strategies and events (predominant)
- ✓ Organisational strategies and events
- X Business excellence strategies and events
- ✓ Individuals and groups of people

The determinants influenced the BE journey in multiple ways, such as:

- ✓ Clarity of direction eg organisation & improvement strategy
- ✓ Customer relationships
- ✓ Organisation capacity eg infrastructure, capacity to involved in improvement initiatives (predominant)
- ✓ Expertise eg business & management
- X Engagement eg confidence and trust in the organisation and BE (limited positive events / strategies)
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results eg business results, CPE score over time
- ✓ Organisation function eg clarity of direction
- ✓ Organisation culture eg confidence in the organisation, level of voluntary involvement in improvement

ORGANISATION D: Group of technology companies

Organisation D is a group of technology companies, specialising in the design and development and commercial realisation of technology solutions for the oil industry and the business sector. The group has two service companies and four subsidiary product companies. The client base is global. On New Zealand standards, Organisation D is a medium sized company with between 50 and 99 people (Full time equivalent).

The Business Excellence (BE) journey started for Organisation D when the Managing Director adopted Baldrige as a business model, 4 years after start up. He saw it as providing the developing company with “conventional business wisdom”. The organisation is in their third year of the BE journey, they continue to improve as measured by the Criteria for Performance Excellence (CPE). The participants perceive BE is yet to be embedded into “the way they work”.

The case study was completed over 2 months, in the latter part of 2002. A number of relevant documents were reviewed. The researcher interviewed the Managing Director, and completed a group interview with a range of senior people. Each of the people had been with Organisation D, since the start of the BE journey.

The business excellence journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants’ perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants. The comments in quotation marks are verbatim comments from the participants or from key documents.

Decision to start

Organisation D was established as new company with the intention of competing internationally. The Directors perceived they would be successful if they focused on niche markets and deliver reliable services (see Table 4.10). As the company developed the Managing Director (MD) recognised the need for a business model to guide business practice. He adopted Baldrige as it represented “conventional wisdom” and he saw it as a resource to “cherry pick “ from when he needed business knowledge.

Table 4.10. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting CPE to guide business improvement
Organisational growth; the MD wanted the company to grow effectively	Internationally proven to work
Need to be more competitive; on the global market	Guide continuous improvement
Customer influence; service delivery was focused for "predictability"	Benchmark within & across industries

Key determinants (strategies, events and people)

The BE journey was influenced by a range of key events, strategies and people (see Table 4.11). Prior to starting the BE journey, the company had established a sound base with a strong company culture, ongoing contracts and well developed core processes. In addition, an experience with Q- Base (a simplified ISO accreditation) introduced "quality systems as part of the picture."

The company needed to develop business management capability. The Managing Director identified and adopted Baldrige (year 1) as the business model to provide "conventional business wisdom". The CPE was used to focus on priority areas for development and provide ideas for how to develop the identified business need. Also within year 1, the company joined a benchmarking club to further develop their business management capability. Participation in the club activities enabled key people to gain knowledge about best practice in selected areas. Full involvement was limited as they were a "lean company" with very little spare capacity.

Organisation D participated in the Club's benchmarking programme. This was based on self-assessment against the CPE (BPES survey), with the results then being compared with other members. Organisation D perceived the assessment process was influential as it developed their clarity of direction as they discussed and reflected on "where are we going". Through the process they identified strengths and opportunities for improvement, which were "fed into strategic planning."

As the Organisation D grew and developed, the management team recognised the company relied heavily on the Founder and MD, which prompted them to review the company structure in year 2 of the BE journey. Participants perceived the new structure facilitated business improvement. A Board and Executive Team were established to focus on company direction, leaving the MD, management team and project teams to focus on "running the business".

A decision making process was also established in year 2, this process provided a systematic approach to involving staff in planning and decisions that would involve them. The participants perceived this strategy influenced the momentum of the BE journey as it enabled “speed and agility” when planning and facilitated support for the proposed actions. Counteracting this strategy was the constraint of “being thin on the ground” and the culture of “getting distracted and not sticking to plans.” The participants perceived these constraints limited momentum, as “they did not develop a base on which to build.”

The final key strategy identified by the participants was the shift from a technology focus to a customer focus in year 3 of the BE journey. The organisation focused on increasing their global markets and their customer base. The MD and a newly appointed sales manager did the “leg work”. The result was an increased customer base, sales and revenue. The shift into the global markets raised a number of externally focused constraints to company growth and the BE journey. The participants described a few; the distance from the global markets created challenges in building and maintaining customer relationships, as well the logistics of service delivery. They perceived the lack of expertise in New Zealand, for commercialising intellectual property a constraint – there was limited best practice knowledge available, also there were few people with the expertise available to recruit. In addition, the international technology industry was experiencing a downturn and there was the ever-increasing challenge of competition from new players to the market.

Table 4.11. Key determinants (strategies, events and people) and their influence on the BE journey

Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Pre start	Financial resources were available for development; stable ongoing contracts	E	+ Capacity; enabled start up & some development work
	Q-Base application	E	+ Engagement; recognised “quality systems needed to part of the picture” + Relationships; some mileage from external recognition
	Captured core process (management and delivery of projects) with technology platform	E*	+ Business results; 30% growth in productivity, reduced risk, improve service delivery
	Strong values & company culture	E*	+ Engagement; loyal to company, “pull together”
	Difficult to attract and retain talent staff	C	- Capacity; limits growth of company -

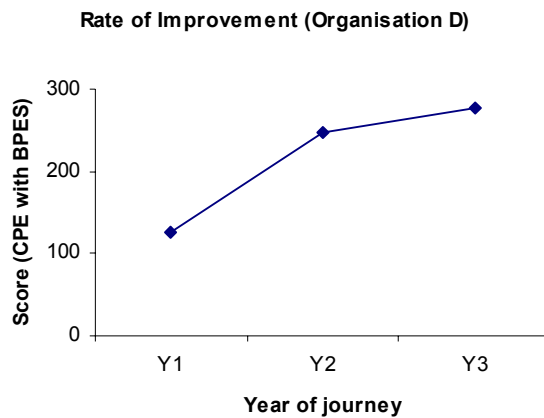
Year 1	Baldrige is adopted as a business model	E	+ Clarity of direction; useful to focus on priority need for organisation development; when problem solving "we cherry pick for ideas"
	Capability re running a business is limited; "learn as we go"	C*	Expertise; limited business capability
	Benchmark Club membership	E/C	+ Expertise; learn about best practice
	Prepared a self assessment document	E	+ Clarity of direction; provided opportunity to "discuss & reflect on where are we going"
	Self-assessment feedback report	E	+ Clarity of direction; results fed into strategic planning
Year 2	MD is the primary driver & decision maker	C	- Business results; company is reliant on one person; if he gets it wrong there is a big impact on the company
	Governance & management roles are made distinct	E	+ Clarity of direction; enabled the MD to focus on "running the business and marketing"
	Roles more formalised & specialised	E	+ Expertise; enables specialist development
	Established a "decision making process"; involved key people	E	+ Momentum; improved speed & agility; and action
	Conflicting priorities between urgent work & development / improvement work	C	- Momentum; development / improvement ideas not implemented
	Plans are not deployed; too optimistic, we also get distracted	C*	- Momentum; "difficult to develop a base on which to build"
Year 2	Organisation growth; shift from technology focus to customer focus	E	+ Business results; increase customers base & sales & revenue
Ongoing	Industry challenges; distance from markets	C	- Relationships; difficult to build & maintain offshore client base & staff; - Capacity; logistics are expensive
	Industry challenges; lack of NZ expertise re commercialising IT/ international sales	C	- Expertise
	Financial resources are not available for growth	C	- Capacity; limits resources available for improvement; limits cash flow
	Industry challenge; more competitive, downturn	C*	- Business results

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

Impact of the journey

The participants reported significant business improvement over the 3 years of the BE journey, as evident by consistent improvement in business results and a steady improvement in the CPE score over time; 153 points over 3 years (see Figure 4.4).

Figure 4.4: Rate of improvement for Organisation D



The most significant changes described by the participants focused on the company purpose, business results and sales forecast (see Table 4.12). The company's purpose had matured from a technology company with a handful of ongoing client work to a group of companies with a global client base. People perceived the BE contribution to this change to be limited to the self-assessment process. The 30% growth in productivity was attributed to improved capability and predictability, reduction in risk and more professional service delivery. The final significant change was the improved sales forecast, attributed to the development of the global markets and the associated customer base.

Table 4.12. Most significant change

Improvement in business results eg 30% growth in productivity, improved sales forecast
Improvement in clarity of direction eg company purpose, improvement focus
Improved customer / market relations eg new customers / markets, mature / saleable products

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers eg Need to be competitive, customer influence
- ✓ Internal driver eg Need for growth

The decision to adopt BE was influenced by a mix of:

- ✓ A key person eg MD
- ✓ External drivers eg Internationally proven
- ✓ Internal drivers eg Guide improvement, benchmark between industries

There were multiple determinants perceived to influence the BE journey, such as:

- ✓ External strategies and events (predominant)
- ✓ Organisational strategies and events
- ✓ Business excellence strategies and events
- ✓ Individuals and groups of people

The determinants influenced the BE journey in multiple ways, such as:

- ✓ Clarity of direction eg organisation & improvement strategy
- ✓ Customer relationships
- ✓ Organisation capacity eg infrastructure, capacity to involved in improvement initiatives (predominant)
- ✓ Expertise eg business
- x Engagement eg confidence and trust in the organisation and BE (limited positive events / strategies)
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results eg business results, CPE score over time
- ✓ Organisation function eg clarity of direction, organisation capacity, expertise in management
- x Organisation culture

ORGANISATION E: Local government organisation

Organisation E is a large local government organisation that offers a range of community orientated services to a range of customer groups within their area. As a local authority, Organisation E operates in a democratic environment and holds local body elections every three years. By New Zealand standards Organisation E is a large organisation. As with most service organisations, Organisation E relies on its staff and a range of key suppliers and partners to deliver services.

