

## Business excellence or business mediocrity – which framework are you using?

- *"We've been doing business excellence for some time, but I haven't seen the results."* Senior Manager, State Government Department.
- *"The boss must reckon we aren't performing up to scratch. That's why he wants to introduce this Business Excellence Framework."* Manager, Local Government.
- *"The CEO wants business excellence by the end of the year. He's made me responsible for the implementation of all the improvement opportunities."* Organisational Development Manager, Local Government.

In each of these cases the CEO and executive believe they are implementing business excellence. In fact they are implementing business mediocrity.

Business mediocrity is commonplace. Many organisations recognise the problem but don't know what to do. Others suffer from an organisational delusion – they point to pockets of high performance as evidence of business excellence. But every organisation has pockets of excellence that rise above the ordinariness of the rest. True business excellence occurs when the whole organisation consistently achieves excellence, not just parts of it.

Business mediocrity is the state that occurs when the organisation aspires to excellence but really works to maintain the status quo. Striving for genuine business excellence is in fact a journey – from a state of mediocrity to one of high performance and excellence.

What are the characteristics of business mediocrity?

- The organisation is a "comfortable place to work".
- People argue that the status quo is "what the community wants".
- The organisation reacts to change, it isn't proactive.
- There is a culture of busy-ness, and people don't have time for extra responsibilities
- Managers are affronted by talk of a need for improvement.
- Business excellence is often tacked on; not integral to the fabric of the organisation.
- The organisation has an improvement framework "on the shelf in someone's office".

Business mediocrity is insidious because it fools people into not changing. Studies have found that business mediocrity impedes proactive self-assessment of an organisation's shortcomings and its ability to adapt.<sup>1</sup>

Excellence is a goal aspired to by many local governments today. The environments that most local councils operate in are changing rapidly – everybody from the government, the community and interest groups expect better outcomes, more services and better value while costs are going up, the local government environment is becoming increasingly regulated, and employees expect more. Continuing the same old way will not satisfy these increasing demands, organisations have to adapt and do things better.

<sup>1</sup> Berman, E and West, J 2003 Managerial mediocrity in Local Government: How Much, What Impact, and How to Address It. Presentation at annual meeting of American Political Science Association.

business excellence benefits all your stakeholders – ratepayers, staff, Council, the leadership team – *and* it benefits the bottom line too. It makes your leadership and organisation unique and competitive.

The most common way of achieving excellence is by implementing a continuous improvement process based on a business excellence framework such as: the Australian Business Excellence Framework; the Baldrige Framework; the European Quality Framework; or any of the other many frameworks available.

Business excellence frameworks are simply collections of good business practices found in high performing organisations. Organisations evaluate themselves against a chosen framework and identify gaps between their current practices and those in the framework. The gap analysis provides the basis for organisation-wide continuous improvement activities. The business excellence frameworks have all been in use for some time and proven successful for guiding improvement activities by many organisations.

So why is that organisations may seem on the surface to be using a business excellence framework but are really implementing business mediocrity? The journey to excellence is a journey out of the mediocrity of the status quo embedded in the organisational culture. The challenge then is to change organisational culture – and that takes time and effort. The difficulty of changing culture and the time required to do it is invariably under-estimated by CEOs.

The key is to follow a sound business excellence strategy that focuses on culture and persistent management of the process. Most organisations successfully seeking business excellence pay attention to these key actions.

## **1. Articulate the reason for business excellence**

Mediocre organisations don't see the need for pursuing business excellence. They feel they are performing very well already and can't see the point of investing the time and effort to improve what is already working fine. And the problem starts at the top because many CEOs cannot clearly articulate why they want to do business excellence.

The first step therefore is to establish a reason for change. Establishing a reason for change is the job of the CEO – it cannot be delegated.

The CEO must articulate why change is necessary. It might be that community satisfaction overall is lower than it should be; or it could be that demands on services are increasing at a faster rate than the organisation can cope with; maybe it's becoming difficult to attract quality staff; or it could be that the organisation must become more efficient and do more with less; or perhaps because of tightening regulations. Your organisation is unique – the reasons for seeking to be excellent will be unique too.

