

Business Health Assessment Report for Sample Company

Overall

These are your overall scores for each Principle. Each Principle is scored out of 100. The Total is out of 1000. If you score less than 30 for any Principle, you should work on that Principle. (We give detailed suggestions below about which Principles in particular that you should work on.)

1	The senior executives' constant role modelling of the Business Excellence Principles and creation of a supportive environment are necessary to achieve the organisation's potential.	32
2	Clear direction allows organisational alignment and a focus on achievement of goals.	47
3	Providing what your customers value – now and in the future – must be an essential influence in your organisation's direction, strategy and action.	31
4	In order to improve the outcome, improve the system and its associated processes.	40
5	Effective use of facts, data and knowledge leads to improved decisions.	37
6	All systems and processes exhibit variability, which affects predictability and performance.	12
7	Potential of an organisation is realised through its people's enthusiasm, resourcefulness and participation.	32
8	Continual improvement and innovation depends on continual learning.	30
9	The organisation's action to ensure a clean, safe, fair and prosperous society enhances the perception of its value to the community.	40
10	Sustainability is determined by an organisations ability to create and deliver value for all stakeholders.	28
Total		329

Many companies can find the results of the questionnaire discouraging. You should not be discouraged by this report. We know that it looks as though there is much to do. However, your score of 329 is about average for most companies, and you now have more idea of what to tackle first.

Strengths

Below are your areas of strength. You should continue to build on these. Doing so will increase your overall performance. (Strengths are presented for the Principle level, if there are any, and for the level of the detailed questions. In each case, they are presented in descending order with the strongest first.)

At the detailed question level

- 2.4 You have plans to reach all your targets.
- 2.5 Your plans to reach new targets describe how you will change (eg, by improving process or systems, or applying resources).
- 2.8 You measure your progress towards your goals.
- 2.1 You have clearly defined goals (ie, your definitions of success).
- 1.9 Your senior executives have created (and maintain) a supportive environment within which alignment with the 10 Business Excellence Principles can flourish.

Opportunities

The problem most companies have is knowing where to begin. It is a mistake to try to take on too much. It is best to work out the few very important things to do that will make the biggest difference. Below are your areas of greatest opportunity. You will get most return by concentrating your effort on these. (Opportunities are presented for the Principle level and for the level of the detailed questions. In each case, they are presented in descending order with the greatest opportunity first.)

At the Principle Level

- P6 You must manage the predictability and variability of your systems' and processes' performance.

- P10 Your company must create and deliver value for all its stakeholders.
- P1 Your senior executives must constantly role modelling the Business Excellence Principles and create a supportive environment for the Business Excellence Principles.

At the detailed question level

- 1.8 The reward structure for your CEO/president and senior executives must be altered to reward behaviour that is in accordance with these 10 Business Excellence Principles. Your current reward system for your CEO & executive rewards behaviours that are not in line with the 10 Business Excellence Principles.
- 6.7 You should be working to reduce variation. This will greatly assist you to reduce costs (eg by reducing your "rework").
- 6.5 You should be working to make your processes more stable by reducing special cause variation.
- 1.3 Employee opinion survey results show that the employees think that the senior executives are not a consistent role model for the 10 Business Excellence Principles. You should work to ensure that the senior executives become consistent roles model for the 10 Business Excellence Principles (eg, they must be trustworthy, believable, with high integrity, committed to the Principles).
- 6.8 You should be working to reduce variation in all your products and services.
- 4.6 Your managers must work on improving processes as a major part of their job function.

Minor Opportunities (almost strengths)

You also have a number of issues that would be strengths if you had scored them higher. You should concentrate effort on building on these. (Minor opportunities are presented for the Principle level and for the level of the detailed questions. In each case, they are presented in descending order with the greatest opportunity first.)

At the Principle Level

- P4 In order to improve any outcome, you must improve the system and its associated processes.