The Business Excellence (BE) journey started for Organisation E in response to rising customer expectations. The impetus came from key people who visited the Australian BE Award winners, and returned to recommend the “strategic use of Baldrige”. The organisation is now in its 10th year of the BE journey. BE is perceived to be partially embedded within organisational planning and development strategies. They have achieved significant improvement each year, along with a national quality award.

The case study was completed over 3 months, in the latter part of 2002. A number of relevant documents were reviewed. The researcher interviewed the BE champion and six key individuals. Each of the people had been involved in the BE journey, throughout the majority of the 10 years.

The business excellence journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants’ perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants. The comments in quotation marks are verbatim comments from the participants or from key documents.

Decision to start

Organisation E had experienced major change (see Table 4.13); the participants recall how local government reforms required “greater accountability and transparency”. After amalgamation Organisation E focused on becoming more cohesive, efficient and customer focus. One of the key early organisation wide improvement initiatives was a series of internal customer service courses available to all staff. The courses introduced staff to the idea of “customer focus”.

Prior to the introduction of BE, Quality Improvement Teams were perceived by some to be effective in “driving improvement”. These teams operated in many parts of the organisation, they were well lead and most importantly – they were a “dedicated resource”. It wasn’t until three years after amalgamation, that key people visited Australian BE Award winners and returned recommending the “strategic use of Baldrige as the way to go”. They promoted its value as being its international reputation, ability to guide the co-ordination of improvement initiatives and the ability to apply the Criteria for Performance Excellence (CPE) to benchmark within and across industries.

Table 4.13. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting the CPE to guide business improvement
Customer influence e.g. need for “outside in thinking not inside out”	Internationally proven to work
Organisational growth e.g. need to be “more efficient and cohesive”	Needed a business framework to co-ordinate a range of activities
	Guide continuous improvement
	Benchmark within and across industries

Key determinants (strategies, events and people)

The start of the BE journey was influenced by BE events and the involvement of key people (see Table 4.14). The two people who visited the Australian BE Award winners sponsored the adoption of Baldrige as the improvement strategy. Quality Support Managers were appointed as a dedicated resource and an internal advisor supported these people. The two sponsors integrated Baldrige into their service areas, “without making a big deal”. Confidence was high as improvement initiatives, seen in Australia, were implemented successfully at Organisation E.

Each service area participated in an internal self-assessment, based on the CPE, with support from internal and external advisors. Participants perceived these self-assessments as influential as “depended on honesty in identifying strengths and opportunities for improvement – not points”.

Organisation E completed a major restructuring programme and strategic planning focus during year 4 and 5 of their journey. The restructuring was perceived by some to influence improvement as it moved the organisation from “separate fiefdoms” to “one organisation”. The focus shifted from services delivered at sites around the community to centralised Directorates responsible for “end to end service delivery”. Strategic planning and service delivery moved from “activity to outcome based planning and delivery”. Both these strategies were seen to improve the clarity of direction and the effectiveness of cross-functional relationships.

Through the next couple of years, Organisation E focused on the strategic impact of BE. A strategically driven process was developed to prioritise and select high impact improvement projects. The process gave a key group of people (Business Improvement Steering Team) the mandate to “drive” large organisation wide development projects that primarily addressed organisational effectiveness and capacity building. Towards the end of this period, the improvement group was formally established as a “Business Improvement Group”. People developed confidence in BI as this “dedicated resource” achieved success with a consistent approach to improvement projects. BI people perceived their success was related to developing project management systems and people skilled in the design and implementation of improvement projects.

The next phase of the improvement journey focused on the integration of BE into “work as usual”. Organisation E had participated in the NZBEF national awards (year 7) and received a feedback report that identified “consistent service delivery” as an opportunity for improvement. The organisation responded by centralising selected services and focusing on alignment of planning processes and plans (year 8). This had the effect of “focusing energy”.

Organisation E experienced mixed influences when they participated in and won a NZBEF Award in year 9. The people involved in preparing the application perceived the process as valuable as they developed their understanding of the organisation and of BE. General staff were initially interested in the external recognition received but the “Award lost its impact as there was little evidence of follow-up or improvement actions”. Senior managers saw their staff “lose confidence and interest in external Awards and BE”. Executive did some “serious questioning over the value of continued involvement.”

In order to focus and integrate the many planning processes and documents, the HR and Marketing Groups identified key service characteristics (year 9). They used these to develop a customer focused organisation development plan. The following year (year 10) managers were required to integrate organisational development plans and related performance measures into their annual plans. This strategy had the effect of “identifying and aligning the internal improvement focus” and also facilitating action as “what gets measured gets done”.

Participants described a number of ongoing constraints. The “nature of local government” was identified as a key ongoing constraint. In the democratic environment elections are held every 3 years and Councillors often change. This change over of key people constrains improvement momentum as new relationships are built and their new agendas influence change in direction and priorities. Senior people described, “limited control of workload” as a constraint. Workload tends to be a “continuous series of deadlines, driven by political agendas, not strategic priorities”. They noted, “if improvement is not made a priority and resourced, people do the urgent work and cannot create gaps of time to think improvement and change behaviour”.

Although Organisation E described how key people throughout the organisation had enabled the journey, some participants perceived their rate of improvement was significantly constrained as the CEO and executive did not provide a “consistent, clear message about the relevance and importance of BE”. Adding to this constraint was their perception that “senior people can opt out and there is no incentive to be involved”. One participant observed that momentum is lost when “key people are promoted and then lose their BE focus”.

Table 4.14. Key determinants (strategies, events and people) and their influence on the BE journey

Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Pre start	Early improvement projects are organisation wide e.g. Quality Improvement Teams are introduced throughout the organisation.	E	+ Momentum; “strong / well informed dedicated resource drove improvement”
	E.g. customer service courses	E	+ Expertise; introduced staff to a customer focus
Year 1 & 2	Key people experience world class organisations e.g. 2 people visit Australian BE winners	E*	+ Clarity of direction; BE is seen as the “way to go”
	BE is adopted as a long term improvement strategy	E*	+ Clarity of direction; strategic use of Baldrige is promoted as the “way to go”
	Some managers are actively involved e.g. apply BE to their service areas	E*	+ Expertise; managers and staff in the early adopter Units developed their BE expertise; + Clarity of direction; integrated CPE without making a big deal

	There is a BE champion or facilitator e.g. a dedicated Quality Manager is appointed	E	+ Capacity; the BE champion works with early adopter services
	Key people have access to a quality specialist e.g. the HR manager was influenced by Crosby	E	+ Expertise; Crosby thinking and practice influence the approach adopted to BE
	Staff see improvement ideas actioned e.g. Invest in new resources for the frontline	E	+ Engagement; staff develop confidence and trust in BE
	Compulsory internal self-assessment within each area	E*	+ Momentum; "what gets measured counts"
	Staff are involved in initiatives that involve them e.g. self assessments, planning	E	+ Engagement; staff volunteer for improvement initiatives
Year 4 & 5	Restructuring; away from "fiefdoms" and towards "one organisation"	E	+ Stakeholder relations; improved the effectiveness of cross-functional working relationships.
	Strategic plan has customer and results focus	E	+ Clarity of direction; focus on outcome based planning & service delivery
Year 6 & 7	The critical few improvement projects are resourced	E	+ Momentum; "drove organisation wide development projects"
	Community focused Plan developed; focused on key service characteristics	E*	+ Clarity of direction; cultural change in thinking about customers and services
	Develop capability in project work and project team work	E	+ Expertise; people developed the knowledge and skills to deliver successful projects
	Centralised support / development functions	E*	+ Capacity; dedicated resource with mandate to drive large organisation wide improvement projects
	NZQF Feedback Report identifies opportunities for improvement; provided an external / independent view	E* C	+ & - Momentum; rejuvenated the focus on "one organisation"; although was also seen as "limiting innovation specific to regional groups"
Year 8	Strategic plans & operational plans & BE plan align; organisation plan is available early enough to influence supporting plans	E*	+ Clarity of direction; focus energy + Momentum, "what gets measured gets done"
Year 9	Refocus on alignment of service planning processes and risk management	E	+ Business results; service delivery + Relationships; improvement in cross functional working relationships
	Won a national BE Award	E	+ Engagement; interest in being recognised externally
	Staff see some OD improvement ideas actioned		- Engagement; no action led to loss of interest
Year 10	BE and organisation planning are integrated	E	+ Clarity of direction + Momentum; "what gets measured gets done"
Ongoing	Industry challenges; ongoing changing political environment	C	- Momentum; priorities change, people change
	Industry challenges; ever increasing number of plans required by statute	C*	- Clarity of direction; "huge task to ensure alignment, not to mention integration of improvement"
	Organisation has been unable to demonstrate the benefits of a formal BE approach and hence, the senior executives do not support an ongoing involvement; need key people in key roles with BE understanding	C*	- Clarity of direction; creates "inconsistent messages re the importance of BE"
	Key people are not retained	C	- Expertise; key people with BE expertise are promoted and loose the BE focus
	Ongoing restructuring	C*	- Clarity of direction; ongoing tension between the Directorate structure and the service process approach - Relationships; limits ability to build and maintain working relationships

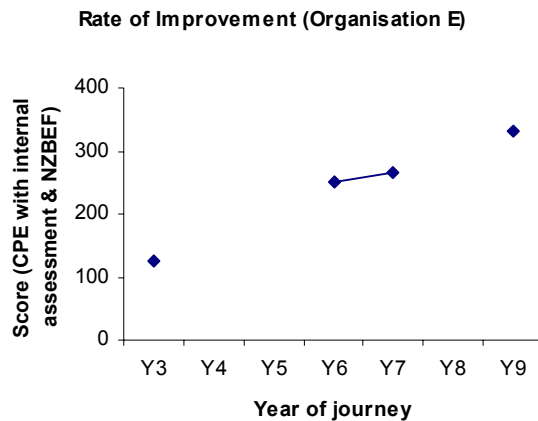
Conflicting priorities between “urgent work” and “improvement work”	C*	- Capacity; no time to “improve”
BE expectations and consequences are not clear; “there is no incentive / reward to improve”	C*	- Engagement; executive & people throughout the organisation do not perceive BE is important

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

The impact of the journey

The participants reported significant business improvement over the 10 years of the BE journey, as evident by consistent improvement in business results and a steady improvement in the overall CPE score over time; 204 points over 6 years (see Figure 4.5).

