



Internal transfer of best practice for performance excellence: a global survey

Internal transfer
of best practice

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Abstract *Presents the findings of a global survey, undertaken by the European Centre for Total Quality Management (UK), which was aimed at identifying the critical success factors for the “effective internal transfer of best practices”. Overall, 227 organisations took part in the study. Participant organisations came from 32 different countries, all involved in benchmarking. The participants represented a wide cross-section of organisational sectors ranging from non-profit and government agencies to environmental management services and auto parts manufacturers. The survey shed light on the process and methodologies used by organisations to identify and evaluate best practices, and the process used for post-implementation evaluation to assess the benefits gained. The results have highlighted the importance of “involvement” (training, ownership, and open communication) of all employees for the effective transfer of best practices. Concludes with an overview of the future issues that are expected to influence the spread and application of benchmarking and best practice transfer.*

What is a best practice?

It is necessary first of all to understand what is meant by best practice. The American Productivity and Quality Centre (1997) 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”. However, it should be noted that “best” is a moving target in today’s world, and is also situation specific. “Whether practices are called exemplary, best or good, they are rarely the ultimate that can be achieved, since best practice is always contextual” (EFQM Benchmarking Manager, quoted in Ashton, 1998).

One of the best approaches to defining a best practice can be found in the Chevron approach which has been adapted here and resulted in a multi-level definition as follows:

- *Good idea (unproven)* – not yet substantiated by data but makes sense intuitively. It could have a positive impact on business performance, but requires further review/analysis. If substantiated by data, this could be a candidate for implementation in the organisation.
- *Good practice* – technique, methodology, procedure, or process that has been implemented and has improved business results for an

organisation (satisfying some element of customers' and stakeholders' needs). This is substantiated by data collected at the organisation.

- *“Proven” best practice* – a good practice that has been determined to be the best approach for many organisations, based on analysis of process performance data.

The “best practice transfer” process

“The process of identifying and transferring practices is trickier and more time consuming than most people imagine” (American Productivity and Quality Centre, 1998). A recent study by the European Centre for TQM (Jarrar and Zairi, 2000) concluded that the best practice process for the “effective transfer of best practices” is made up of six major stages (as shown in Figure 1):

- (1) searching;
- (2) evaluating;
- (3) validating;
- (4) implementing (transferring and enabling);
- (5) review; and
- (6) routinizing (Jarrar and Zairi, 2000).

One of the major stages, and arguably the most difficult, is the internal transfer of best practices.

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 which include (Ashton, 1998; American Productivity and Quality Centre, 1997):

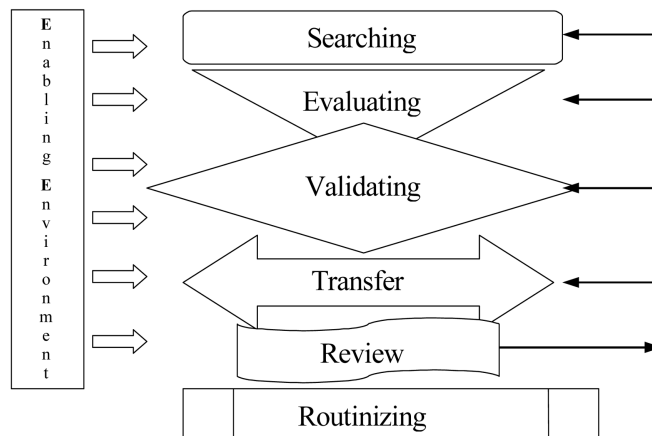


Figure 1.
The best practice process for transfer of best practices

- top management's failure to signal their importance;
- little shared understanding of best practices;
- a non-standardised best practices process;
- organisation structures that promote "silo thinking";
- a culture which values personal expertise and knowledge creation over sharing;
- lack of contact and information exchange;
- over-reliance on transmitting explicit rather than tacit information;
- lack of time;
- employees and managers not being accustomed to seeking or sharing knowledge; and
- people not being fully aware of the knowledge they hold.

In addition to removing obstacles, organisations must create an enabling structure for the effective transfer of best practices. The European Centre for Total Quality Management (UK) undertook a study that was aimed at identifying the critical success factors for the "effective internal transfer of best practices".

Study methodology

A questionnaire was designed for self-completion by managers in a postal/Internet-based survey. The survey targeted organisations already involved in various stages of benchmarking activities. The organisations that were invited to participate came from The Benchmarking Exchange (TBE) members, The Benchmarking Centre members (UK), and the subscribers to *Benchmarking: An International Journal*.

All the responses were coded to facilitate computer analysis. The main tool for results analysis was SPSS (Statistical Package for Social Sciences), which is one of the most widely used, comprehensive and flexible statistical programs.