At the detailed question level

- 10.2 You must deliberately invest (funds and effort) to meet the needs of each major stakeholder group. (You should treat these as investment decisions to reach your Goals and objectives and to meet your stakeholders' needs.)
- 4.3 You must make and implement plans to reach your targets when those targets are outside current capability.
- 1.5 Your CEO/president and all your senior executives must role model the 10 Business Excellence Principles (ie, they must believe in them, make all decisions in that context and maintain an environment that supports others to do likewise).
- 4.7 You must work to reduce rework and waste.
- 10.7 You must measure your success in meeting your objectives for all your stakeholder groups. (ie, success including and beyond financial performance by determining how you are achieving success for each of your stakeholders by integrating and balancing their needs

These Opportunities mean

At the Principle Level

- P6 Variation means lack of consistency. Lack of consistency means additional cost and rework. Rework is a total waste of your resources. In most companies, rework is the largest consumer of managers' and employees' time. Reducing your variation usually means

reducing your costs. People who understand variation are more likely to understand the concepts of Process Capability that we explored in Principle 4 ('To Improve the Outcome, Improve the System'). Consistency means that your products will more often do what they are supposed to and your customers will be more satisfied. Managers who lack an understanding of variation will probably not practice according to a systems view of the company. This results in consistent under- or over-reaction. Product and service quality (and morale) often deteriorates as a result.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_6_1.htm

P10 Principle 10 says 'create and deliver value for all stakeholders'. The emphasis is on 'all stakeholders'. Principles 3, 7 and 9 each insist that the company must be designed to provide value to a particular stakeholder group. If the stakeholder groups are not aligned in what they want from the company, and there is no reason they should be, then the company must have ways to resolve any conflicts. If you choose not to provide value to all stakeholders, this means that you have chosen to give less than an expected share to one or more stakeholders. This usually results in a less than optimum result for that company and can seriously harm its long-term sustainability.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_10_1.htm

P1 Your CEO/president and all your senior executives must role model the 10 Business Excellence Principles. They must believe in them, make all decisions in that context and maintain an environment that supports others to do likewise. This is a central issue. If the CEO and the Senior Executive team do not believe in the Business Excellence Principles with all their heart and soul and make all their decisions in alignment with the Business Excellence Principles, the business will fail. Success will not be sustainable. It is as clear-cut as that.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_1_1.htm

At the detailed question level

1.8 The reward structure for your CEO/president and senior executives must reward behaviour that is in accordance with these 10 Business Excellence Principles. The reverse would be that the reward system for your CEO and executive rewards behaviours that are not in line with the 10 Principles. Which, unfortunately, is extremely common. This means that behaviour is currently encouraged that is not in the company's best interest. This must cease.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_1_8.htm

6.7 All variation from the ideal result causes additional cost, at some point; to your company, to your direct customers, to your end-users, to the community. All variation will impact your costs and performance. Costs increase in proportion to the square of the deviation from the ideal result. This means that you should aggressively work to minimise your variation, even when you are well within specification.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_6_7.htm

6.5 Reducing your special cause variation is the first step in improving your processes. Until your processes are under control (i.e. the special causes are under control), you cannot begin the major improvement - reduction in common cause variation.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_6_5.htm

1.3 Employee opinion survey results show that the employees think that the senior executives are not a consistent role model for the 10 Business Excellence Principles. For example, senior executives are thought to be untrustworthy, they are not believed, thought to have low integrity. This means that your business has a low trust in the executives and a high level of cynicism. This means that the employees will not volunteer their creativity. It can also mean that the employees see behaviour that indicates that the executives do not believe the Principles.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_1_3.htm

- 6.8 When you reduce your variation, you reduce your rework and all the costs associated with rework. For most companies, rework costs are significant. There are a competitive and cost advantages in reducing the spread (width) of variation to be well within your customer's specifications. When you do, you reduce your costs, your customers' costs or both. When you reduce your customer's costs, you have a more satisfied customer and a competitive advantage. Working aggressively to reduce variation in output gives a real win/win.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_6_8.htm

