

10 Benefits of Implementing an Organizational Excellence Model



If we were to name 10 key benefits of implementing an organizational excellence (OE) model, what would they be?

1. **Provide the foundation on which to develop an organization.** The OE model provides a collection of best management practices for each key management area (e.g. governance, leadership, planning, customers, employees, work processes, suppliers and partners, resource management, performance measurement). These practices can be implemented at any stage of an organization's life cycle. A start-up organization can implement the best management practices right the first time while an organization that has been operating for some time can build on their strengths and capitalize on opportunities for improvement.
2. **Provide an integrated and coordinated way to drive tangible results.** The OE model provides a well-defined path for the excellence journey. For each key management area, there are practices to implement and measures that can be used to gauge progress. Measurement results highlight where the organization is doing well and where it needs to improve and allow for data-based decision making.
3. **Identify the interdependencies and interrelationships between management areas.** Each best management practice is related to other practices in the OE model and implementing all the practices contributes to creating a culture of excellence that is characterized by the principles. For example, in the Organizational Excellence Framework publication, that integrates the leading OE models,^{1,2,3,4} a customer practice aimed at 'determining customer needs and expectations' is directly related to: the leadership practice of 'developing a strategic plan with goals and objectives that will guide the organization towards its vision', the planning practice of 'using factual information to provide input to the business planning process', the employee practice of 'encouraging employees to share their ideas and suggestions', the work processes practice of 'involving customers, suppliers and partners in designing and analyzing processes, and the performance measurement practice 'measuring the level of service quality'.
4. **Reduce non-value add activity.** Non-value add activity is any activity that does not add value to the organization. Such activity may include errors, rework, duplication, sources of customer and employee dissatisfaction, and activities that do not contribute to the organization's vision and mission. The use of OE models can reduce non-value activity by ensuring that all work activity in the organization is aligned with the vision and mission and by investing in prevention and appraisal activities that reduce failures. In Canada, a study of small and medium enterprises found the cost of quality to be 32% of payroll on average and to be higher in service organizations as compared to manufacturing organizations.⁵
5. **Contribute to becoming an employer of choice.** Research has shown that implementing an OE model and concentrating on employee health and wellness can contribute to even greater

improvements in organizational performance. Organizations that have an OE model in place undertake human resource planning that supports organizational plans, train and develop employees so they can be valued contributors, encourage employees to share ideas and suggestions aimed at improvement, and reward and recognize strong performance of individuals and teams. These organizations also invest in a healthy workplace. Global research indicates that many organizations are embracing workplace wellness to achieve business objectives such as reducing health care costs, improving productivity, improving workforce morale, and reducing employee absenteeism.⁶

6. **Provide a performance benchmarking program.** Performance measures common to OE models are used around the world and can be used to track performance internally and compare performance externally with other organizations. While many improvement opportunities are identified by employees doing the work, benchmarking or learning from the experience of others is a powerful method for breakthrough thinking, innovation, improvement, and for delivering exceptional bottom-line results.
7. **Provide a platform for long term organizational success.** Organizations that have successfully implemented OE models continue to improve their performance year after year. This is largely due to the culture of excellence that has developed. Organizations committed to excellence have leaders that reinforce OE as a strategic imperative and use appreciative inquiry to build on strengths and engage employees in a discussion about what is going well and what can be done better. Both results and the sustainability of OE models are well documented in the global research.^{7,8,9,10,11}
8. **Complement other excellence programs.** The OE model provides an umbrella under which other programs, initiatives, tools and techniques can be brought together to form one comprehensive system. The robust OE model can integrate quality assurance programs such as ISO 9001, initiatives such as lean, customer service, health and safety, and environment, and tools and techniques such as six sigma.
9. **Increase the value of a business.** The banking community has recognized that having an OE model in place increases the value of a business. Acknowledging these businesses continue to run well when the owner is absent, some banks add a 1.5 multiple to the value of a business that has an OE model in place. This bodes well for businesses that wish to increase their line of credit or plan for succession. In addition, an OE model is advantageous for the prospective buyer of a business as the practices provide a good checklist for assessing the business and the balanced system of measurement provides thorough feedback on performance.
10. **Provide a healthy return-on-investment.** A recent study found that every \$1 spent on a quality management system (i.e. excellence model) returned \$6 in revenue, \$16 in cost reduction and \$3 in profit and that 93% of organizations agreed that quality management was a significant driver of success.¹²

References

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The Organizational Excellence Framework is a unique publication that 'consolidates' the principles and best management practices of global excellence models and provides 'implementation guidelines' and additional resources for the practitioner. It can be downloaded at no charge on the home page at <http://organizationalexcellencespecialists.ca/> and is accompanied by a practical and cost effective toolkit comprised of scenario games, workshops, and an automated assessment and reporting tool.

Organizational Excellence Specialists work with organizations to improve performance and make a positive contribution to productivity. Those interested in additional resources to support their excellence journey are invited to join the open LinkedIn site at <https://www.linkedin.com/groups/4639816>

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