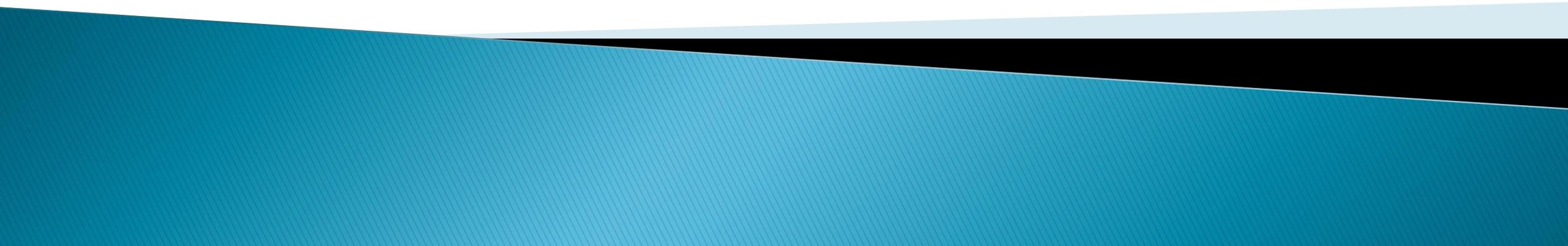


# Unit 15: Managing Business Activities for Achieving Results

Lesson 8

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# Learning Outcome 3

- ▶ Be able to monitor appropriate systems to improve organisational performance:
  - AC 3.1 Design systems to manage and monitor quality standards specified by the organisation
  - AC 3.2 Demonstrate a quality culture to ensure continuous monitoring, evaluation and development of the process
  - AC 3.3 Recommend improvements which align with the organisation's objectives and goals and which result in improvements
  - AC 3.4 Report on the wider implications of proposed changes within the organisation

# In This Session

- ▶ LO3 Be able to monitor appropriate systems to improve organisational performance:
  - AC 3.2: Demonstrate a quality culture to ensure continuous monitoring, evaluation and development of the process:
    - Principles of models which underpin organisational performance;
    - Types of performance measures and how to determine and set them
    - The value of a customer-focused culture
    - Continuous Improvement Culture
- ▶ Assessment Criteria
- ▶ Review Questions
- ▶ References

# INTRODUCTION

- ▶ In most industries, quality has never mattered more. According to by Srinivasan and Kurey (2014) new technologies have empowered customers to seek out and compare an endless array of products from around the globe.
  - ▶ It therefore becomes important for organisations to create a culture which ensures that the best products and services are provided to the customers. Such culture must consider quality from planning through to monitoring and evaluation.
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# Organisational Performance

- ▶ growth.pitcher.com.au (2012) define the Organisational performance in the following way. First, we'll refer to the Oxford dictionary which defines 'organisation' as "an organised group of people with a particular purpose". 'Performance' is defined to include "the action or process of performing a task or function seen in terms of how successfully it is performed".
- ▶ When these definitions are put together, we can say organisation performance relates to how successfully an organised group of people with a particular purpose perform a function. Essentially, this is what we are speaking about when we refer to organisational performance and achievement of successful outcomes.
- ▶ We now have a definition but what does it really mean? High organisational performance is when all the parts of an organisation work together to achieve great results with results being measured in terms of the value we deliver to customers.

# Organisational Performance

- ▶ Deltapartner.ca (2011) identify 10 guiding principles of effective performance measurement:
  1. The measurement system must be tied to the vision of the organization.
  2. The measures must be balanced (comprised of financial and non-financial data).
  3. Measures must be a mix of process data and outcome data taken over time.
  4. Measures must be based on operational definitions
  5. Measures must be within the organization's sphere of influence.
  6. Measures must be dynamic, relevant and timely.
  7. Measures must be interconnected (ie: always reported collectively, never singly).
  8. Senior Management is accountable for the measures.
  9. Measures must be limited in number but still provide a holistic view.
  10. Measures must be communicated and documented

