

Best practice transfer for future competitiveness: a study of best practices

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Introduction

Benchmarking or best practice management is increasingly being recognized as a powerful performance improvement effort for processes, business units, and for entire corporations. It is a catch-phrase among executives of learning organizations and those at the frontier of operational excellence. Well-run companies and market leaders alike cannot afford to ignore this emerging discipline if they want to remain leaders in their respective markets. However, there are many issues that organizations are wrestling with when it comes to the effective adoption and transfer of best practices. Some of these can be highlighted through the following statements:

- How do we know that ‘best practices’ are really ‘the best’?
- How do we assess the relevance of best practices to our business operations?
- What is the best approach for cascading down best practices to support our corporate goals?
- Is there any particular method for capturing and transferring best practices?
- How do you know that you are succeeding with best practices?

If organizations are to exploit fully the benefits from the transfer of best practices they will have to start appreciating that there is a big difference between ‘doing’ and ‘learning’. Very often the problems associated with the transfer of best practices are of a behavioural nature rather than ones of mechanics and systems. This paper aims to introduce a framework for the transfer of best practices derived from an analysis of successful case studies.

What is a best practice?

It is necessary first of all to understand what is meant by best practice. In their glossary of benchmarking terms (American Productivity and Quality Centre, 1999), the American Productivity and Quality Centre noted that although there is no single ‘best practice’ because best is not best for everyone, what is meant by ‘best’ are “those practices that have been shown to produce superior results; selected by a systematic process; and judged as exemplary, good, or successfully demonstrated. Best practices are then adapted to fit a particular organisation”. The EFQM Benchmarking Manager (quoted in Ashton, 1998): “Whether

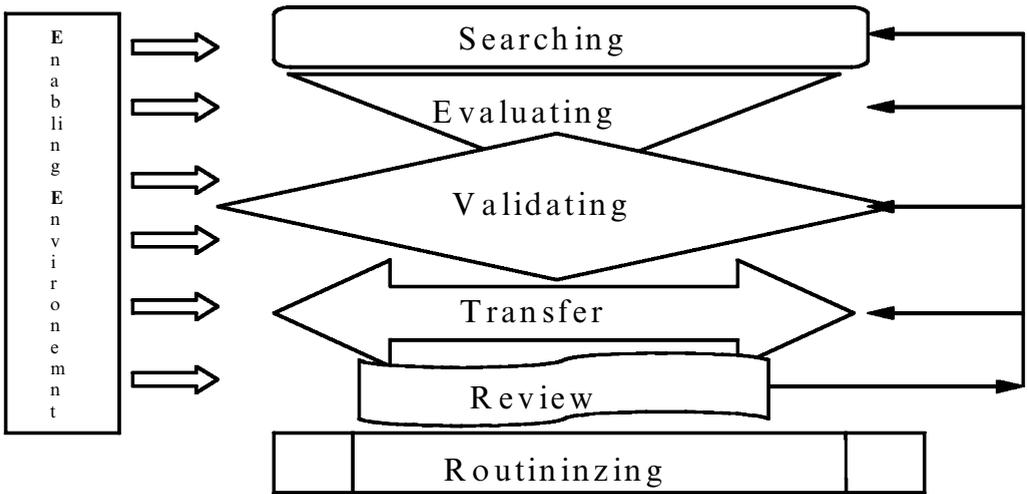


Figure 2. The best practice process for transfer of best practices.

The case studies analysed for this study included:

- (1) Chevron
- (2) Hewlett Packard
- (3) Hues Space and Communications
- (4) Royal Mail, UK
- (5) Texas Instruments, Europe
- (6) Nationwide Building Society, UK
- (7) Rank Xerox Corporation.

Based on the successful elements of these organizations' experiences, the review resulted in the construction of a generic framework (Fig. 2).

Phase 1: Searching

This phase is all about finding the best ideas wherever they are. However, finding best practices is very difficult. Best-in-class organizations are more and more reluctant to enter benchmarking initiatives due to high demand, and the reliance now is mainly on third-party benchmarking. "Recognised best practices have become somewhat like a form of currency" (Ashton, 1998). There are numerous sources for identifying internal and external best/good ideas/practices. These include:

- (1) Literature review: an extensive review of published literature (theory, case studies, tools, etc.).
- (2) Dedicated best practice resources published by various sources, such as the American Productivity and Quality Centre, the UK Department of Trade and Industry, the Business Intelligence Group and the European Centre for TQM.
- (3) Access to best practice information via resources on the internet, e.g. The Benchmarking Exchange (TBE), International Benchmarking Clearinghouse (IBC) and EQA best practice databases.
- (4) Networking in conferences, training courses and so on.