- 4.6 The job of the managers is to ensure that the business process is managed, controlled and improved. The process workers know what to change, but do not have the power to change it. The bosses have the power to change but do not have knowledge of what to change. At every level, managers must work with their people to improve design of those parts of the company's systems for which they are responsible. This is called 'working on the system' but it can only be enacted by people who 'work in the system'. A team approach is needed whereby the manager brings his or her power and view of complexity. The processes worker brings his or her detailed knowledge. The manager's role is to empower and enable – to be a coach, to open doors, to provide contacts when needed, to ensure the complexity of the system is considered, to value the detailed knowledge of the team, to provide the power to implement mutually agreed solutions to system problems.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_4_6.htm

These 'Minor' Opportunities mean

At the Principle Level

- P4 All systems, including your company, produce exactly what they are designed to produce. To get a different outcome, you must modify the system. If you set a target that is outside the capability of the system to deliver it, you will have to change the process. Working harder is not the answer. Incentives or training are seldom the answer – though most often tried. A manager's job is to improve the system. We believe that this is the heart of the Business Excellence philosophy. It is certainly where there is significant misunderstanding and the major departure from the prevailing business thinking. Most companies (though not the successful ones) fall into the trap of believing that all they need to do to reach their targets is to work harder.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_4_1.htm

At the detailed question level

- 10.2 You must invest (funds and effort) to meet the needs of each major stakeholder group. These should be deliberate investment decisions in which you apportion the potential retained earnings to the six major stakeholder group to reach your Goals and objectives and to meet their needs. For each stakeholder group, the company foregoes money now for increased value later – an investment. So much for each.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_10_2.htm

- 4.3 All systems deliver exactly what they are designed to deliver. If you want a new outcome, you have to change the process. If you do not, the outcome will probably stay the same. Most companies (though not the successful ones) fall into the trap of believing that all they need to do to reach their targets is to work harder. Working harder is not the answer. If you set a target that is outside the capability of the system to deliver it, you will have to change the process. If you follow the 'work harder' thinking and do not work to change processes to reach new outcomes, all you get is burnt out people and failure.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_4_3.htm

- 1.5 Your bosses are not role modelling the 10 Business Excellence Principles. Currently they do not demonstrate by their actions that they believe in the Principles; they do not make all

their decisions in the context of the Principles or maintain an environment that supports others to model the Principles. This means that the bosses are trying to pretend that these Principles do not exist. The Principles do exist and the degree to which a business adapts itself to them, is a strong indicator of its long term viability. Unless the bosses in this business quickly adapt their behaviour, the business will not be sustainable.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_1_5.htm

- 4.7 Rework is bad news. Rework is pure waste. Doing the same thing over and over is usually a huge cost. It is waste of time, energy and resources. It increases your costs when you are constantly fixing something that should have worked – you have to employ people to do that rework. Your customers hate it. It stops you moving on to do things that are more productive. Worst of all, it means your processes are unreliable. Rework time is definitely wasted time. If you can reduce your rework, you can make a huge difference.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_4_7.htm

- 10.7 You must measure your success in meeting your objectives for all your stakeholder groups. You must measure success including and beyond financial performance by determining how you are achieving success for each of your stakeholders by integrating and balancing their needs. You will need to measure in order to find out if your investment is paying off. Are you getting value for money for your investments? Are you getting the promised benefits? You need to measure your progress by obtaining results for all indicators. You should present your results in a way that shows trends, comparisons with competitors or best in class and allows meaningful interpretation of variation.

http://www.netgm.com/Diagnosis/Principles%20questionnaires/P_10_7.htm

Doing, Confirming and Improving

The other dimension of Business Health is whether you complete the cycle of planning to do things, doing them, measuring to find out if your plans were successful and deliberately improving what you do. We asked 31 questions about planning to do things and thinking about things; 48 questions about doing things; 16 questions about measuring and 5 questions about deliberate processes of improvement. Out of 10, on average, you scored yourself as

- 4.1 for questions about planning
- 2.9 for questions about doing things to implement the Principles
- 2.8 for questions about confirming or measuring your progress
- 4 for questions about patterns of deliberate improvement

Any set of questions for which you average less than 3.0 indicates an area that needs attention. From your results, you could give more attention to:

- doing things to implement the Principles
- measuring and confirming progress

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