

Contemporary practices towards business excellence

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Abstract:

Excellence is the gradual result of always striving to do better- Pat riley.

The above quote also means that business excellence can be attained through best business practices. There are a number of ways to achieve business excellence but to choose the best one is important in the modern competitive world. That doesn't mean by choosing the best business practice excellence can be achieved; but the chosen practice should be within the ethical limits of the business.

This article aims to examine the modern/contemporary business practices that can be adopted towards business excellence and also attempts to answer the following questions in terms of business excellence.

Where the ethical line should be drawn with regard to meeting management's objectives, and in competing with colleagues? What happens when employees' personal goals conflict with the organization? What about employees who are only pretending to think about the success or profitability of the business, when they are really thinking about how to enjoy lifestyle advantages, or about what the business owes them? How can we hire the right employees, and motivate them to want to achieve excellence on their own?

Index terms: Business excellence, vulnerable, business practices model, business excellence frame work.

Introduction

A method, procedure, process, or rule employed or followed by a company in the pursuit of its objectives. Business practice may also refer to these collectively.

Business Excellence is often described as outstanding practices in managing the organization and achieving results, all based on a set of fundamental concepts or values. These practices have evolved into models for how a world class organization should operate. These models have been developed and continue to evolve through extensive study of the practice and values of the world's highest performing organizations. Since the 1990s there has been a general decline in award applications. However there has been an increasing trend for organizations to apply these models and integrate the principles and practice with their day-to-day operations thereby achieving the benefits business excellence brings.^[1]

Defining business excellence:

Business Excellence, as described by the European Foundation for Quality Management (EFQM), refers to; "Outstanding practices in managing the organisation and achieving results, all based on a set of eight fundamental concepts", these being, "results orientation; customer focus; leadership and constancy of purpose; management by processes and facts; people development and involvement; continuous learning, innovation and improvement; partnership development; and public responsibility". This definition serves as a typical example of those put forward today.

When arriving at a definition of business excellence, we need to defer to the "current global term for an integrated collection of proven practices for how a business should operate to become the best it can possibly be" – i.e. world class. Business Excellence is applicable to all businesses whether private or public, for-profit or not-for-profit and small or large. It results in substantial productivity improvements.

In general, business excellence models have been developed by national bodies as a basis for award programs. For most of these bodies, the awards themselves are secondary in importance to the wide-spread take up of the concepts of business excellence, which ultimately lead to improved national economic performance. By far the majority of organizations that use these models do so for self-assessment, by which they can identify improvement opportunities, areas of strength, and use the model as a framework for future organizational development.

Common core of Business Excellence globally

Fortunately all of the 76 or so active national Frameworks / Models have a common core. This may be summarised as 5 logical and memorable Prerequisites for SMEs seeking a practical implementation approach that is easy to understand. Not surprisingly, the overriding driver of all 5 Prerequisites (see below) is Customer Focus for both internal and external customers.

1. Shared Strategic Direction
2. Process Design & Improvement
3. Performance Measurement & Feedback
4. Knowledge Capture & Leverage
5. Leadership & Management of Change

We have found that this implementation sequence maximises the return on investment. It eliminates the possibility of false starts and poorly focused efforts.

Business Excellence Tools ^[2]

Business Excellence tools are explained in 3 categories. First be clear on the desired outcome for your business and then choose carefully for most value.

- 1. Some tools may be regarded as significant business improvement initiatives, including Lean Management, Six Sigma, Business Process Reengineering (BPR), Balanced Scorecard, Quality Management Systems (QMSs), Total Quality Management (TQM) and Performance Benchmarking. All of these major tools are sub-sets of Business Excellence and so they qualify as Business Excellence tools.
- 2. A few tools are now available to enable Business Excellence as a whole to be implemented readily and quickly by the world’s SMEs.
- 3. Finally, thousands of tools are available to assist employees with specific Business Excellence tasks such as developing a Pareto Chart, Quantifying the Benefit to Cost ratio of an improvement initiative, or Calculating the Standard Deviation of a set of measurements.

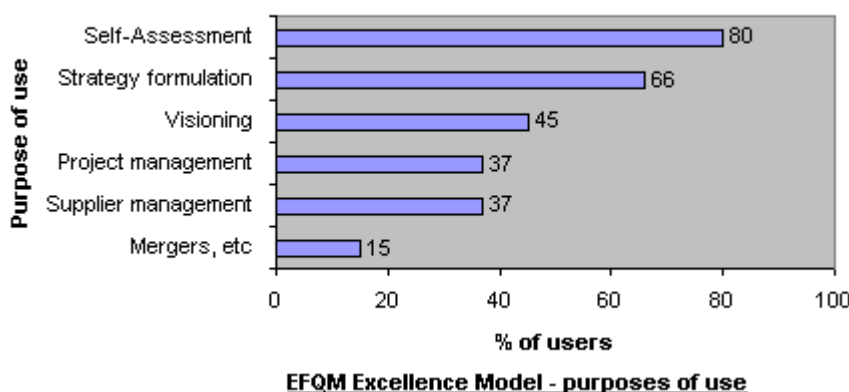
Business Excellence Models ^[3]

Business excellence models are frameworks that when applied within an organization can help to focus thought and action in a more systematic and structured way that should lead to increased performance. The models are holistic in that they focus upon all areas and dimensions of an organization, and in particular, factors that drive performance. These models are internationally recognized as both providing a framework to assist the adoption of business excellence principles, and an effective way of measuring how thoroughly this adoption has been incorporated.