Figure 4.5: Rate of improvement for Organisation E



Participants reported significant change in organisation capacity, suggesting, “the organisation has vastly improved in the way it discharges its responsibilities” and how it “responds effectively to ongoing challenges” (see Table 4.15). Others commented on the improved customer focus, “most people know we have customers; that they are consulted and have a part to play”. Many perceived the approach to improvement had “matured significantly”, in that the organisation had moved from “dabbling at process improvement” and “doing patch up jobs” to now taking a “comprehensive and systematic approach to business improvement”.

The BE champion reflected on how the focus of BE had changed; initially the focus was on improving processes with quality improvement teams, followed a focus on business improvement with Baldrige and BE. More recently BE is promoted “as sound business practice”, and “the BI Group work as facilitators and coaches” to enable managers to be more effective. Generally participants perceived most people throughout the organisation think improvement and question themselves “can I do better”. The BE champion continues to promote BE by knowledge sharing initiatives and demonstration.

Table 4.15. Most significant change

Improvement in business results e.g. customer service, operational effectiveness
 Improvement in clarity of direction e.g. systematic approach to improvement
 Improved external relationships e.g. we have a customer focus
 Improved organisation wide capacity
 Engagement e.g. voluntary involvement in improvement

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers e.g. Customer influence
- ✓ Internal driver e.g. Need to be more efficient and cohesive

The decision to adopt BE was influenced by a mix of:

- ✓ A key persons e.g. x2 senior managers
- ✓ External drivers e.g. internationally proven to work, benchmark within and across industries
- ✓ Internal drivers e.g. needed a business framework to co-ordinate and guide continuous improvement

There were multiple determinants perceived to influence the BE journey, such as:

- ✓ External events / strategies
- ✓ Organisational events / strategies
- ✓ Business excellence events / strategies
- ✓ Individuals / groups of people (predominance)

The determinants influenced the BE journey in multiple ways, such as:

- ✓ Clarity of direction e.g. organisation & improvement strategy
- ✓ Stakeholder and customer relationships e.g. with the Council, external and internal customers
- ✓ Organisation capacity e.g. infrastructure, capacity to involved in improvement initiatives
- ✓ Expertise e.g. business and BE expertise
- ✓ Engagement e.g. confidence and trust in the organisation and BE
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results e.g. business results, CPE score over time
- ✓ Organisation function e.g. clarity in improvement direction, stakeholder & customer relationships, capacity (predominant)
- ✓ Organisation culture e.g. limited change in level of improvement thinking

ORGANISATION F: Armed service

Organisation F is one of the three Armed Services, which comprise the New Zealand Defence Force. As an armed service, core services are focused for ongoing service delivery and an ability to carry out actions if required. In addition Organisation F provides a range of secondary services. By New Zealand standards, Organisation F is a large organisation with well over 100 staff (full time equivalent). As an armed service, Organisation F relies on service personnel, civilian employees and reservists. In addition, Organisation F has supplier and partner relationships with military operators and providers of training and logistics support.

The Business Excellence (BE) journey started for Organisation F in response to increasing strategic challenges. The Chief identified BE as the “systematic approach to deal with change and improvement” the organisation needed if it “was going to survive as a credible organisation”. The organisation is now in its 4th year of the BE journey. BE is perceived to be embedded within organisational planning. They have achieved steady improvement each year, along with a national quality award in year 3.

The case study was completed over 3 months, in the latter part of 2002. A number of relevant documents were reviewed. The researcher interviewed senior BE champions and completed three group interviews with a range of senior people and BE advisors. Each of the people had been involved in the BE journey, with Organisation F, since the start of the journey.

The business excellence journey

The description of the BE journey is structured into three sections: decision to start, key determinants, and the impact of the journey. *Decision to start* describes why the organisation decided to embark on an improvement journey and what influenced the decision to adopt the CPE to guide the journey. *Key determinants* describes the key strategies, events and people perceived to influence the journey and presents participants’ perceptions as to how the determinants influenced the journey. *Impact on the journey* presents the improvement experienced by the organisation as measured by the CPE, and any significant change perceived by the participants. The comments in quotation marks are verbatim comments from the participants or from key documents.

Decision to start

Organisation F was facing key strategic challenges, such as the owners (the Government) changing defence policy, the need to demonstrate relevance and capability to the owner and the public, and the need to attract and retain people (see

Table 4.16). It was perceived that survival was dependent on being responsive to change. The Chief recognised that the organisation needed a concerted effort to shift the culture from one of “oversight and control” to one of “excellence”. He identified “Baldrige as the tool” to enable the organisation to “develop a systematic approach to improvement and change.” In addition, the Chief saw value in the international reputation, the ability to facilitate external credibility, access to learning from other successful BE organisations (especially business) and the ability to apply the Criteria for Performance Excellence (CPE) for external measurement and benchmarking.

Table 4.16. Decision to start

Key reasons for decision to start the BE journey	Key reasons for selecting the CPE to guide business improvement
Government influence; change in defence policy and focus	Desire for excellence
Negative organisational growth; reduction in core services, people and budget	Guide continuous improvement
Need to be more competitive; able to attract government funding, attract and retain people	Internationally proven to work
Stakeholder influence; especially the public and the owner (the Government)	External recognition & credibility
	External measure of performance

Key determinants (strategies, events and people)

The BE journey was influenced by a range of key strategies, events and people (see Table 4.17). The BE journey started with the Chief searching for “something” to guide improvement. His search found organisations applying Baldrige successfully in the USA, which led him to “discovering” the BE network in New Zealand. Following conversations with leading New Zealand BE organisations the Chief made “took the initiative” to commit the organisation to a BE journey.

The Chief realised this was a long-term initiative that required corporate commitment and perseverance if it was to succeed. A senior manager recalls “seven years was mentioned as the probable time frame.” The executive came to realise that this was a continuous journey. The Chief also “rightly realised” he only had a maximum of 3 years as Chief and so needed the support from his senior officers, as one of them would be his successor. Although the BE journey started with the Chief’s “visionary thinking” and “strong personality”, initial progress relied on other people to implement the vision. The leader of strategic planning, who had influence and credibility with the “top level”, was seen as the person who “drove” implementation. One of the key events, early in year 1, was a three-day retreat. The purpose was to “sell Baldrige to senior managers”; the

Chief and “an old-school -quality person” presented the retreat. The workshop was “pivotal” but the influence was limited due to poor delivery and content, People left the workshop with mixed feelings and unclear about the next steps for the organisation and their responsibility. The journey did not “pick up momentum” until later in year 1, when the Chief recruited a BE consultant to provide coaching for the Chief and the implementation team on a regular basis.

Participants described a series of enabling events that occurred throughout year 1 of the BE journey. In the early days the emphasis was on the “benefits to be derived from the improvements arising out of Baldrige – we were not in it for the Awards.” BE was well resourced; a project office was established with a leader, administrator and the external BE consultant. Two internal advisors and four trainers joined this initial group in year 2. A number of internal “volunteers” were introduced to BE “tools” and trained to facilitate self-assessment against the CPE. This had the effect of increasing the number of “champions” throughout the organisation and also enabled the organisation to involve as many people as possible in the self-assessment process.

Organisation F undertook an internal self-assessment against the CPE during the second half of year 2. This initial assessment provided the organisation with a baseline score of 162 points. Senior management set the goal “to achieve world class performance (650 points) in 7 years”. Based on the scores, the senior management group set the annual improvement target in the range of 50 to 100 points. The process of self-assessment and identifying opportunities for improvement were the catalyst for a number of organisation wide improvement projects. As people got involved, their interest and confidence developed – the BE journey gained momentum. But, some senior people resisted the annual improvement goal, perceiving it as “the biggest turn off”.

When asked to describe any constraining events, strategies or people over this first year of the journey, people talked about structure and culture issues. Senior people (based away from the main site) were given the responsibility to “champion” an aspect of the BE journey. But the expectations and accountability were not clear, nor were they given any BE training. This lack of understanding was not addressed until year 3 of the journey and was seen as being “too late – it should have been provided in year 1”. The perception was this group constrained progress through lack of engagement in the journey. Managers perceived the leaders “underestimated the gap between the existing culture of oversight and control, and the improvement / involvement culture required to progress the BE journey.” People also perceived the decision to focus on one category – process – “missed the point and limited progress.”

By not introducing Baldrige across the organisation, it gave many people the opportunity to not get involved. The view was typically “it is something they are doing .. it is not applicable to me”.

Organisation F progressed the BE journey in year 2 with a mix of organisation wide initiatives specific to BE. The key organisation wide initiative was the development and implementation of a strategic planning process and the development of the first strategic plan in Defence. Although this was a key enabler, senior people perceived its influence would have been enhanced if the Plan had been completed prior to starting the BE journey and the process aligned with the other key planning processes eg Defence strategy, financial planning.

Another focus in year 2 was to develop BE understanding. A team of 5 visited award-winning defence organisations in the USA. The influence was “powerful”; not only did the group develop their confidence in BE, they also gathered practical, best practice ideas and tools. Also, a team of internal trainers provided a “BE Tools” training programme to the majority of the staff – all 2,500 staff. The purpose of the programme was to give people basic quality skills and “to create a culture of performance improvement and measurement, and to engage as many people as possible.” People commented the programme was “good”, but perceived its effectiveness was restricted due to limited opportunity and support for application in the workplace.

Organisation F, also provided the opportunity for key people to be trained as national evaluators for the national awards programme. This further developed the depth of understanding and the number of “champions” within the organisation. When reflecting on the journey, one group identified an opportunity for improvement as “develop capability in deployment; we are good at planning not implementation.” One senior manager suggested training for senior managers needed to address “change management.”