To communicate the reason for change, the CEO must develop a concise and convincing story that can be related over and over again – like a mantra. A story is a powerful form of communication. It should include a beginning that describes the journey the organisation has been on and the change it has already undergone; a middle, about the present time, which should articulate why change is necessary; and an end, which should describe what the organisation will look like when it achieves excellence.

## **2. Convert the power brokers**

The power brokers are those with the know-how, position and skills to influence change. They usually include the second and third levels of management and key influencers in other levels.

Power brokers have a lot invested in the status quo – it's how most of them got to their present positions – and they don't give it up easily. Too many CEOs dramatically underestimate the power of second and third tier management to convert a business excellence initiative to business mediocrity.

Getting the power brokers on board takes time and persistence. Start with the most powerful, the second tier and work on them individually and as a group until they are on board. Then progressively work on each subsequent group.

Techniques for convincing the power groups include repeated telling at every opportunity of the excellence story; training, so that they gain knowledge and skills about business excellence; and exposure to what other organisations are doing in the area. Further techniques include linking business excellence to their performance plans and introducing recognition and sanctions to make it clear what outcomes are valued.

As each group comes on board, use them to help get to the next tier. The key success factors here are time and consistency. It takes time for people to absorb new ideas, so give them plenty of it to hear the message over again, to discuss and think it over.

## **3. Develop a business excellence implementation strategy**

It might seem odd developing a strategy at this stage and not up front, but the key to a successful business excellence strategy is ownership by the power brokers. Ownership builds through involvement. Develop the strategy with the power brokers and have them sign off on it.

## **4. Communicate the story and strategy to the whole organisation.**

Develop a detailed communication strategy and then implement it. The detailed strategy should include multiple channels by multiple players. That is, the CEO and power groups should all be involved in communicating business excellence; and they should use every opportunity – team meetings, planning meetings, newsletters, special gatherings, to tell the story and talk about the journey to excellence.

## **5. Implement the business excellence strategy**

One of the main mistakes that keeps organisations in the quicksand of mediocrity is to ease back when implementation starts. Implementation is where resistance to change really gains momentum because it means changing behaviours.

Common reasons for slowing things down include "lack of resources", "it will impact current performance", "we want to do it but not just yet", "we're too busy right now". Each of these barriers needs to be broken down and it is the job of the CEO and power brokers to do it.

Critical is the monitoring of progress and identification of resistance. Keep your ear close to the ground and act quickly to quash on any potential barriers before they get a grip. The key players in monitoring progress and quashing barriers in this stage are the CEO and executive team. Business excellence must be a standing agenda item and the organisation must expect to see resistance. If you don't see it – go looking for it. It's very unlikely to be too far away.

## 6. Start again!

Business excellence is based on the cycle of improvement called ADRI –Approach; Deployment; Results and Improvement.

After an appropriate period of implementation, usually about a year, the CEO and power brokers should review the program and lessons learned and treat the next stage as a new beginning – develop a new story, refine the strategy and implement business excellence program again.

Getting out of the quicksand of mediocrity and up the slope of excellence is hard work and it takes time. Many organisations adopt a business excellence approach but in practice they are really continuing the status quo. The real winners put in the hard yards, follow their strategy and gradually inch their way up and over the excellence summit.

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### The Business Excellence Survey

Every member of the executive talks about excellence at least once every week.	YES / NO
Members of the executive use the language of business excellence in their everyday discussions.	YES / NO
The performance of business excellence is a standing item on the executive's weekly agenda.	YES / NO
Middle level managers make time for business excellence.	YES / NO
Staff know and can describe what business excellence is about.	YES / NO
Middle level managers know why the organisation is doing business excellence.	YES / NO
There is a powerful group that is leading the business excellence push, not just the CEO.	YES / NO
Staff can tell you what the organisation will look like when it has fully implemented the business excellence framework.	YES / NO
There are regular improvement teams working on business excellence related projects.	YES / NO
Business excellence is being incorporated into service plans.	YES / NO

The more 'No' answers, the closer your organisation is to Business Mediocrity.