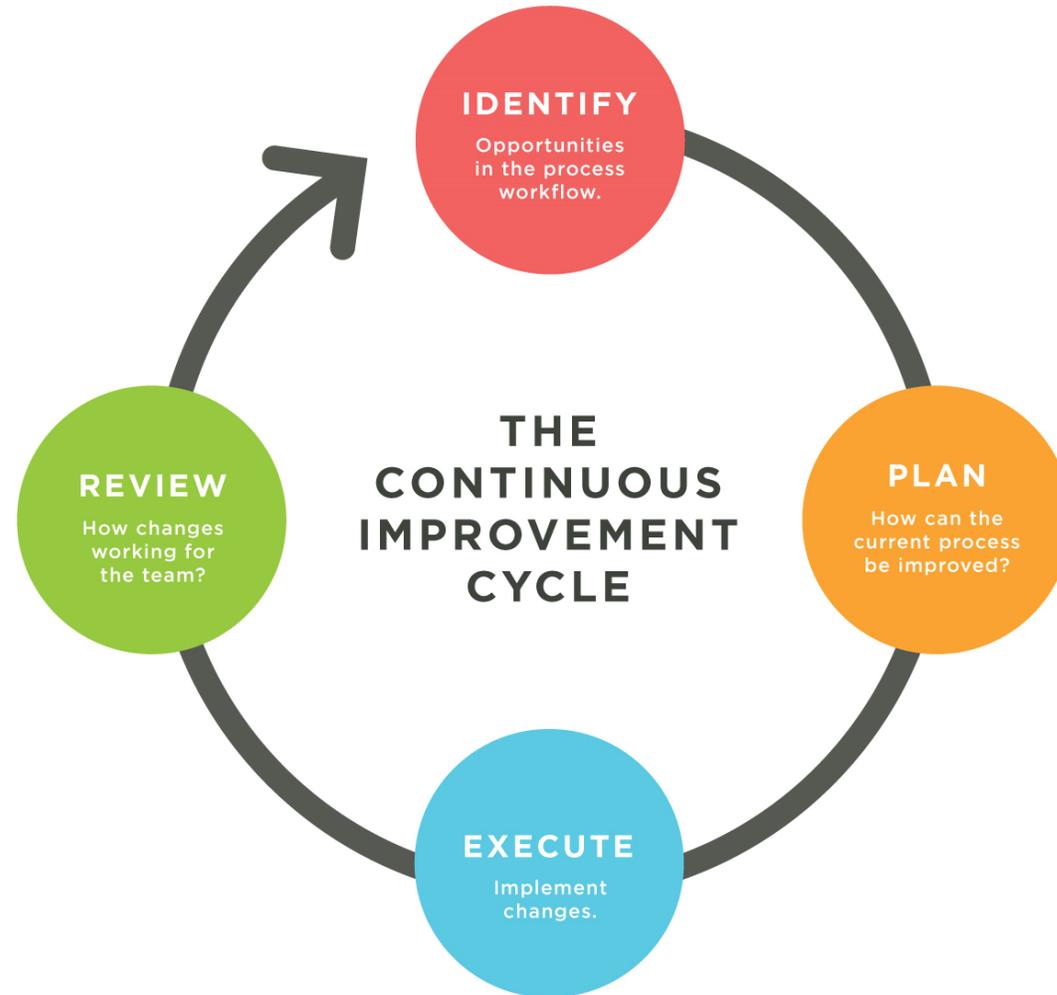
# Performance Measure

- ▶ Performance measurement is generally defined as regular measurement of outcomes and results, which generates reliable data on the effectiveness and efficiency of programs (eca.state.gov, 2016).
  - ▶ In AC 2.4, we discuss the different types of performance measures including process and outcome measures. Refer to the notes for additional information and clarification.
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# Continuous Improvement

- ▶ Continuous improvement is a method for identifying opportunities for streamlining work and reducing waste (leankit.com, 2016).
  - ▶ Continuous improvement can be viewed as a formal practice or an informal set of guidelines. Many companies have shifted focus to more formal approaches to project and process management such as Lean / Agile methodologies (Kanban, Kaizen, Scrum, XP). In all Lean / Agile methodologies, continuous improvement is a primary focus, in addition to high customer service standards and the reduction of waste in the forms of cost, time and defects (rework).
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# Continuous Improvement



# To Use Continuous Improvement

- ▶ Sacrificing quality can rarely be justified by the ability to do something faster or cheaper. To maintain quality standards while cutting time and cost, companies turn to continuous improvement.
- ▶ By observing continuous improvement best practices, companies can figure out ways to continue business as usual while analyzing improvement opportunities along the way.
- ▶ On how to use Continuous improvement processes, read <https://leankit.com/learn/kanban/continuous-improvement/>

# Continuous Improvement

- ▶ Customize how and where continuous improvement is applied. One size of continuous improvement doesn't fit all parts of the organization (Ashkenas, 2012). The kind of rigor required in a manufacturing environment may be unnecessary, or even destructive, in a research or design shop. Sure it's important to inject discipline into product and service development, but not so much that it discourages creativity.
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# Performance Culture

- ▶ Values, culture and guiding principles – this part is unique to the organisation. If the organisation was human, this would be its DNA.
  - ▶ The culture must support the achievement of the strategic objectives in order to draw out the “best” of people. The values and guiding principles must support the purpose (remembering from our earlier definition that an organisation is an organised group of people with a particular purpose) for achievement of desired outcomes.
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# Customer Focus Culture

- ▶ In today's competitive market place there can be few organisations who do not desire to be customer-focused, and even fewer who do not recognise how important employees are in delivering this (customerchampions.co.uk, 2016).
- ▶ Customerchampions.co.uk (2016) indicated that the following must consider the following for creating a customer focus culture:
  - Organisational alignment
  - Top Level clarity – The 'inside out' and believing that the customer is king concept starts at the top of the organisation. Employees look to the top team to model the desired behaviours in all areas and in creating a customer focus culture no less.

# Customer Focus Culture

- Listen to employees – organisations should place enough value on the insight their employees have into their customers' needs. This provide useful knowledge before contacting.
  - Listen to customers (internal and external) – Many companies today particularly in the service sector carry out some form of customer satisfaction measurement.
  - To further align the business with customer needs companies are increasingly using a tool called Customer Journey Mapping. This helps identify the journey that the customer takes through an organisation, often transferring from one organisational silo to another.
  - Build Trust
  - Maximise the value of customer feedback
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# Further readings

- ▶ <http://www.deltapartners.ca/blog/10-guiding-principles-for-an-effective-performance-measurement-framework/>
- ▶ <http://www.customerchampions.co.uk/creating-a-customer-orientated-culture/>
- ▶ [https://eca.state.gov/files/bureau/performance\\_measurement\\_definitions.pdf](https://eca.state.gov/files/bureau/performance_measurement_definitions.pdf)
- ▶ <https://hbr.org/2014/04/creating-a-culture-of-quality>

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