The focus for year 3 and 4 was to introduce BE organisation wide. To date much of the effort had been directed towards the “back room” aspects of the organisation – the “front line” had “resisted” involvement. Organisation F was able to get the frontline people interested following a visit from a “memorable” senior US defence official. His presentations focused on the benefits and relevance of Baldrige and how to apply it to a defence organisation. Within year 3, Organisation F decided to apply for the national award programme.

The application writing process was the key enabler. The process brought senior leaders together to discuss the whole “business” for the first time. Also, as they prepared the application being guided by the CPE, they developed their understanding about BE, identified examples of best practice within the organisation and key opportunities for improvement. Many of the best practice “discoveries” were later adopted organisation wide. Organisation F won a national award with their first application. Winning a national award in year 3 was encouraging as it provided external recognition and developed the staff’s confidence in the organisation.

As Organisation F moved to integrated BE organisation wide they came up against key enablers and constraints to the journey. Key enablers were identified as; BE was part of the strategic conversations at the annual retreat - senior leaders were given the message “ BE is important”. Senior people were required to integrate BE into annual planning, all sections were required to complete a self-assessment. The requirement to complete a self-assessment had the positive effect of developing people’s understanding and involving more people. It had the constraining effect of having sections focus on “the points race” not on improvement and sharing best practice .

As sections integrated BE, many found the attention on BE as “a distraction from core business”, “unsustainable for an organisation short of people”, “created fatigue, too much too soon”. In addition, people perceived “limited action on feedback” had the effect of constraining progress and “people loosing interest”. Given the opportunity, senior staff suggested they would focus on “credibility – do a little well and use credible examples when talking about success stories”.

Table 4.17. Key determinants (strategies, events and people) and their influence on the BE journey

Year of Journey	Key determinant	E/C*	The influence of the determinant on the BE journey
Pre start	Key stakeholders change; priorities change	C	- Clarity of direction
	The organisation has difficulty attracting talented people	C	- Capacity; require a critical mass to be considered viable
	CEO sponsors BE	E*	+ Clarity of direction; visionary + Momentum
	Leader of strategic planning implements BE	E*	+ Momentum; able to carry out Chiefs vision; had credibility with senior staff
	Underestimated the gap between existing culture & an improvement / involvement culture	C*	- Momentum; did not take into account the need to change the culture / peoples behaviour
Year 1	BE is adopted as a long term improvement strategy; autocratic decision	E	+ Clarity of direction

	Introductory workshop; BE expectations & consequences are not clear	E/C	+ Clarity of direction - Engagement; no next steps, mixed support
	There is a BE champion or driver	E	+ Capacity & Momentum
	Key people have access to a BE specialist eg consultant	E	+ Expertise; guidance, confirmation + Momentum; catalyst
	BE is resourced eg leader, project office, advisors, trainers, consultant	E	+ Capacity
	Executive champions: given role but no clear expectations, no accountability, no training	C	- Engagement; not actively involved
	Communications do not address BE relevance & benefits	C	- Engagement; confusion with jargon, fad attitude
	BE is not introduced throughout the organisation	C	- Engagement; those not involved ignore BE, reinforced fad attitude
	BE journey is not monitored initially; no baseline measures	C	- Momentum; took awhile to develop a results baseline
	Internal self-assessment; trained volunteers to facilitate the process	E	+ Clarity of direction; identified the critical few improvements + Expertise; staff developed their organisational & BE understanding + Engagement; "captured their hearts & minds" + Momentum; SA results provided the baseline
	Early improvement projects are organisation wide eg strategic planning, supply chain, scorecard	E	+ Engagement; got people involved, increased the spread of people involved
	BE is not aligned with organisation purpose and culture	C	- Engagement; underestimated the gap between the existing & required culture
	Did not work as "one organisation"; entrenched silos - elitism;	C	- Expertise; limited sharing best practice - Relationships; limited cross functional involvement
Year 2	Strategic plan	E / C	+ / - Clarity of direction; but need to be in place pre BE + Engagement; staff were involved in the process
	Strategic plan & operational plans do not aligned	C	- Clarity of direction; limits integration
	Governance & organisational priorities do not align; NZ defence force is not on an improvement journey	C	- Clarity of direction - Relationships
	Key people experience world class organisations eg USA study tour, visitor to NZ	E	+ Expertise; gathered relevant best practice resources + Engagement; developed confidence in BE
	Kept knowledge in senior group	C*	- Engagement; lack of buy in outside the top 20
	Training for BE tools	E/C*	+ Expertise; staff given the tools to improve - Engagement; training did not address the relevance nor how to guide improvement / change
	Participate as a BE evaluator	E	+ Expertise; develop management & BE expertise + Engagement; individuals become champions
Year 3	Prepare an award application; senior people organisation wide worked together	E*	+ Expertise; developed an understanding for the wider organisation & BE + Engagement; identified best practice and opportunities for improvement first hand
	Training for Understanding World Class Organisations; for majority of senior leaders in cross functional groups	E/C*	+ Expertise; developed understanding for BE - Engagement; much too late, needed in year 1

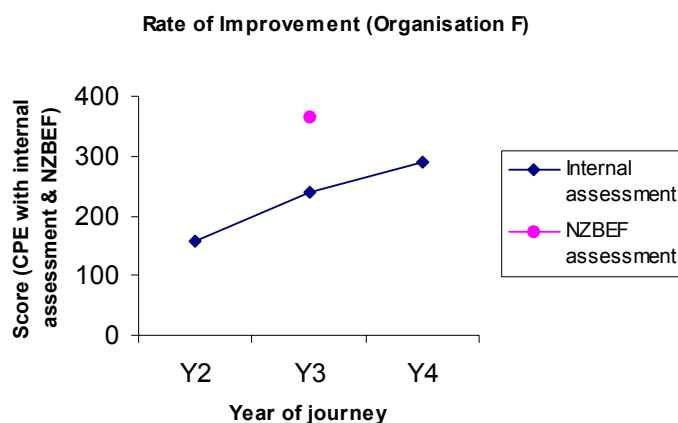
	Manager BE training did not address management of change / how to engage people	C*	- Engagement; we are good at planning but involving people in deployment of improvement initiatives
	Command from Chief to achieve 75 points a year	C	- Engagement; biggest turn off, people do not understand the relevance to them
Year 4	Senior leadership given message “BE is important”; continually addressed as part of strategic conversations	E	+ Clarity of direction; BE is integrated & monitored
	Internal sections complete a self-assessment ; incl basic written application	E	+ Clarity of direction; identified the critical few improvements + Expertise; staff developed their organisational & BE understanding + Engagement; “captured their hearts & minds” + Momentum; SA results provided the baseline
	Focus is on points not improvement	C	- Expertise; points race limits sharing
	Conflicting priorities between “urgent work” and “improvement work”	C	- Capacity; if the pressure is on BE will dropped – BE is not core business
	Improvement is not sustainable; too much too soon	C	- Engagement; fatigue; no energy to go extra mile & get involved in improvement initiatives
	Staff do not see improvement ideas actioned; Limited capability in deployment of improvement projects and change	C	- Engagement; loose interest in improvement & confidence in BE

E* = Key enabling influence; C* = key constraining influence; + is a positive influence; - is a negative influence

Impact of the journey

The participants reported significant business improvement over the 4 years of the BE journey, as evident by consistent improvement in business results and a steady improvement in the CPE score over time; 134 points over 3 years (see Figure 4.6).

Figure 4.6: Rate of improvement for Organisation F



The most significant change described by participants was the change in the “way the business is run” and the “improvement culture” (see Table 4.18). They perceived BE had guided the organisation to be more customer focused and more systematic in all aspects of “running the business”. In particular, there had been a shift from a “we know what is best” attitude, to finding ways to “listen to customers.” The strategic plan has improved “clarity of direction” and the base to measure performance and improvement “we now have evidence that we are improving”.

Participants perceived “BE has enabled change to occur, before it was not possible you would be disciplined for questioning.” In particular, they talked about the development of innovation in the organisation , “ideas are now OK ...people are allowed to think versus do as told to”. One group described a negative change “we now manage by committee This is not as personable or flexible.” Generally, the groups talked about the excitement “we are totally a better organisation .. it is all a bit of a buzz!”

Table 4.18. Most significant change

Improvement in business results eg customer service, operational effectiveness
 Improvement in clarity of direction eg systematic approach to strategic planning & improvement
 Improved external relationships eg we have a customer focus
 Engagement eg confidence in the organisation, level of voluntary involvement in improvement

Review of the case study

This case study provides evidence for a number of emerging themes. The (✓) indicates the presence of a theme, the (x) indicates the absence of a theme.

The decision to start the improvement journey was influenced by:

- ✓ External drivers eg Government and public influence, need to be more competitive in funding & attracting recruits
- ✓ Internal driver eg Need for organisation growth

The decision to adopt BE was influenced by a mix of:

- ✓ A key person eg the Chief
- ✓ External drivers eg internationally proven to work, external measure of performance, external recognition and credibility, access to BE networks
- ✓ Internal drivers eg desire for excellence, needed a business framework to co-ordinate and guide continuous improvement

There were multiple determinants perceived to influence the BE journey, such as:

- ✓ External events / strategies
- ✓ Organisational events / strategies
- ✓ Business excellence events / strategies (predominance)
- ✓ Individuals / groups of people

The determinants influenced the BE journey in multiple ways, such as:

- ✓ Clarity of direction eg organisation & improvement strategy
- ✓ Stakeholder and customer relationships eg Government (owner) public
- ✓ Organisation capacity eg infrastructure, capacity to be involved in improvement initiatives
- ✓ Expertise eg BE expertise
- ✓ Engagement eg voluntary involvement
- ✓ Momentum

Significant change was perceived to have occurred, such as:

- ✓ Organisation results eg business results, CPE score over time
- ✓ Organisation function eg clarity in planning & improvement direction, external relationships
- ✓ Organisation culture eg confidence in the organisation, level of voluntary involvement in improvement

**ACTIONS THAT MATTER: STARTING THE
BUSINESS EXCELLENCE JOURNEY**

**Section 3: Analysis of NZ
Business Excellence Award
Applicants**

Introduction

The purpose of this study is to capture and analyse the performance of entrants to the New Zealand Business Excellence Awards programme. Companies that have applied for NZ Business Excellence Awards since 1993 to 2003 have had their scores captured for analysis and comparison using the Q100 Assessment System.

