

# Starting the business excellence journey: An overview

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Massey University, Palmerston North, New Zealand, 2005

## Introduction

Organisational improvement and change are important issues for New Zealand, particularly for our services organisations. The significance of our services sector continues to grow. In 2004, services such as finance, insurance and business services contributed 25% of GNP, compared with 16% from manufacturing.

International, and now New Zealand-based research indicates that when implemented effectively, business excellence (BE) has the potential to guide an organisation to achieve improved business performance. Organisations which embark on the BE journey, adopt a BE framework, such as the Baldrige Criteria for Performance Excellence (CPE) to guide the improvement journey.

Recent New Zealand-based research, carried out by Jo Innes, Massey University examined how New Zealand services organisations start the BE journey. Case study and survey were used to develop a conceptual framework to represent the BE journey and associated guidelines for practice.

This paper provides an overview of the findings and a brief discussion of their significance for practice. The key findings are listed below.

### Key findings

- The findings relate to large, private and public services organisations within New Zealand
- BE is seen as a business improvement strategy. It is typically associated with the need for managed growth and improvement and to co-ordinate improvement initiatives.
- Starting the BE journey, i.e. making the transition from decision to start to sustaining BE, typically takes an organisation 4 to 5 years. The process is characterised by progressing from a focus on BE tools and techniques, to the implementation of improvement initiatives, to the integration of organisational and BE strategy.
- The start of the BE journey is characterised by alignment and integration of key multiple practices and people. These key practices and people are perceived to influence the BE journey via intermediate outcomes.
- BE is perceived to contribute to significant improvement in business results, CPE score, organisational culture and climate, and engagement.

**For more information about the research contact Jo Innes  
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# Summary of the findings

The BE journey is described as an ongoing process involving three general timeframes i.e. decision to start the journey, starting the journey and sustaining the journey. The research focuses on the first two timeframes.

## Decision to start the BE journey

The ‘decision to start’ typically involves (1) the decision to start an improvement journey, (2) the decision to adopt the CPE, and (3) planning to start the journey.

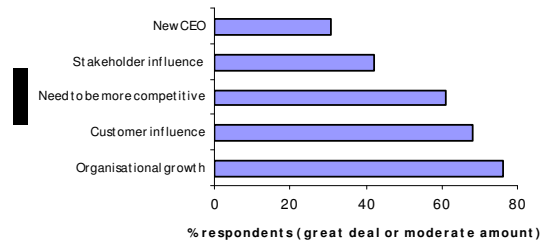
The **decision to start** the journey is typically in response to a need for organisational growth.

The **decision to adopt the CPE** is influenced by a range of external and internal drivers. The primary drivers are (1) to guide continuous improvement and (2) it is internationally proven to work.

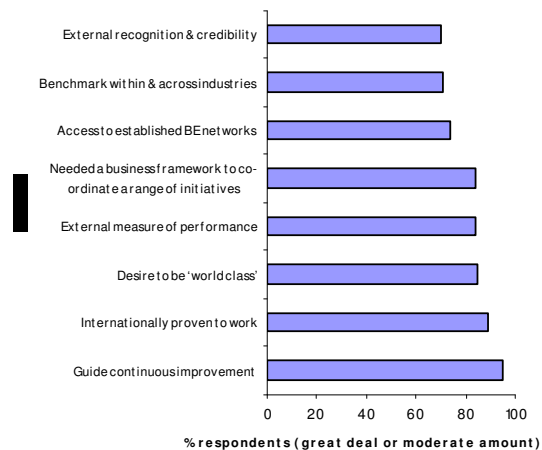
**Planning to start the BE journey** typically involves considering the fit between the organisation and BE; and the readiness of the organisation.

Survey respondents preferred a whole organisation approach to starting the BE journey versus a fragmented approach.

Key drivers perceived to influence the decision to start



Key drivers perceived to influence the decision to adopt CPE



Readiness for the BE journey was described as:

- Organisation design facilitates working as one organisation
- Strong support processes
- BE is adopted as a long-term improvement strategy
- BE is aligned with organisational purpose & culture
- CEO focuses on leadership & strategy; sponsors BE
- Executive work together as a cohesive group
- There is a BE champion; has influence with executive & staff

## Starting the BE journey

The focus of the study was on how services organisations start the BE journey. Starting the journey was defined as the period of transition between decision to start the journey and sustaining the journey. The researcher examined the process and the context of the journey, how key practices and people influence the journey, and the outcomes of the journey.

Participants perceived the **process** of the BE journey was characterised by an initial foundation period, which was followed by three phases or levels of maturity. Some organisations integrated all three levels within Year 1 of the journey.

