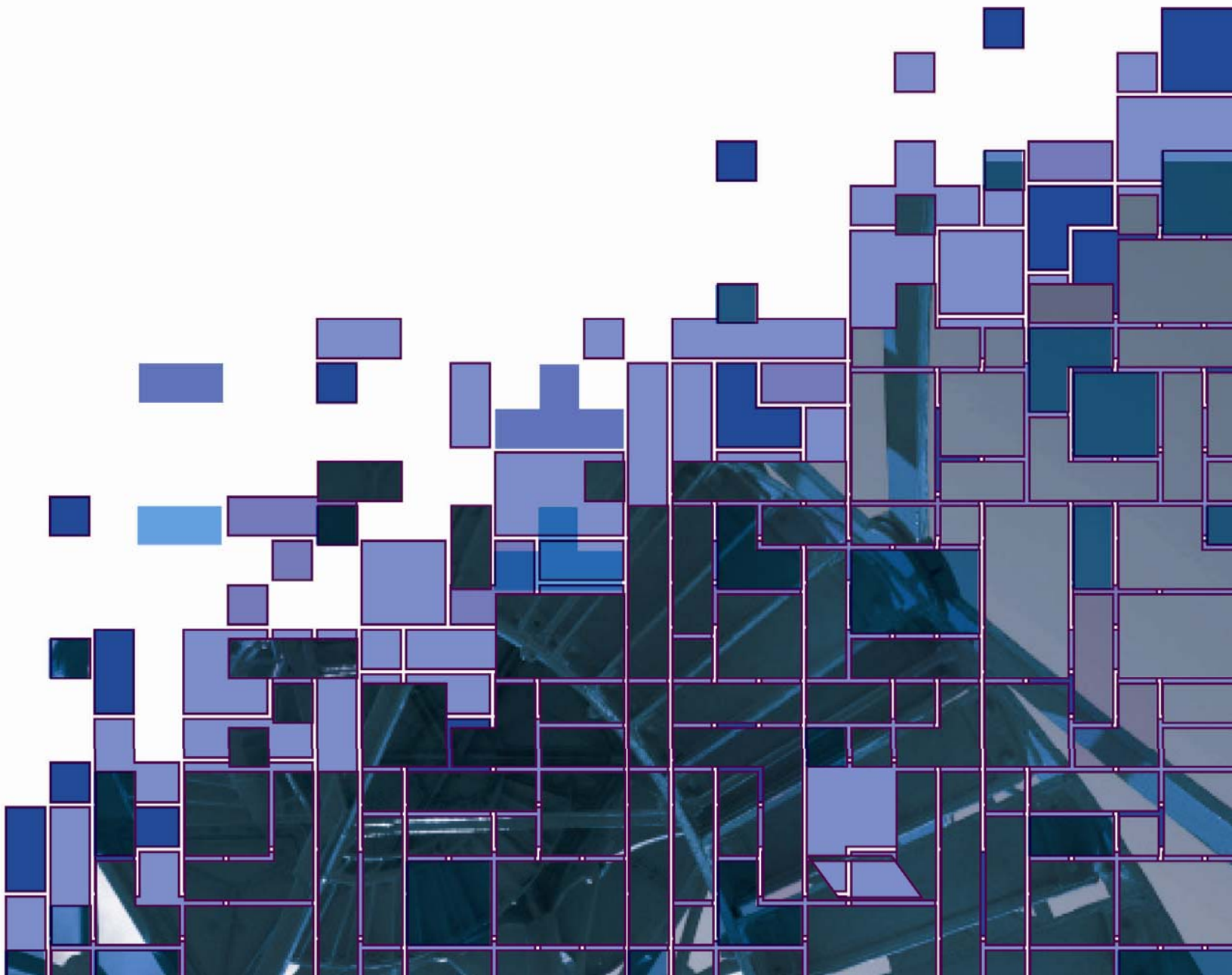




SAI GLOBAL
INFORM. INSPIRE. IMPROVE.

Whitepaper: Business Assessment as a Tool for Improvement

How to analyse and understand your organisation to enhance results



Introduction

One of the premises of the 21st century is that change is the only constant and that in order to survive; individuals and organisations must collectively adapt to maintain relevance in delivering their purpose.