The scores for 55 Award applicants (including some repeat applications by the some companies) have been analysed at the Baldrige Framework Category and Item levels (See Appendix 1 for an overview of the Baldrige Categories). In addition 7 companies have been analysed in more depth as they began their business excellence journey in 2003 with an Assisted Assessment conducted by the New Zealand Business Excellence Foundation. These give an insight into the starting point for most companies commencing the business excellence journey.

The fundamental purpose of the NZ Business Excellence Awards programme (based on the US Baldrige framework) is to deliver long-term value to all stakeholders in the business. The key here is “long-term”. It is not a quick-fix for an ailing company, but a commitment to a long term search for excellence in all aspects of the business. The typical journey for NZ Business Excellence award winners is 5-7 years.

A Short History

The New Zealand Business Excellence Foundation (previously known as The NZ Quality Foundation) was established in 1992 by private and public enterprise to improve the overall performance and capabilities of New Zealand organisations. Founding Patrons include Doug Myers, Ralph Norris, Stephen Trotter, Jim Bolger and the heads of many of the largest NZ Corporations at that time.

The framework used by the New Zealand Business Excellence Foundation is the internationally recognized and respected framework known as the “*Criteria for Performance Excellence*” (*The US Baldrige Framework*) and is an outstanding framework for both assessment of and management of your organization. New Zealand businesses adopt the Criteria as a model for managing and improving their overall performance and also to assess themselves against in order to identify strengths and opportunities for improvement.

Business Excellence Criteria

The best practice framework utilised by the Foundation is also used for the New Zealand National Business Excellence Awards and is increasingly recognised as an outstanding framework for the assessment and management of an organisation that is both comprehensive and holistic. The evaluation process provides an organisation with a comprehensive feedback report which details both strengths and areas for improvement against the criteria.

The criteria comprise the basic and essential elements that any organisation must have in place to aspire to world class performance. The seven areas which make up the criteria and form the basis of evaluation are detailed on the following page.

Criteria Categories:

1. **Leadership** - addresses the critical role of senior leadership in creating and sustaining a customer focus, clear values and expectations, and a culture which promotes performance excellence.
2. **Strategic Planning** - looks at how the organisation sets strategic directions, how it determines key planning requirements and how these lead to effective performance management.
3. **Customer and Market Focus** - this is the essence of Quality Management - how your organisation determines customer and market requirements and expectations.
4. **Information and Analysis** - examines the management and effectiveness of the use of data and information to support customer-driven performance excellence and marketplace success.
5. **Human Resource Development and Management** - examines how the work force is enabled to develop and utilise its full potential whilst remaining aligned with the organisation's performance objectives.
6. **Process Management** - examines the key aspects of process management, including design and delivery of products and services and the management of support processes.
7. **Business Results** - considers the sustained business performance results and improvement trends which will be evident throughout the organisation in a wide range of key areas including customer satisfaction, human resource results, product and service quality, productivity and operational effectiveness, supply quality, financial performance and Governance and Social Responsibility.

Caveats

The scores as reported in the following analysis may not reflect exactly the scores achieved by the companies in the year of their award assessment. The Baldrige Criteria have changed significantly over the 11 years of the study and the older assessments have been normalised to the 2003 Baldrige Criteria to enable realistic comparisons.

Analysis

The analysis is broken into two sections:

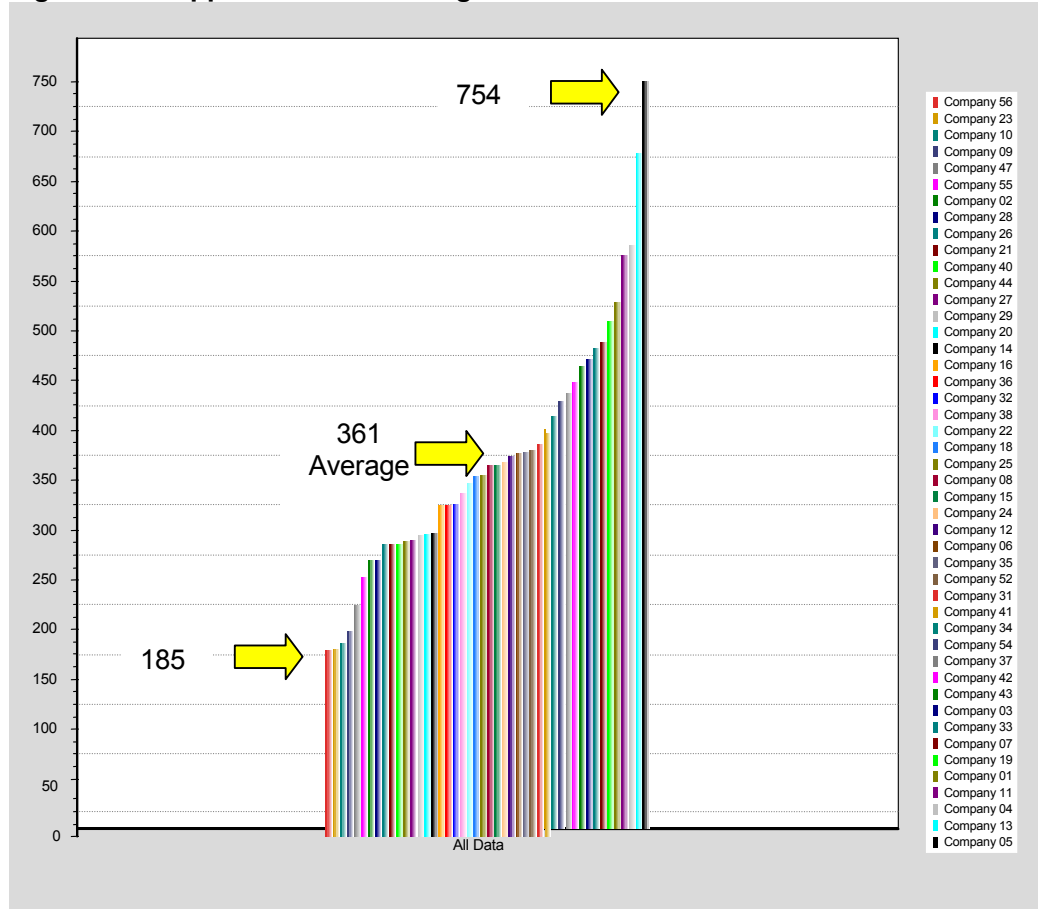
1. 55 Award Applicants including a number of companies that have applied for an award 2 or more times over the period of 1993 to 2003.
2. 7 Companies that have more recently committed to the Business Excellence journey and commissioned NZBEF to conduct a facilitated self Assessment of their organisation as a benchmark to begin planning and budgeting for the journey.

All data has been anonymised to protect the privacy of the companies involved.

Award Applicants 1993-2003

The analysis for Awards Applicants will review the general characteristics of the companies' assessment profiles.

Figure 1. All applicants Score Range



Comments and Conclusions

The range of scores varies from 185/1000 to 754/1000 and shows the variation between members companies as to where they are on the journey. The NZBEF's experience is that most NZ companies would score in the range 150-250 before they commence the Business Excellence journey. It should be noted that in earlier years the NZBEF focused only on running the awards programme and had little to offer in the way of support services for those companies wishing to begin the journey. In recent times, the NZBEF has initiated services that help business commence the journey and prepare for the awards process.