Study participants

Overall, 235 organisations took part but only 227 questionnaires were fully completed, and it was on these that the analysis was based. Participant organisations came from 32 different countries (Australia, the USA, the UK, Finland, Sweden, Thailand, Denmark, Canada, India, Costa Rica, South Africa, Ireland, People's Republic of China, United Arab Emirates, Germany, Spain, Italy, Portugal, Sri Lanka, Mexico, Malaysia, Norway, France, The Netherlands, Russia, Chile, New Zealand, Hong Kong, Zaire, Belgium, Switzerland, Singapore) making this study truly global. The main concentration of participants was in the USA, the UK, and Australia,

which reflected the membership of the study partners (TBE, TBC, and MCB). This had no effect on the results as they did not include cross-cultural analysis.

As for the size of the participant organisations in terms of the annual sales volume, Figure 2 shows the distribution of participants. The results reveal a wide participation ranging from organisations with less than US\$25 million annual sales volume, to large corporations with over US\$1 billion in annual sales. This stresses the wide cross-sectional nature of this study.

A similar cross-section of participants was also apparent in the organisational sectors they came from. The participating organisations' sectors came from a very wide range as demonstrated in Figure 3.

Overall, the results have revealed a clear spread of benchmarking worldwide and across various industry sectors and organisational sizes. This is further proof of the importance of benchmarking as a management tool for the future and the momentum it has gained over the years. The results highlight the fact that benchmarking is applicable across organisations irrespective of their location, size, or industry.

Figure 2.
Study participants by
annual sales volume
(\$US)

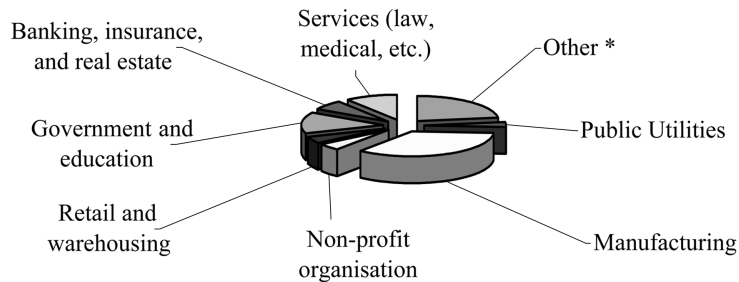
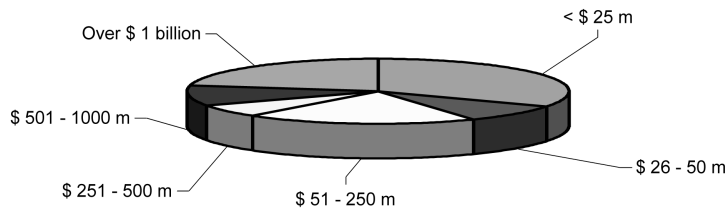


Figure 3.
Study participants by
industry sector

* *Other* included Contract Catering; Management Consulting, Transport and Distribution, Architecture, Defence, Software Services, Energy (oil and gas refineries and production), Telecommunications, Aviation, Construction (Engineering and Contracting), Mining, Environmental Services, Leisure Management

The findings put a strong case against several benchmarking myths such as:

- benchmarking is too expensive and only large organisations can do it;
- benchmarking is most useful for manufacturing organisations to compare products and manufacturing processes; and
- benchmarking is a fad.

Internal transfer of best practices

To assess the practices of participating organisations in terms of internal transfer of best practices within their organisations, the study presented several related mechanisms to identify which ones were applied. Figure 4 reveals the results.

Clearly, all the four practices discussed seem to be applied with relative consistency. The practice that received strongest agreement was the involvement of the process owner. These results highlight the importance of “involvement” in general for all employees for effective transfer of best practices, be it training employees, involving the process owner, or explaining the benefit via communication with the employees.

However, the factor that seems to be least applied (although still far from being ignored) is preparing a cost benefit analysis. Depending on level and assumed impacts of best practices, this might not necessarily be a problem. Some best practices will hardly require such analysis since they may be well tested and tried elsewhere. After all, Texas Instruments deliberately does not validate the 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 (Ashton, 1998).