- (5) Personal networks.
- (6) Organized benchmarking site visits.
- (7) Co-operation with specialized research centres and educational establishments.

Phase 2: Evaluating

Deciding on the value of different ideas in relation to the required intention and the project initiative in question. This stage is very contextual and subject to the specific situation and group/person involved.

Phase 3: Validating

This is when the quality of each practice is scrutinized in greater depth and related to the impact it creates in terms of benefits. Regarding deciding what is 'best' and the validity of best practices, Business Intelligence (Ashton, 1998) reported that:

until 1998, few appeared able to articulate a proven approach that had been used, and some had not even considered validity when looking for best practices. Depending on level and assumed impacts of best practices, this might not necessarily be a problem. Some best practices will hardly require validation since they may be well tested and tried elsewhere. After all, Texas Instruments deliberately does not validate the best 530 best practices on its Office of Best Practice database. This is left to the intuitive feel of potential users under the caveat that 'a best practice is what works best for you'.

However, firms like Xerox and Lucas Aerospace do carry validity tests. At Xerox Europe, validity is critical to its sales productivity best practices and is based on two questions. Is there convincing evidence that what is perceived as a best practice, actually is? Does the best practice communicate to others as such? Validation included two-day workshops, for some practices, a more exacting iterative process. Lucas Aerospace also follow suit to distinguish 'good' from 'best'. AMP tackles the validity issue through seven guidelines featuring assessment, feedback and measurable improvements. These include ensure validity through assessment and feedback, determine if the best practices have produced measurable improvement, and consider whether it is recognised by internal and external sources. AMP insists that the best practices has proof of objective verification before their implementation (Ashton, 1998).

Phase 4: Implementing

The process of adopting and adapting the selected practices through effective project management and process focus. This phase has two main components: enabling and transfer.

Enabling the best practices. "Making the best practice adoption possible by creating a climate where willingness to identify, share and adopt best practices exists" (Ashton, 1998). The main dimensions to enabling best practices include:

- (1) Visible leadership: senior management, function head, and process owners must demonstrate the required attributes (trust, openness, communication) and champion the whole effort.
- (2) Identifying and understanding the inhibitors to managing and transferring best

practices, be they cultural, ownership, understanding, management commitment or structural issues. Once identified, direct action should be taken to control, remove, or resolve them.

- (3) Focusing the organization, business unit or function on competitive priorities which can benefit from adopting best practices, including clarity over best practice opportunity gaps.
- (4) Appreciating the degree to which improvement by deploying the best practices is dependent on people, process or technology issues to help direct resources and effort. This requires a deep understanding of one's own processes and the best practices being introduced.

Transferring the best practices

Transfer is the most complex aspect of the managing process which, without expert facilitators and change agents to support it, is very difficult to realise. Key is for recipients of a best practice to perceive that they need it, so managers must focus on how this perception is created. It raises performance, communication and behavioural issues. Should this be overcome, then the two parties in a best practice exchange, the source and the recipient, have to be brought together to collaborate on new teaching, learning and improvement process (O'Dell, 1996).

Transfer is "identifying and learning from best practices and applying them in a new configuration or new location" (O'Dell and Grayson, 1997) Success in transferring best practices means reducing the effects of inhibitors or overcoming barriers. These include (American Productivity and Quality Centre, 1997b; Ashton, 1998; O'Dell & Grayson, 1997):

- (1) Top management's failure to signal their importance.
- (2) A lack of ownership for a business problem or improvement opportunity to be addressed.
- (3) Little shared understanding of best practices.
- (4) A non-standardized best practices process.
- (5) Organization structures that promote 'silo thinking'.
- (6) A culture which values personal technical expertise and knowledge creation over knowledge sharing.
- (7) Lack of contact and information exchange.
- (8) Over-reliance on transmitting explicit rather than tacit information.
- (9) Lack of time.
- (10) Employees and managers not being accustomed to seeking or sharing knowledge.
- (11) People not being fully aware of the knowledge they hold.