The process of the BE journey is characterised by levels of maturity:

- Pre-start; establishing a foundation
- Year 1; focus on BE tools & techniques
- Year 2 & 3; focus on implementation & measurement of improvement initiatives
- Year 4 & 5; focus on integration of organisational & improvement strategy.

Participants identified **practices and people** they perceived enabled and constrained the BE journey. Practices may be external or internal to the organisation, or specific to BE. Key people may be individuals or groups.

Practices & people were perceived to enable and constrain the BE journey. The following list identifies those practices & people perceived as highly influential by at least 40% of the survey respondents.

### Organisation-wide practices:

- Strategic plan has a customer & results focus

### BE practices:

- BE is adopted as a long-term improvement strategy
- BE is aligned with organisational purpose & culture
- Self-assessment report identifies opportunities for improvement
- Won a national BE award

### People practices:

- CEO focuses on leadership & strategy; sponsors BE
- Executive work together as a cohesive group
- Key people experience world class organisations
- There is a BE champion; has influence with executive & staff

**Key practices and people** are those perceived to be highly enabling or highly constraining by at least 30% of the survey respondents (see Appendix A).

Participants perceived that practices and people typically influenced the BE journey via **intermediate outcomes**, throughout the journey (see Appendix B).

Key practices and people are perceived to influence the BE journey via intermediate outcomes.

### Organisational culture (beliefs & values):

- Clarity of direction; for the organisation & BE
- Voluntary involvement; people value improvement & change

### Organisational climate (work environment):

- Relationships; external and internal
- Capacity; organisational & people capacity to improve
- Expertise; organisational & people ability to improve

### Engagement:

- Understanding
- Confidence & trust
- Energy & interest

### Momentum:

- Catalyst or turning point
- Sustaining the journey

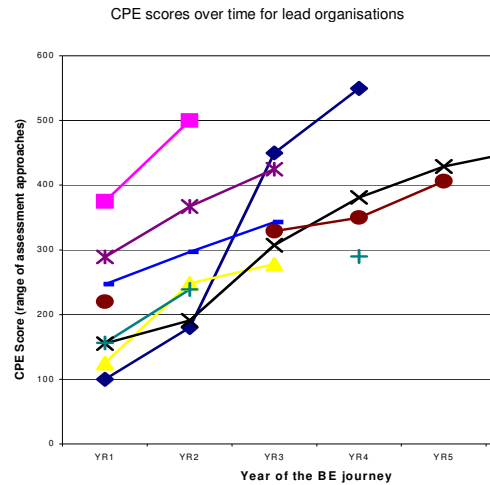
**Transformational** practices were perceived to influence organisational culture. **Transactional** practices were perceived to influence organisational climate. Both types of practices were perceived to influence engagement and momentum.

## Final outcomes for the BE journey

Respondents perceived BE had contributed to significant improvement in business results, rate of improvement, organisational culture and climate, and engagement in the organisation and the BE journey.

Lead organisations reported a steady rate of improvement (as measured by the CPE) since year 1 of the BE journey. These organisations achieved an average improvement of 42 points per year over the first four years of their BE journey.

Note: Organisations applied a range of assessment approaches.



Participants perceived they had achieved significant improvement over time in a number of dimensions and that BE had contributed to this change to some extent.

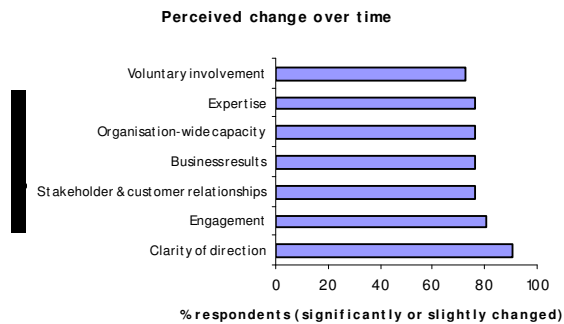
BE was perceived to have contributed to significant improvement in:

Business results (as measured by the CPE);

Organisational culture (clarity of direction, voluntary involvement);

Organisational climate (relationships, capacity, expertise), and

Engagement in the organisation and the BE journey (understanding, energy & interest, confidence & trust).