Several business excellence models exist world-wide. While variations exist, these models are all remarkably similar. The most common include;

- Baldrige (MBNQA) – Used in over 25 countries including US and NZ
- European Foundation for Quality Management (EFQM) – Used throughout Europe

Users of the EFQM Excellence Model, for instance, do so for the following purposes:



Source :(business excellence.com)

- Singapore Quality Award Model – Singapore
- Japan Quality Award Model – Japan
- Canadian Business Excellence Model – Canada
- Australian Business Excellence Framework (ABEF) – Australia

Business Excellence Frameworks ^[4]

A Business Excellence Framework is an integrated leadership and management system that describes the elements essential to sustainable organizational excellence. An organization can use a Business Excellence Framework to:

- Achieve stronger financial performance
- Create visionary and inspirational leadership
- Drive innovation in products and services
- Focus on customer service and satisfaction
- Increase market penetration and revenue
- Create effective business planning processes
- Raise productivity and reduce operating cost
- Engage teams in the process of improvement and increase staff satisfaction
- Improve decision-making capabilities and increase capacity to manage change.
- Be recognized for your achievements in excellence and best practice in the Australian Business Excellence Awards.
- Demonstrate to key stakeholders that the organization has a structured and systematic approach to improving and achieving best practice and excellence.

Best Practices towards business excellence ^[5]

Based on the work of Patrick Lencioni, the best-selling author of 10 business management books, the following eight practices can transform a struggling business into a streamlined system in which employees are inspired to produce their best work.

1. Engage Workers

Alienated workers do not care about performing their jobs. All they care about is getting a pay check and advancing their own interests. The first thing a manager needs to do is find out how to make his employees care about the company's vision. Engaged workers are not only more enthusiastic and productive; they also become less passive, taking responsibility for their performance and attracting fresh talent to the company.

2. Reward Effort

No one likes their work to go unrecognized. Recognition of effort and achievement – thanks for a job well done – makes employees feel valued. It seems like an obvious point, but often business management training overlooks the positive impact of appreciation. Some managers might even feel that being too "touchy-feely" undermines their authority. On the contrary, reward motivates people to achieve more and helps to build company loyalty.

3. Be Vulnerable

Vulnerability is a recurring theme in Lencioni's business management articles. He believes that managers need to stop being anonymous figures in the lives of junior employees and that getting to know employees is one of the best ways for management to engage their workers. He also sees vulnerability as crucial in team dynamics; without being able to speak openly and put one's ideas on the spot, it is impossible for teams to build trust.

4. Stay Committed

When team members don't trust each other, they devote a lot of time to avoiding conflict rather than airing their real opinions and working to find common ground. A state of perpetual ambiguity ensues, in which clear goals and strategies fail to emerge out of group discussion. Lencioni labels this lack of commitment the "third dysfunction" of team dynamics. It can lead to poor decision making and stifle productivity. Staying committed to the team's initiative means creating an atmosphere where conflict is welcomed, not feared, because differing perspectives help to shape a clear goal.

5. Seek Clarity

A problem with many companies is a lack of alignment among managers, who either stop working to fulfil the company's vision or never understood what that vision was. Lencioni points out that company's need to focus on alignment of core principles by asking the following six questions:

- Why do we exist?
- How do we behave?
- What do we do?
- How will we succeed?
- What is most important, right now?
- Who must do what?

Without leaders developing – and sharing – a clear sense of the company's vision, its values, its strategic goals, and its delegation of responsibilities, the best business management education in the world won't matter, because the company will lack purpose and direction.

6. Create Cultural Cohesiveness

Here, "culture" doesn't refer to socioeconomic status or ethnicity. Rather, it means a sense of shared values that, with the right level of engagement, will lead to the development of productive and efficient outcomes. It is a good business management practice to make new hires based on an alignment with the company's core values and its vision, because workers with shared values make good team members. Diversity of race, gender, and socioeconomic status is a positive thing because it increases collective insight. But, diversity in values can lead to a company's downfall.

7. Focus Team Effort

Sometimes managers invest the bulk of their energy on making sure that the team gets off on the right foot, hosting retreats to boost solidarity and being attentive to ideas as they first come out. It's essential to focus on ongoing team dynamics, however, to make sure that members don't get distracted by individual activities that lead them off track. Consistent reassessment and realignment of team goals is the way to achieve the best results.

