

The business excellence framework: A total systems approach for improving productivity

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Productivity is defined as the ability of an organization to convert available resources into value-added services or goods. Productivity in the workplace involves the application of skills, technology, and innovative ideas to achieve maximum output or high levels of efficiency from the available resources. In other words, productivity is all about exploring new ways to build an efficient, effective organization.

One of the key steps for organizations to raise their productivity is to strengthen their management practices and capabilities. A Stanford University and London School of Economics study of more than 5,000 organizations across the USA, Europe, Australia, and Asia found that improvements in an organization's management practices can result in a 57% increase in labor productivity.

In Singapore, the business excellence framework (Figure 1) helps organizations to raise productivity by priming them to adopt a total systems approach in management. It is a holistic framework that covers leadership, planning, information, people, processes, customers, and results, all key elements of well-managed organizations. The framework establishes the connection between what an organization does and the results it is capable of achieving. It is used to structure a systematic review of any organization, permitting comparisons to be made among similar or very different types of enterprise. It is also used to identify which improvement initiatives need to be introduced or strengthened. More importantly, the business excellence framework provides guidance on how these initiatives could be aligned and integrated for the organization to reap the benefits of synergy and make significant improvements.

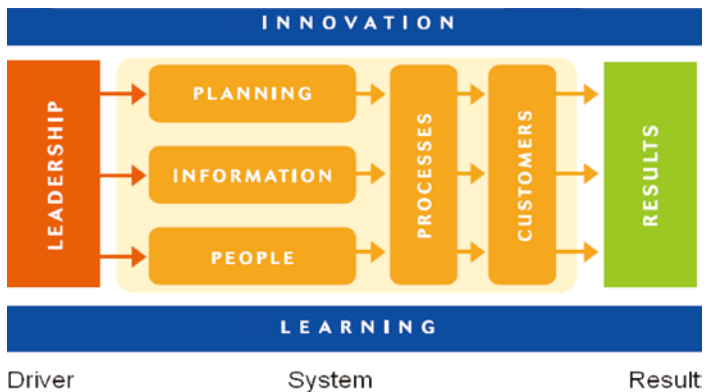


Figure 1. Business excellence framework.

The importance of a total systems approach cannot be underestimated. A study by management expert Russell Ackoff found that 70% of business improvement programs (e.g., total quality management, benchmarking, business process reengineering, etc.) failed when they focused only on optimizing one part of the system. The common cause of failure of such improvement programs is neglecting the system concept. Applying this to businesses, the most important things managers need to know is how elements of the organization interact and how these interactions affect the performance of the organization as a whole.

In Singapore, the Singapore Quality Award is the pinnacle award presented to organizations for outstanding performance in business excellence, and the Singapore Quality Class is presented for commendable performance on the business excellence journey. The following are illustrations of such performance.



Case study: Tru-Marine Pte Ltd (Singapore Quality Award winner)

Tru-Marine Pte Ltd, a Singapore SME, has progressed from a general ship repairer to a market leader in turbocharger repair solutions. The company has a strong customer-focused ethos, which is evident from its good track record of highly satisfied customers and ability to retain large shipping companies as key customers. Using the business excellence framework, this SME addressed the main challenges of maintaining its competitive edge, retaining its talent, optimizing resources, and continuously innovating. For example, the framework enabled the company to align its productivity improvement initiatives such as kaizen and Six Sigma with its business objectives and integrate them with related initiatives. Tru-Marine's value-added per employee averaged over a three-year period was double the industry average.



Case study: Teckwah Industrial Corporation (Singapore Quality Award winner)

Teckwah Industrial Corporation is the leading provider of print, value-chain management, and logistics services in Singapore. Teckwah was one of the early adopters of the business excellence framework back in 1997. The organization has adopted a strategic business innovation process to develop new business models and business streams. It has also leveraged technology to improve its processes and support business innovations. As a result, Teckwah has an international presence in 12 countries and become the preferred partner of global brands such as Microsoft, IBM, and Hewlett-Packard. From 2003 to 2008, it also tripled its productivity.



Case study: Conrad Centennial (Singapore Quality Award winner)

Conrad Centennial, a luxury hotel in Singapore, met the requirements of the business excellence framework by adopting a structured process to design and introduce new products and services that provide greater value to its customers. The hotel has in place a comprehensive human resources strategy to support its business strategy. These efforts led to significant productivity gains. Over a three-year period, Conrad Centennial's average productivity exceeded the industry average by 30%.



Case study: Bestcoat Contract Services Pte Ltd (Singapore Quality Class recipient)

Bestcoat Contract Services Pte Ltd, a Singapore SME providing waterproofing products and services, started its business excellence journey in 2002. The company adopted a robust business planning process supported by a comprehensive performance management system and other initiatives to develop the capabilities of its people. These improvements have led to significant productivity improvements. Bestcoat's productivity was on average 32% higher than that of its industry counterparts. 🌀



Contributed by Darshan Singh and Steven Phua from the APO Centre of Excellence (COE) for Business Excellence (BE) in SPRING Singapore. The COE's role is to help APO member countries develop and enhance their BE initiatives and promote the sharing of BE best practices.