The last few decades has seen an ever-increasing array of more complex problems combined with exponential growth in technology and its corresponding competition. This is the unforgiving environment under which businesses, organisations and communities must compete. The imperative is to rapidly learn and adapt. To do this however we must first understand the elements that make up our existence.

The Nature of organisations and the Changing Face of Improvement

The journey of quality over the last 60 years has seen the basic tenets and principles reinforced and strengthened. Many of the theories put forward by notable quality figureheads such as Deming, Juran and Crosby have been refined and complemented with more recent advocates such as Porter, Senge, Albrecht and Covey.

The early theories built around solid statistical data and measurements have understood the interrelationship with people and management. These layers need to be understood in relation to the culture that they create while ensuring the organisation's purpose is met and that the outcomes desired by all of its stakeholders are being delivered.

Globalisation has rapidly increased the requirement for organisations to perform to their maximum capacity as well as being able to adapt rapidly to change. The work around systems thinking and learning organisations has greatly enhanced the existing quality framework. It has enabled organisations to delve into themselves and reframe their approach on how best to plan for, deliver, reflect on and truly learn from their successes.

The Need to Understand

In today's environment many organisations have been forced to "look within" to assess where they are now and to identify the changes needed to deliver a sustainable high performing organisation. Key stakeholders are also demanding better information to assess the performance of an organisation - at all levels. Australian organisations that are serious about improvement understand the value of regularly assessing the performance of their leadership and management systems. They need to perform this against a framework across the entire organisation. With this

focus it is possible to identify strategically relevant opportunities with the potential to drive superior business results, directly improving the profitability.

Assessment is suitable for any organisation serious about evaluating the performance of its management and leadership systems against a leading edge model or framework. There exist a number of models that have been built around an assessment concept which “look within” using an excellence frame. This frame is designed to provide a benchmark at such a high level as to force the organisation to stretch itself. SAI Global’s Business Excellence Framework (BEF) has constantly re-examined itself to ensure its continuing relevance and to remain leading edge. High performing Australian and multinational organisations – large and small, private and public - use the BEF as the basis to assess their own organisations.

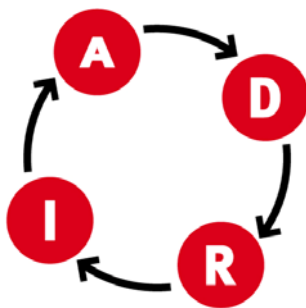
The Assessment Dimension

The BEF Assessment for Excellence is a comprehensive, systematic, regular cyclic review of an organisation’s management processes and performance against a model of Business Excellence. It examines the organisation using the BEF lens and is able to determine a gap between the ideal and the system in existence. It does this in a method that does not divide the organisation into discreet parts but examines it in its entirety. The concept is based around the belief that organisations are more closely related to living organisms than previous mechanistic models e.g. silos.

Combined with the assessment is a learning dimension known as the ADRI. An organisation’s performance against each Item of the Framework can be evaluated and assessed on these four dimensions.

The ADRI stands for;

- Approach
- Deployment
- Results and
- Improvement.



The Items in the Business Excellence Framework are evaluated by exploring how the organisation puts plans and structures into place; deploys those plans and structures; measures and analyses the outcomes; and learns from its experience. These are known as the “Assessment Dimensions” of Approach, Deployment, Results and Improvement (ADRI).

This assessment dimension allows an organisation to be assessed against how effectively it creates a continuous improvement approach against each of the elements of the ADRI. This is seen more as a life cycle process, for if organisations were to exist without learning and improving they would eventually reach entropy.

The two engines of the BEF therefore allow for a holistic analysis of an organisation which provides clear areas for opportunity based on sound quality practices.

The assessment enables an organisation to clearly:

- **Assess** the performance of their leadership and management systems
- **Build** those results into strategic planning processes
- **Benchmark** where their organisation stands in terms of the marketplace and competitors
- **Drive** and focus business improvement to achieve measurable results

Business Excellence and the Assessment Framework

The Business Excellence Framework provides a model for innovation, improvement and long term success, applicable to all organisations, whatever their purpose. It is designed to help organisations measure current performance and build a pathway for future success.