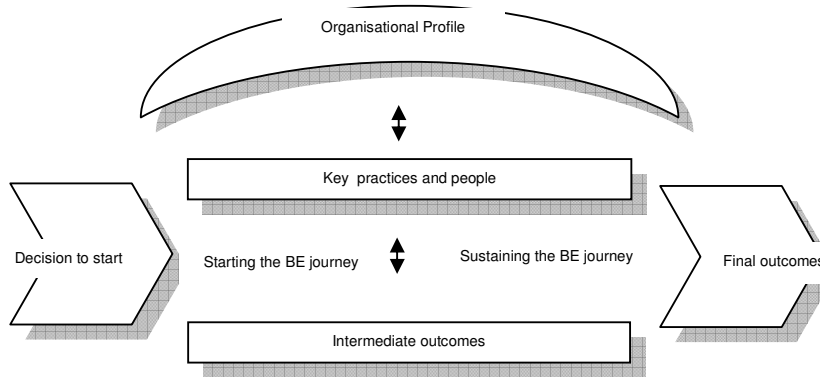
## Conclusions

The study developed a conceptual framework to represent how New Zealand services organisations start the BE journey. Based on the framework, the researcher developed guidelines for practice.

### Conceptual framework

The conceptual framework, as presented below, represents the start of the BE journey as an aligned and integrated approach to achieving business improvement and organisational change.

The framework represents the context of the BE journey (organisational profile, key practices and people), the process of the BE journey (three general timeframes), intermediate and final outcomes of the BE journey.



The framework complements the CPE in that it focuses on the start of the BE journey and integrates organisational change thinking. The framework represents how the organisational profile influences the BE journey, particularly the decision to start. It identifies key practices and people perceived to enable and constrain the start of the journey. The framework develops the CPE by representing how key practices and people influence the journey via intermediate outcomes and adds change in culture, climate and engagement as a final outcome.

The framework is consistent with organisational change thinking. The framework represents the organisational profile and its influence throughout the BE journey. The key practices and people identified as highly influential for the BE journey are consistent with the practices known to influence organisational change. The framework is also consistent with the concept that sustainable organisational change is achieved when transformational and transactional factors influence organisational culture and climate, and individual motivation.

## Implications for practice

### Principles

Embedded within the framework are four principles that can be applied to guide practice. The start of the BE journey requires: (1) the alignment between the organisational profile and actions taken, (2) the integration of multiple practices and people, throughout the organisation, and throughout the journey, (3) the integration between organisational function and organisational change, (4) the integration of transformation and transactional practices.

### Ensure the decision to start the BE journey is related to organisational strategy

The framework represents the need for congruence between the profile of the organisation and BE. The findings suggest BE is being adopted by services organisations as a business strategy to achieve organisational growth and continuous improvement. These organisations are typically large (100+ people), and from both the private and public sectors. Although some organisations were in the early stages of establishment, the majority were mature organisations.

### Achieve integration as quickly as possible

Organisations appear to typically start the BE journey by making the transition through levels of maturity. This process may take up to 5 years. The levels are: (1) establishing a foundation, (2) focus on tools and techniques, (3) focus on implementation and measurement, and (4) focus on integration. Organisations able to establish a strong foundation and then progress quickly through the levels of maturity appear to be able to achieve the identified intermediate and final outcomes within the five year period.

### Select practices and people that enable the BE journey; manage the constraints

The framework identifies multiple key practices and people that are perceived to enable and constrain the BE journey. These key practices and people can be aligned with the CPE to guide practitioners select and implement practices known to enable the start of BE journey. By applying the proposed conceptual framework, participants will be taking a systems approach to BE as proposed by the CPE, as well as implementing proven organisational change practices.

### Select practices and people that influence organisational culture and climate

Transformational practices are perceived to influence organisational culture, and transactional practices are perceived to influence organisational climate, and collectively they are perceived to influence individual and organisational performance. Initial findings indicate that starting and sustaining the BE journey is associated with organisations achieving an organisational culture and climate that influences the BE journey. Practitioners may select and implement practices shown to influence the culture and climate.

### Monitor the results and the process of the BE journey

The BE journey is typically monitored by measuring change in business results and the CPE score over time. The findings suggest there is also value in practitioners monitoring change in additional dimensions known to influence the BE journey; such as organisational culture (clarity of direction, voluntary involvement), climate (relationships, capacity, expertise) and engagement (understanding, confidence and trust, energy and interest).