8. Hold Regular Meetings

In an overview of his book, *The Advantage*, Lencioni has this to say about the importance of meetings to a company's success: "No action, activity or process is more central to creating a healthy organization than the meeting." He suggests that, in order to be fully successful, management should do the following:

- Create separate meetings for tactical and strategic business planning.
- Assess a tactical agenda only after the team has reviewed its progress against goals.
- Make sure there is enough time allocated for the clarification, debate, and resolution of major issues.
- Meet quarterly outside the office to review what is happening in the industry, the company, and the team.

Meetings provide the organization with a regular forum on core values, allowing members to realign principles and give perspective on business practices.

In order to succeed in a competitive field like business management, you need to stay true to yourself before you can hope to have a meaningful impact on the organization you represent. Ultimately, the best practices are ones that focus on your developing authentic connections among yourself, the junior employees, and the company as a whole.

10 essential business practices ^[6]

Excellence is not a skill, it's an attitude.

The given below business practices are there for certain attitudes that can be adopted by modern business concerns.

1. **Assess yourself:** Undertake a personal audit or self-assessment to identify your strengths and weaknesses. Work to your strengths and address your weaknesses – there is a great deal of help and assistance out there if you look. Recognize your reasons for becoming self-employed and be very clear about your objectives and goals.
2. **Surround yourself with a good team:** When you become self-employed, you become responsible for designing, producing, selling, customer care, financing, collecting bad debts, book-keeping, etc. But it is not essential that you undertake all of these tasks unaided. It may be more cost-effective to allow professional and experienced people in particular sectors to assume some 'chores' with which you are not comfortable and thus allow you the time to undertake those with which you are, paying for their work from the increased turnover you are now capable of earning.
3. **Assess your product:** Are you confident that your product is of a high quality in design and production? Are you confident that there is a market for it? Are you confident that your potential customers will pay the price you calculate necessary to meet your costs?
4. **Know your market and competitors:** It is essential that you know your market, as without this knowledge you cannot plan your route to market or the means of promotion you will use to inform your customers of your existence. It is also essential that you have a comprehensive knowledge of your competitors; as this knowledge will allow you to distinguish what the market will stand plus identify the gaps in the market.
5. **The ability to recognize opportunities:** Are you truly an entrepreneur? An entrepreneur will be studying the market and trends etc at all times and may go out on a limb (armed with good information) to seize an opportunity. All decisions should be taken based on information; knowledge is the greatest asset of any business.
6. **Costing and pricing:** This is one of the most difficult tasks you need to address. It is imperative that you know your break-even point: the number of units sold that will cover the costs of your raw materials, your overheads and your production time. Only when you know this figure (plus that of your competitors) will you be comfortable in the knowledge of how high or low your price may go. Read more on [How to Cost your Products](#)
7. **Good terms of trade and paperwork:** Everything leaving your 'studio' should be of a quality to promote you in a very positive manner. Your product should have good packaging, branding and promotional materials. Your invoices etc. should be clear and accurate and show concisely your terms of trade – how and when you expect to be paid; carriage – who pays it; breakages – who is responsible; reservation of title, etc.

8. Keep clear records: There is no mystery to book-keeping. It is nothing more than a filing system of the day-to-day transactions of your business. If you do not record and understand the transactions, your business will control you rather than you controlling it.
9. Be tax-compliant: It is a legal obligation to register for tax with the Revenue Commissioners when you commence self-employment. Registering for tax does not necessarily mean paying tax in the early stages of your business. It may actually result in a repayment – should a number of circumstances be in play – for example, you may be paying PAYE on your employment while making a loss due to the investment in your craft business. Being able to claim the Artists' Exemption on certain products also may be a benefit to registration.
10. Planning: The key to a successful business is planning your project from day one. Planning is about making choices which should only be made on the basis of good information.

Conclusion:

Looking around at the latest news headlines, people might be tempted to think that ethics in business have been pushed to the curb as far as modern business practices go. From Enron to Martha Stewart and now even huge businesses such as Fannie Mae, it seems as though the headlines are full of businesses which have failed in the area of ethics. Some people may be tempted to think that like individuals seem to, companies can get away by having no moral code and still count on millions of dollars in profits every year. However, it is our contention, and it is still a belief among most successful small businesses, that modern business ethical practices in all areas are as important, if not more so, than ever before.

It is essential to stay up-to-date with the latest practices because they improve the operations and assessment, which can be leveraged to grow the business. Companies need to believe that unethical practices will be discovered and lead to their downfall. Why do most businesses fail to sustain their profits and die out eventually? Is it their strategies, is their employee or is it their inefficiency to accept change?

History cannot stress more on this statement, 'never underestimate your opponents', and the corporate world believes it as well. Most people underestimate their competitors and fail to accept the modern strategies. Apart from employing inefficient strategies because of rigidity, these businesses cease to exist eventually. If you don't want your business to fall into that category, then you need to put your ego aside and study your competition well. Not only you should not misjudge them but also learn from their mistakes.

A smart person learns from his mistakes, but a truly wise person learns from the mistakes of others.

– Ken Schramm

The above statement can be converted in terms of business. An excellent business makes mistakes and so that the same will grow by adopting best business practices.

Accept the truths! Learn and improve! Grow your business consistently!

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