The Framework defines seven Performance categories that are interrelated, and organisations cannot achieve sustained success without sound systems and processes in place for all seven.



The seven Categories create a specific structure or context in which organisations can review, question and analyse their leadership and management system.

The seven Categories are made up of 17 subcategories called Items. The Framework gives descriptions of areas in each Item to which organisations should pay attention.

These are designed to give organisations guidance as to what they must address in order to achieve sustained success.

It is these categories and items that are then examined using the ADRI elements.

Methods for Uncovering Opportunities for Improvement.

There are two main methods employed to capture and analyse organisation data around the BEF. They are surveys and controlled and facilitated forums. They can be used separately or in combination. Each has merits but both reveal data in qualitative and quantitative forms.

By examining the gap between the ideal and the present, key issues are identified and examined which reveals both inherent strengths and opportunities of the organisation. Using a holistic view, critical to business issues can be prioritised ensuring system integrity.

Benefits of a Holistic Approach

An independent financial research agency SIRCA has undertaken a study comparing the performance of Australian Business Excellence Award Winners against the ASX All Ords.

The study created The Australian Business Excellence Index, and it sees a hypothetical sum of money invested in each of the ASX traded Australian Business Excellence Award Winners and compares the return on that portfolio with the return from an identical amount invested in the Australian All Ords.

The Australian Business Excellence Awards Winners out-perform the All Ords 3.5 to 1.

The Index gives valuable quantitative data on the impact of strong leadership and management on stock price and provides investors with a tool to drive safer investments and better returns.

The integration of the Framework enables organisations to:

- Strategically drive continuous improvement from an organisational perspective
- Improve the performance of leadership and management systems to better the bottom line across financial and non-financial performance indicators.
- Achieve consistency of direction and consensus on what needs to be done
- Engage people at levels of the organisation in the assessment and strategic planning processes
- Assist with the integration of excellence into normal business operations
- Progressively upgrade the capabilities of the organisation to drive improvement

Assessment for Excellence is an integrated part of organisational improvement.

Steps towards Implementation

Implementation consists of an external facilitator who can work with you to diagnose the solution that best suits your needs.

An assessment consists of:

- Facilitation and assessment expertise to ensure valid and accurate data collection
- A comprehensive report providing strengths and opportunities to help you plan and prioritise organisational improvement
- Integration of opportunities into your organisation's planning
- Significant learning about your organisation's capabilities and how to apply the framework for sustainable success
- Access to the highest level of expertise in business excellence

The process continues with a range of improvement methodologies to identify and deliver long term improvements including;

- Customised Consulting
- Mentoring and Coaching
- Training and Development programs
- Graduate Certificate courses in Business Excellence Evaluation and Organisational Assessment
- Driving Sustainable Excellence programs to help you focus and deliver your improvement opportunities

The table below highlights the key steps and the associated process.

Your options	Business Excellence Indicator	Facilitated Assessment	External Assessment
Overview	An online survey against the categories and items of the framework.	Facilitated workshops against the categories and items of the Framework. Some learning about Business Excellence is achieved during the facilitated workshops.	Experienced business excellence assessors review the organisation against categories and items of the Framework.
What is the output?	Scores and qualitative input is analysed. Findings are reported and strengths and improvement opportunities are highlighted	Scores and discussions are analysed. Findings are reported and strengths and improvement opportunities are highlighted	Independent experts report on specific recommendations on best practice
Suitable for organisations?	Who are striving for business excellence with a systematic approach to planning	Who are striving for business excellence with a systematic approach to planning	With a well developed understanding of Business Excellence and a mature planning process
What levels of the organisation can be involved	Executive, Management and Employee level	Executive, Management and Employee level	Executive, Management and Employee level
Method of data collection	Online survey with limited qualitative input.	Facilitated workshops	External collection of data through informal discussions and focus groups
Is there a point score?	Yes, score is out of 1000	Yes, score is out of 1000	Yes, a score is given out of 1000
Indicative time from start to action planning	4-8 weeks	4-10 weeks	6- 10 weeks

SAI Global has worked successfully with a range of public, private and not for profit organisations to assess and drive performance through the application of the principles and practices of the Framework. Assessment using the BEF will provide clear, directed analysis and provide the appropriate solution to those areas to deliver improvement and savings to your business.