# Appendix A

## Key transformational and transactional practices are perceived to influence the BE journey

|   | Key transformational practices  | Key transactional practices  |
|---|---|--|
| Organisation-wide focus   | <p>** Strategic plan has a customer &amp; results focus</p> <p>Organisation values are integrated</p> <p>Communication is 2 way</p>   | <p>Strong support processes eg IT, HR, financial</p> <p>Capability in project work &amp; project team work</p> <p>Plans are deployed</p> <p>Organisation design facilitates working as 'one organisation'</p> <p>* There are conflicting priorities between 'urgent' work &amp; improvement work</p>   |
| BE focus  | <p>** BE is adopted as a long term improvement strategy</p> <p>** BE is aligned with organisation purpose &amp; culture</p> <p>BE &amp; organisation planning are integrated</p>  | <p>** Won a national BE award</p> <p>** Self-assessment report identifies opportunities for improvement</p> <p>Participate as a national evaluator</p> <p>* The 'critical few' improvement projects are not resourced</p> <p>Prepare an award or self-assessment application</p> <p>BE journey is monitored &amp; reviewed</p> <p>BE improvement project groups are cross functional</p>   |
| People focus  | <p>** CEO sponsors BE</p> <p>** CEO focuses on both leadership &amp; strategy</p> <p>** Executive work together as a cohesive group</p> <p>Staff are involved in BE initiatives eg self-assessment</p> <p>Staff are involved in initiatives that impact on them</p> <p>Executive are actively involved eg apply BE to their unit, participate in BE initiatives</p> | <p>** Key people experience world class organisations eg study visits, networking</p> <p>** There is a BE champion or facilitator</p> <p>** The BE champion has influence with executive &amp; with staff</p> <p>Key people have access to a BE advisor /coach</p> <p>Staff see improvement ideas actioned</p> <p>+ Senior managers develop capability in leading &amp; facilitating organisational change &amp; project teams</p> <p>* Managers do not address performance issues</p> |
| <p>** Denotes a key practice is perceived to be highly influential by at least 40% of the respondents</p> <p>* Denotes a key practice that is perceived to be constraining</p> <p>+ Denotes a key practice that was added to the list provided in the questionnaire</p> |   |  |

# Appendix B

## Key practices and people are perceived to influence the BE journey via intermediate outcomes

|                                    |  | Intermediate Outcomes   |   |   |   |  |  |          |
|------------------------------------|--|---|---|---|---|--|--|----------|
|                                    |  | Clarity of Direction  | Voluntary involvement   | Relationships (external & internal)                               | Capacity (organisational & individual)  | Expertise  | Engagement (organisation & BE)   | Momentum |
| <b>Organisation-wide practices</b> | Strategic plan has a customer & results focus  | Organisation values are integrated  | Organisation design facilitates working as 'one organisation' | Strong support processes eg IT, HR, financial                     | Capability in project work & project team work  | Organisation values are integrated   | Plans are deployed   |          |
|                                    | Communication is 2 way   |   |   | * Conflicting priorities between 'urgent' work & improvement work |   | Communication is 2 way<br>Plans are deployed   |  |          |
| <b>BE practices</b>                | BE is adopted as a long term improvement strategy  | BE is aligned with organisation purpose & culture   | BE journey is monitored & reviewed                            | Self-assessment report identifies opportunities for improvement   | Prepare an award or self-assessment application   | BE & organisation planning are integrated  | Self-assessment report identifies opportunities for improvement  |          |
|                                    | BE & organisation planning are integrated  |   | BE project groups are cross functional<br>Won a BE award      | * The 'critical few' improvement projects are not resourced       | BE project groups are cross functional<br>Participate as a national evaluator   | Prepare an award or self-assessment application<br>BE project groups are cross functional<br>BE project groups are cross functional<br>Won a BE award  | BE & organisation planning are integrated<br>BE journey is monitored & reviewed  |          |
| <b>People practices</b>            | CEO sponsors BE  | Executive are actively involved   | Prepare an award or self-assessment application               | * Managers do not address performance issues                      | Key people have access to a BE advisor /coach   | Executive are actively involved  | CEO sponsors BE  |          |
|                                    | CEO focuses on both leadership & strategy<br>Executive work together as a cohesive group | Staff are involved in initiatives that impact on them<br>Staff are involved in BE initiatives |   | There is a BE champion or facilitator                             | There is a BE champion or facilitator<br>The BE champion has influence with executive & with staff<br>+ Senior managers develop capability in leading & facilitating change & project teams | * Managers do not address performance issues<br>Staff see improvement ideas actioned<br>Staff are involved in initiatives that impact on them<br>Key people experience world class organisations | There is a BE champion or facilitator<br>Staff see improvement ideas actioned<br>Key people have access to a BE advisor /coach |          |
|                                    |  | * Denotes a key practice that is perceived to be constraining                                 |   |   |   |  |  |          |
|                                    |  | + Denotes a key practice that was added to the list provided in the questionnaire             |   |   |   |  |  |          |