In addition to removing obstacles, organizations must create an enabling structure for the effective transfer of best practices.

Phase 5: Review

In order to close the loop and ensure that benefits do materialize, it is essential to review the implementation of the practices and whether the adopted practices have managed to close a performance gap.

Phase 6: Routinizing

Essentially, best practices, if adopted properly, are supposed to challenge behavioural aspects and bring about a change in how people work. We have very often heard the expressions: “hundredth monkey” and “this is the way we do things round here”. Making best practices part of the culture of work is the ultimate goal for complete and effective transfers.

Successful organizations have adopted many structures to facilitate and run the process of best practice transfer. The most common ones are:

- (1) Benchmarking teams: established for internal and external benchmarking projects.
- (2) Best practice teams: while benchmarking teams usually have a clear life-span, best practice teams may be an enduring part of the networking infrastructure of an organization.
- (3) Knowledge and practice networks: the American Productivity and Quality Centre (1997b) research found that once an organization creates the environment and technology to support networks of people in a virtual organization or community of practice so that expertise can be shared, networks often emerge. Hughes Space and Communications built a similar ‘Knowledge Highway’ with maps indicating where knowledge is located in the organization. National Semiconductor is trying to augment the knowledge pointers that exist in people’s heads by using autonomous agent software that electronically points toward interest profiles of individuals. When someone sends a point-to-point e-mail to someone else, it is automatically sent to others with that interest profile.
- (4) Internal assessment and audits: “UNISYS, Harris Corporation, and AMP are among many firms using internal award and recognition programs, often based on the Malcolm Baldrige National Quality Award criteria, to identify and recognise islands of excellence in key practices, as well as overall outstanding performance against the criteria. Chevron’s Quality Fitness Review, which is based on the MBNQA criteria, is growing in popularity throughout the company as an improvement tool to spotlight best practices. For most, one of the requirements of internal award recipients is that they be willing to share with other units that request information or assistance (American Productivity and Quality Centre, 1997b).

What are the most critical factors for the effective transfer of best practices?

The case study analysis also resulted in identifying several success factors that tend to be cited on a frequent basis, as those that most impinge on the degree of success or otherwise in transferring best practices internally. These include:

- Having common and consistent goals and linking best practices to the delivery of corporate objectives.
- Translating goals and objectives throughout the organization through insisting on best practices and targets against benchmarks.
- Generating organizational commitment by communicating clearly where the business needs to go and why it is important to embrace modern ideas and pioneering management thinking.
- Choosing champions to drive-in best practices and encourage the process of dissemination and sharing.
- Resolving problems of empowerment and team leadership so that barriers to the transfer of best practices can be removed and obstacles totally eliminated.

- Reinforcement of required behavioural competencies.
- Driving the notion that power is in action and producing better results rather than for controlling individuals and stifling creative potential and good ideas.
- Encouraging a climate for free and autonomy for the sharing of best practices.
- Providing a good IT infrastructure for supporting the sharing of best practices.
- Having good reward schemes and sending positive reinforcements throughout the organization on attempts to disseminate and share best practices.
- Demonstrating that adopted practices have managed to close a performance gap.

Conclusions

The best practice phenomenon is widely regarded as a 'corporate miracle' and has become popular among practitioners of various disciplines. The ever-growing literature on benchmarking indicates a wide spread of benchmarking applications across geographical and sectoral borders. It is forecast that such momentum would grow in the future as benchmarking becomes more and more a 'way organizations do business'. More and more companies seem to be adopting this powerful concept. National and international consortia and clubs are actively promoting its use and this will lead to further proliferation of best practices. Published examples and experiences are helping organizations identify the benefits of best practices, and their use and spread are expected to gain further momentum exponentially.

A major issue that will affect benchmarking in the future is the advances in IT. It is expected that the Internet and other electronic means will result in more best practice transfer. Already many organizations have their own Intranets, and e-mail is becoming a standard means of communication. This spread of IT is accelerated by the fast paced-proliferation of knowledge management applications and specialized tools.

With this increasing importance of best practice management, it is crucial that organizations have a 'process' for collecting, assessing, validating, transferring and applying best practices. Best practice transfer has potential to achieve massive benefits, and is too important to be left unmanaged.

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