Figure 2. Annual Average Scores 1993 - 2003

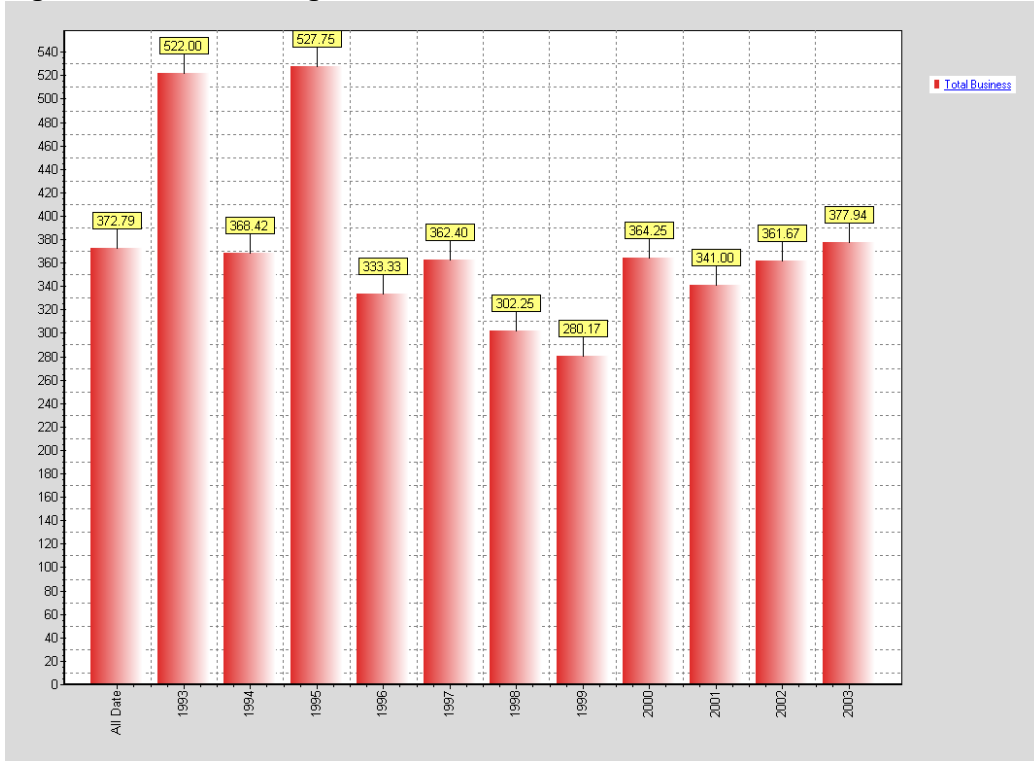
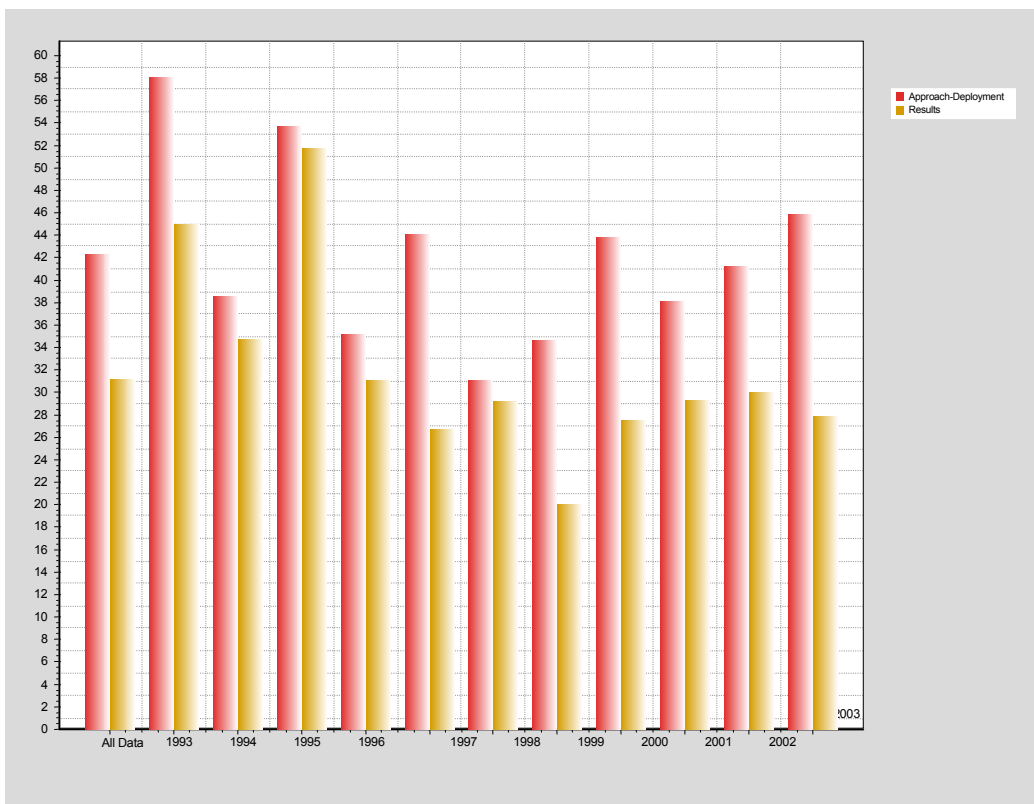


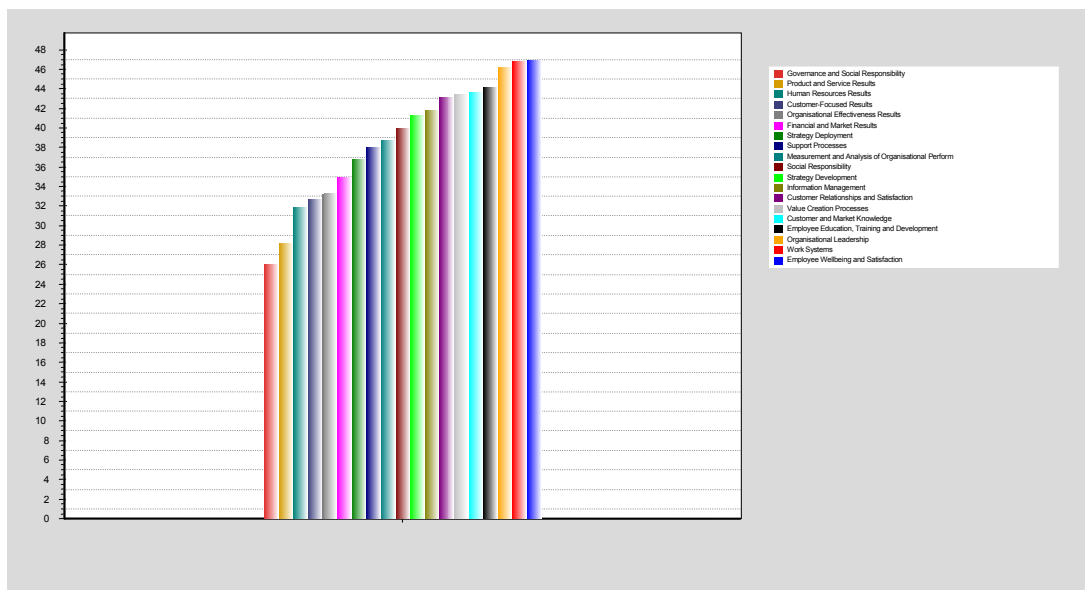
Figure 3. Average Score by year by Approach / Deployment & Results 1993 - 2003



Comments and Conclusions

1. The first main conclusion is that the years 1993 and 1995 were unusual. The higher scores occurred because these two years each contained a company that scored at “Gold” level Award. This level is the equivalent to a full Baldrige Award as per the US Awards framework and these are the only two Gold awards that have been achieved in New Zealand to-date.
2. The second main conclusion is that the annual average has been showing a pleasingly positive trend since 1999, with an extra peak in 2000. It remains to be seen if the trend can be continued into the future.
3. It is obvious from the breakdown of the annual average scores into Approach & Deployment and Results that the trend for Approach & Deployment since 1998 is very positive, but the trend for Results has not been improving at the same rate and actually deteriorated in 2003. Our investigations tell us that this is due to the fact that companies tend to struggle with the Results area of the criteria and in particular the alignment of their strategic measurement systems. In 2003 the Results section was re-organised to put more emphasis on Governance and Social Responsibility (in the wake of Enron and World Com). This has placed an additional challenge on award applicants to show positive results and trends in this area.

Figure 4. Average Score by Criteria Item



Comments and Conclusions

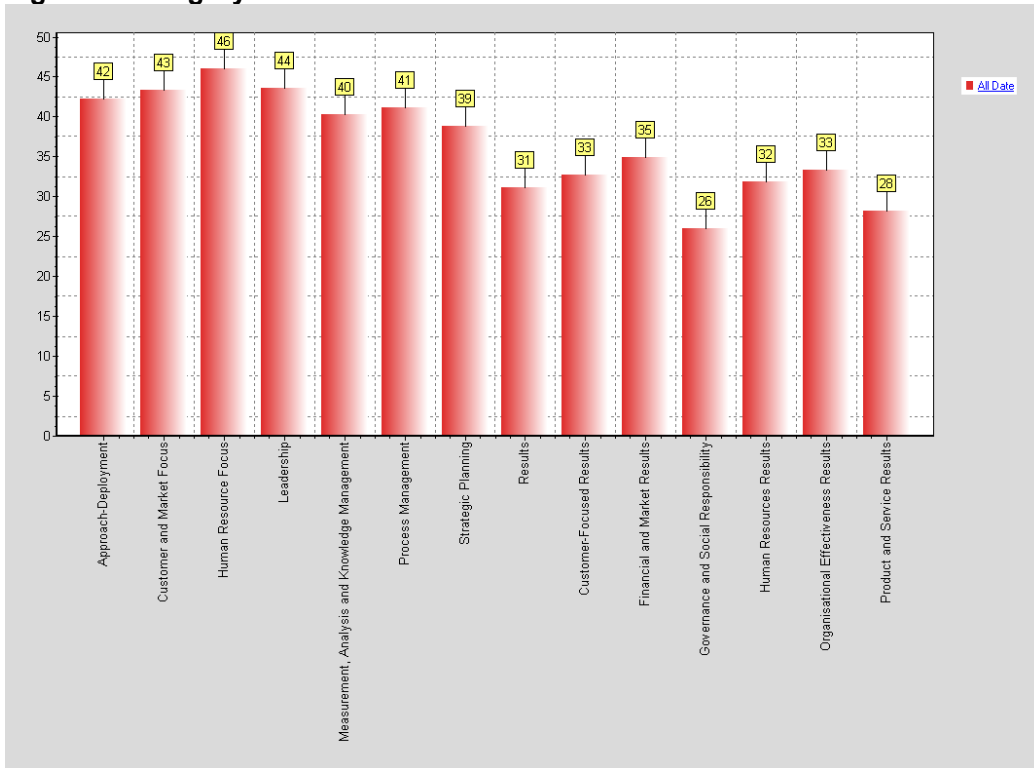
The weakest areas include:

1. Governance and Social Responsibility
2. Product and Service Results
3. Human Resources Results

The strongest areas include:

1. Employee Wellbeing and Satisfaction
2. Work Systems
3. Organisational Leadership

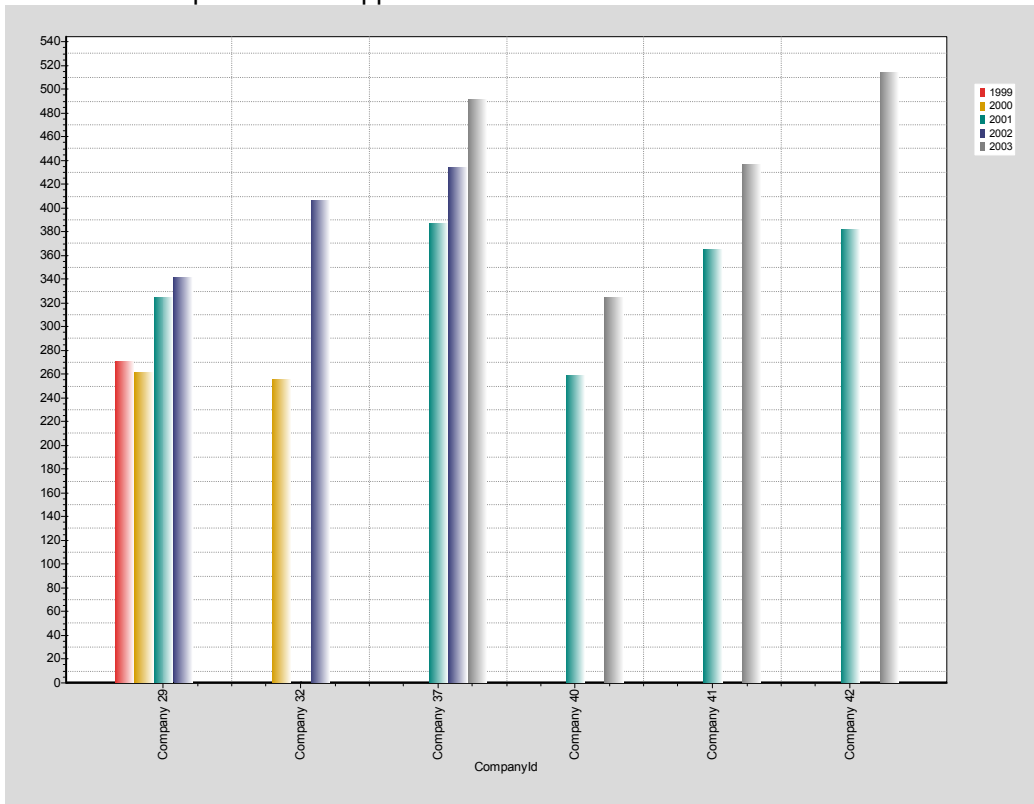
Figure 5. Category Scores



1. This graph tends to confirm that the Category that companies struggle with most is Results. In particular **Product and Service Results** and **Governance and Social Responsibility Results** are the weakest areas. **Governance and Social Responsibility** was added in 2003, so it is unlikely that companies will be able to demonstrate results with positive trends across many years. Expect to see improvements in this section in the future.
2. The strongest scores were in Category 5 - **Human Resource Focus** closely followed by Category 1 - **Leadership** and Category 3 - **Customer and Market Focus**. In spite of this no category scored (on average) over 50% indicating there is still a lot of room for improvement.

Figure 6. Repeat Applicants Analysis

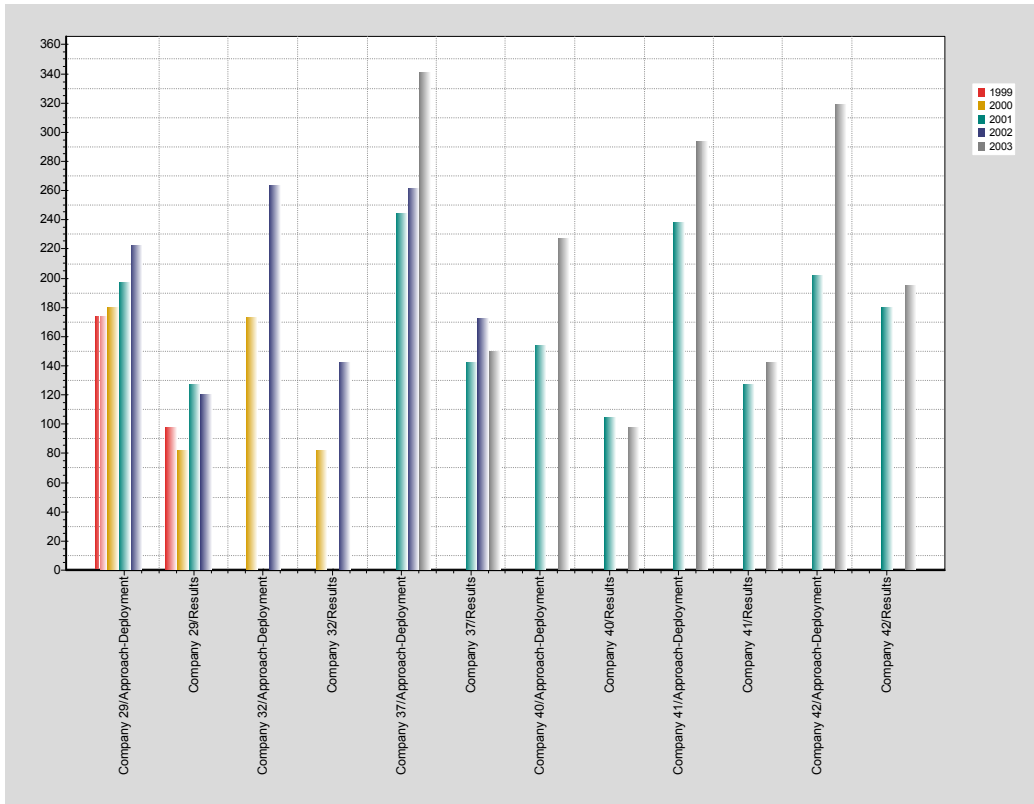
A total of 6 companies have applied for an award at least twice.



Comments and Conclusions

1. All companies showed significant improvements over the period from first application to the most recent.
2. Improvements per year were in the region of 30-80 points per year.

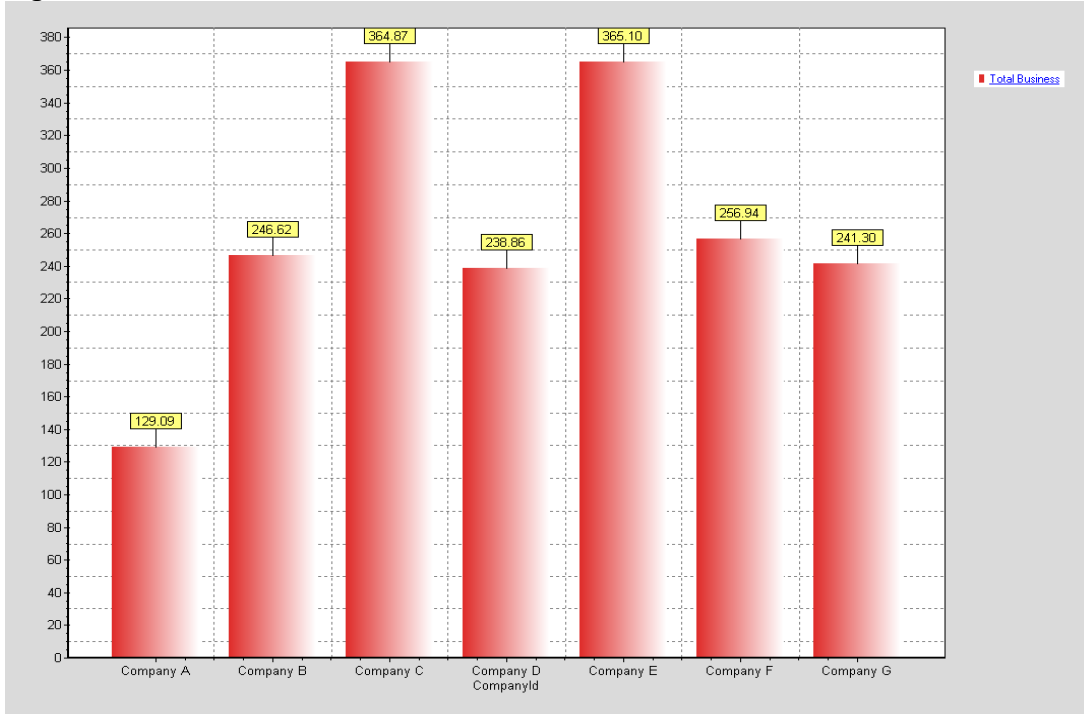
Figure 7. Repeat Applicants - Improvements by Approach & Deployment and Results Categories



Comments and Conclusions

3. This graph shows that almost without exception the improvements came from the **Approach and Deployment** section. The improvements in **Results** were considerably less by proportion and in some cases showed negative trends. This reinforces the challenges companies face in the **Results** area.

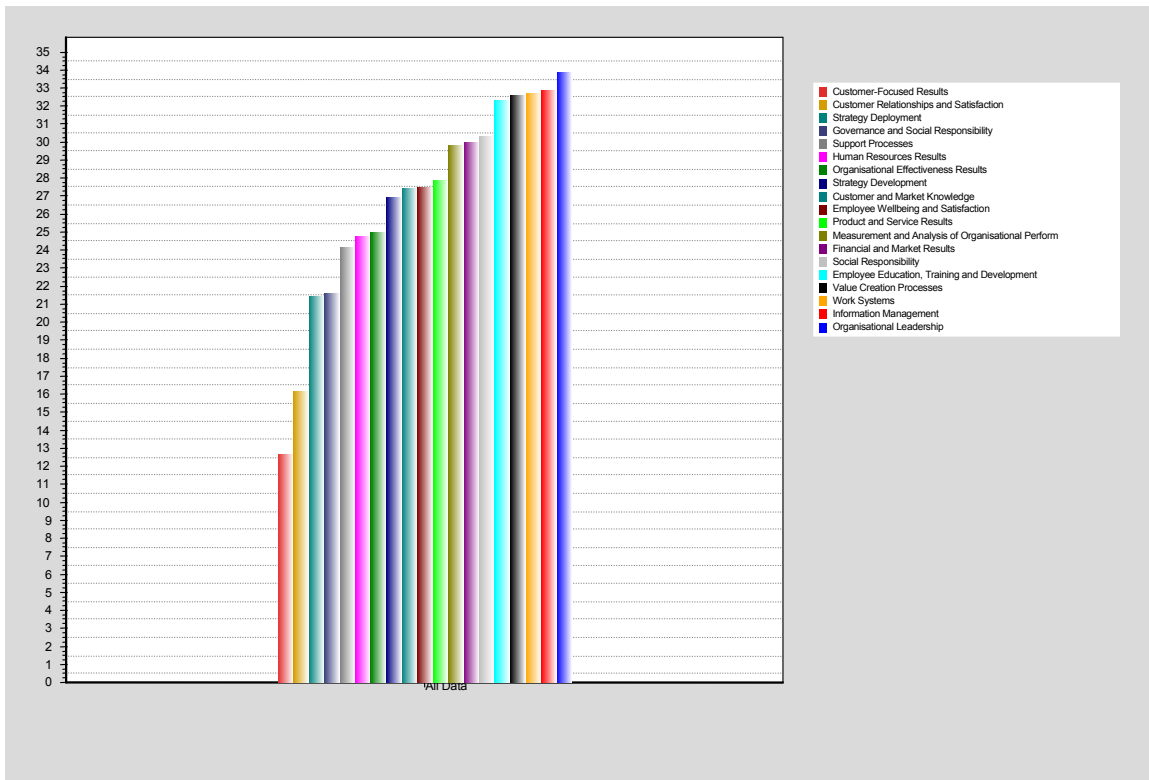
Figure 8. Assisted Assessments 2003



Comments and Conclusions

1. The two high scores, Companies C and E were organisations that had already completed an Award application in a previous year and were considering re-applying. The remainder of the companies were new to the Business Excellence journey.
2. Most entrant companies score around the 150-250 mark. Assuming that the companies that begin the Business Excellence journey to an Award tend to be the better companies in our economy, we could assume that most New Zealand companies will score below 250 and probably below 200. Formal research would be needed to determine the actual level.