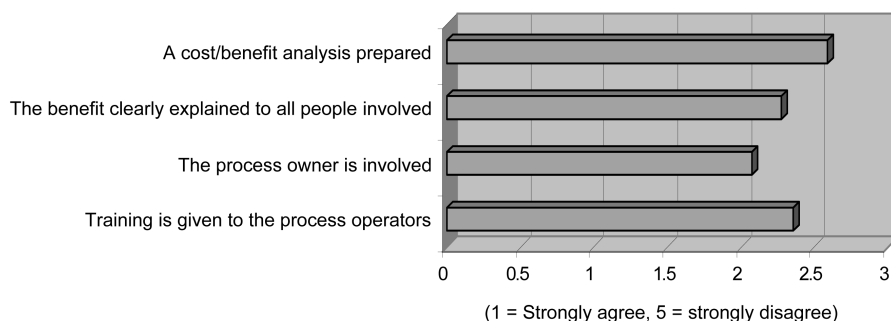


Figure 4.
Internal transfer of best practices

Such validation processes usually do carry out a cost benefit analysis, with varying degrees of details based on the perceived impact, and required investment for the best practice.

As for the means and channels used for communicating the internal best practices, several options were identified and organisations were requested to point out all the ones they used. Figure 5 shows how often each channel was noted. The majority seem to rely on meetings (departmental or team meetings). Still, some do rely on *ad hoc* verbal transfer, and even the meetings themselves rely on verbal transfer. The problem with all this reliance on verbal transfer is a common one with all communication activities it is subject to distortion, noise, and “selective employee amnesia”. There are 26 per cent of the participating organisations that rely on written media and that is deemed to be the best practice. On a more advanced level, only 9 per cent of the participants rely on IT networking (intranets). This practice is expected to gain further popularity with the advent of knowledge management. “Almost all large companies have Web sites and three-quarters are creating intranets” (Cohen, 1998). An intranet is a powerful tool that when used correctly can enhance communication and collaboration, streamline procedures, and provide just-in-time information to a dispersed workforce. At the core of this Web-based technology is the fluidity of information which no longer filters from the top down, but branches out into all directions. Moreover, “an intranet can do more than deliver information, it can also enhance innovation” (Cohen, 1998). In BT’s experience (BT, 1998) the intranet eliminated hard copies and logistical problems, and achieved a 1000 per cent return on investment. An independent study (Allee, 1997) showed that

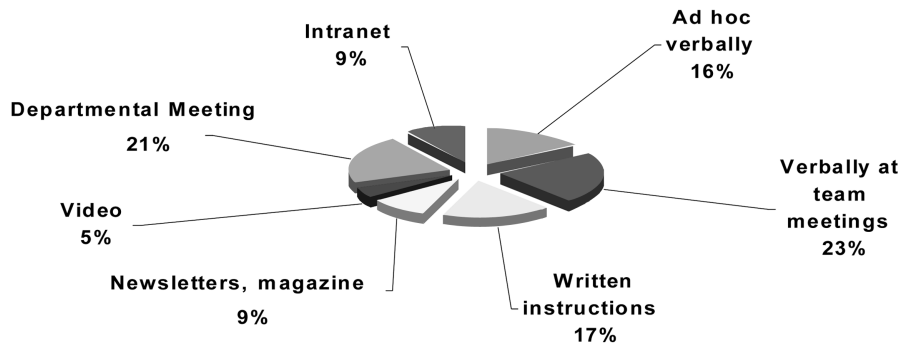


Figure 5.
How best practices are transferred within the organisation

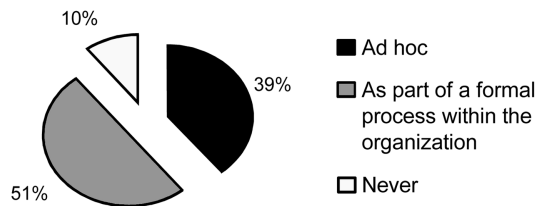


Figure 6.
How best practices are evaluated after implementation

Silicon Graphic's intranet significantly improved productivity, process efficiency, and workflow, enhanced knowledge capital, strengthened teamwork across boundaries, and increased employee satisfaction.

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Other alternative approaches used by participating organisations included:

- team work day celebration;
- end of project report – part of goal and objective setting;
- direct participation in benchmarking projects – as part of workflow management system;
- planning workshops; and
- training and progress review workshops.

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One interesting finding was that only 1 per cent of the participants mentioned relying on a “best practice transfer process”. Andersen Consulting has defined steps for posting, reviewing, approving, and using, providing clear guidelines for use, and enabling the design of efficient library databases. These knowledge processes are embedded in overall business processes making that knowledge capture immediate and not seen as an extra burden for users.

Finally, regarding the method used to evaluate the best practices after implementation to identify the benefits gained, 49 per cent do not have any formal process for this purpose, and 10 per cent do not even do it (see Figure 6). However, there are 51 per cent of the participants who do actually have a formal process which stresses the importance of this review phase to the “effective” transfer of best practices.

Conclusions

The best practice phenomenon is widely regarded as a “corporate miracle” and has become popular among practitioners of various disciplines in the 1990s. 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 organisations 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 organisations 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 organisations 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 specialised tools.

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