Figure 9. Average Scores by Criteria Item



Comments and Conclusions

1. Customer Issues and Strategy Deployment are the two critical areas.
2. Organisational Leadership and Information Management are the best areas, but still weak at 30-35%

Table 1 – Approach & Deployment – Individual Question Scores below 20%

Question	%
Customer and Market Focus You have a mechanism to obtain and use customer satisfaction information and benchmark with competitors or industry standards as appropriate.	3
Human Resource Focus You have an effective career progression process	7
Strategic Planning Your performance is benchmarked against competitors, past performance, goals and other industry benchmarks as appropriate.	9
Strategic Planning Your company monitors changes in the national and global economy	10
Customer and Market Focus Complaint information is aggregated and analysed for use in improvement processes throughout the organisation and by your partners as appropriate.	11
Customer and Market Focus You have a mechanism to ensure your approaches to determining customer satisfaction are kept current with business needs and directions.	11
Customer and Market Focus Your customer satisfaction measurements capture actionable information that predicts customers' future business with you and the potential for positive referral.	11
Process Management There are mechanisms by which defects and rework are prevented	13
Process Management Cycle time, productivity, cost control and other efficiency and effectiveness factors are incorporated into the processes as appropriate.	14
Customer and Market Focus You are clear about the differences between customer groups and the different determination methods they require.	14
Human Resource Focus The key factors found for employee well-being, satisfaction and motivation are segmented for a diverse workforce and for varying categories and types of employees as appropriate.	15
Customer and Market Focus You have a mechanism to follow-up on customers on product and services transactions to receive prompt and actionable feedback.	16
Human Resource Focus You have performance measures and/or targets for each key environmental factor.	16
Measurement, Analysis and Knowledge Management There is a formal method of identifying and sharing of best practices.	16
Process Management New technology and organisational knowledge are incorporated into the design of these processes.	16
Process Management You ensure that the processes meet design requirements when they are implemented	16
Customer and Market Focus The information gathered on customer satisfaction or dissatisfaction is used for business improvements.	17
Strategic Planning You have a mechanism to ensure your approaches to building relationships and providing customer access are kept current with business needs and directions.	17
Strategic Planning Internal customer feedback is used in managing your support processes as appropriate.	17
Human Resource Focus Assessment methods are appropriately tailored for segments, categories and types of employees in a diverse workforce.	19

Human Resource Focus You have effective succession planning for senior leadership and throughout the organisation.	19
Process Management You have key performance measures/indicators used for the management and improvement of these support processes and your day-to-day operation of key support processes ensures the meeting of key performance requirements.	19
Strategic Planning Key performance measures/indicators cover all key deployment areas and all stakeholders.	19
Strategic Planning Your action plans address resource allocations.	19

Comments and Conclusions

1. This table shows that the most critical issues facing new entrants to the Business Development journey include benchmarking with competitors and industry standards and the development of career progression paths.

Table 2 – Individual Question Scores 40% and Above

Question	%
Process Management Your key value creation processes create value for the organisation, its customers and key stakeholders	47
Measurement, Analysis and Knowledge Management Hardware and software is reliable, secure and user friendly	45
Leadership There is fiscal accountability	44
Human Resources Focus Employees take part in improving workplace health, safety and ergonomics.	43
Human Resources Focus You constantly improve workplace health, safety and ergonomics.	43
Human Resources Focus Your employee performance management system includes feedback to employees that supports high performance and a customer and business focus.	43
Process Management You have a process or mechanism for determining key value creation process requirements incorporating input from customers, suppliers and partners as appropriate.	43
Leadership The business has a clear and well-defined short-term direction.	41
Leadership The long-term and short-term directions and performance expectations of the organisation are customer focused and aimed at continuously adding value.	41
Measurement, Analysis and Knowledge Management Data and information availability mechanisms are kept current with business needs and directions.	41
Human Resources Focus You have formal and informal mechanisms to help employees attain job and career related development/learning objectives.	40
Human Resources Focus Your education, training and development systems address needs associated with performance measurement, performance improvement and technological change.	40
Leadership The business has clear and well defined long-term direction.	40
Leadership Your company anticipates public concerns and prepares for these concerns in a	40

proactive manner.	
Measurement, Analysis and Knowledge Management The results of high-level organisational analysis are effectively communicated to relevant work groups and organisational units/departments.	40
Process Management Partner input is used in managing these processes	40
Process Management You perform inspections, tests and process/performance audits to minimise warranty and/or rework costs as appropriate.	40

Comments and Conclusions

1. The best areas (albeit still with a way to go) are processes that create value for Shareholders, Customers and other Stakeholders; good hardware and software systems and health and safety issues.
2. It's worth noting that there is nothing in the way of Customer and Market Focus in this list.

Table 3 – Results Question Scores

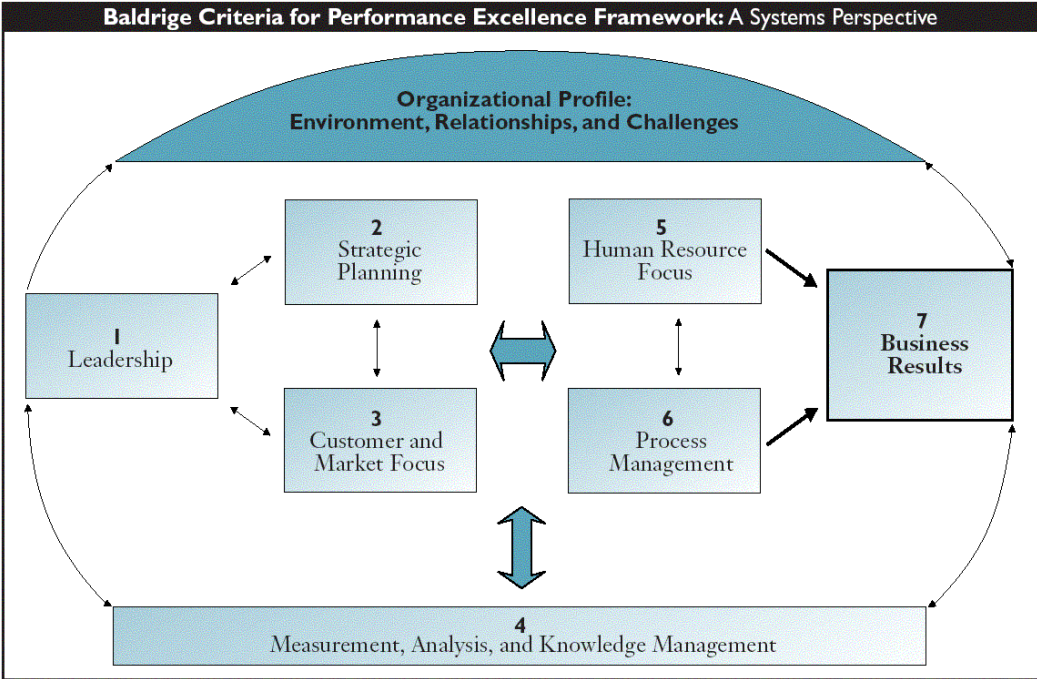
Question	%
Comparisons with competitors' levels of customer satisfaction.	6
Current levels and trends in key measures/indicators of customer perceived value.	10
Current levels and trends in key measures/indicators of positive customer referral.	10
Current comparisons with competitors, where appropriate.	10
Current levels and trends in key measurements or indicators of stakeholder trust in the governance of the organisation.	14
Current levels and trends in key measures/indicators of any other aspects of building relationships with customers as appropriate.	14
Current levels and trends in key measures/indicators of customer loyalty and retention.	17
Current levels and trends in key measures/indicators of customer satisfaction and dissatisfaction.	19
Current levels and trends in key measurements or indicators of ethical behaviour	20
Current levels and trends in key measures/indicators of organisational citizenship in support of your key communities..	21
Current levels and trends in key measures/indicators of regulatory/legal compliance.	21
Current levels and trends in key measures/indicators of supplier and partner performance.	21
Current levels and trends in key measures/indicators of employee well-being, satisfaction and dissatisfaction.	23
Current levels and trends in key measures/indicators of accomplishment of organisational strategy and action plans	23
Current levels and trends in key measures/indicators of employee learning and development	24
Current levels and trends in key measures/indicators of operational performance of key support processes.	24
Current levels and trends in key measures/indicators of marketplace performance.	26
Current levels and trends in key measures/indicators of work system performance and effectiveness.	27
Current levels and trends in key measures or indicators for fiscal accountability both internal and external.	30
Current levels and trends in key measures/indicators of product and service performance that is important to customers.	30

Current levels and trends in key measures/indicators of the operational performance of key value creation processes.	32
Current levels and trends in key measures/indicators of financial performance.	34

Comments and Conclusions

1. The weakest area in results reporting is in the tracking of customer information such as satisfaction benchmarking with competitors, perceived value and referral rates.
2. The strongest areas (though still very weak at 30-34%) are fiscal accountability, product and service performance to customers and operational value creation processes. New Zealand businesses seem to be best at operational processes and accounting and not so good on marketing.

Appendix 1 – Malcolm Baldrige Criteria Overview



Reprinted from: 2004 Baldrige National Quality Program – Criteria for Performance Excellence