

Best Practice Series - Path to Best Practices

By Paul Deis

What IS a “Best Practice?” The most common definition is that these are the practices used by the most admired, most successful, or most profitable corporations. Another is that a given Best Practice is the “best way” that has been developed thus far to do something.

There are various limitations with each of these and other similar definitions, we have long since found.

Our view is the answer to the question of “what do we need to do to insure sustained, consistent high performance levels” – regardless of market or other external forces.

How do we fix things so we are assured of “being in the driver’s seat” of the company, not just a passenger in the boat, subject to forces beyond our effective control?

In reality, most companies are not in full control of their destiny. This is why they are eventually merged, absorbed, or otherwise disappear from the landscape. Meanwhile, there seem to be some companies that overcome all odds against them, and continue to survive, thrive and grow consistently over long periods of time. Why? How?

Merely having everyone involved in “improvement” programs along doesn’t do it either.

Example – A large Litton division (remember them?) had gotten everyone so involved in all kinds of improvement projects that they lost control of several major contracts, and as a result, of the business as a whole, which was acquired by Northrop Grumman. Lots of meetings, documents, but no substantial, measurable performance improvements.

More recently, witness the simultaneous reports earlier this year - “GM reports \$9 Billion loss” and “Toyota reports \$9 Billion profit.”

Consider that 30 years ago Toyota’s US sales were the rounding error in GM’s financial statements, they were so small. Then there is Honda, which 35 years ago didn’t even make cars at all, yet is now competition for even Toyota.

It is not so much the “what do they do” that we have come to regard as Best Practices, although this is vitally important also, but “how do they think” that is so critical. Obviously, these companies, and others, just look at things differently, set different processes in motion inside their companies than most others.

So what is this difference? How can the “rest of us” get moving towards this goal of sustained, high level performance?

We have identified four essential factors that MUST be present in a highly effective way to generate sustained, consistent high performance levels. These are:

- Leadership and culture
- Enterprise systems and processes
- Continuous improvement process

- Education and training

These we call the “Path to Best Practices” – which is the path to consistently improving performance in every area of the business, without end, indefinitely, never stopping.

Our first point here is that in order to improve something you must first know what it is. Stated in business terms, this means that:

- All processes must be documented adequately. This is the “DNA” of the company and keeps everyone from re-solving problems previously solved.
- Within a given area, such as sales management, everyone must follow the established process. Results can then, and only then, be consistently and objectively measured without ambiguity. If everyone is doing their own thing, no meaningful information is possible.
- With a consistently followed, documented process, it now becomes possible, and is an imperative, to continuously improve that process over time – without end. There is no “there” there, so to speak. It is not a place one arrives at more than temporarily.

In the meantime, though, one has, in that area, a Best Practice – for now.

So, in conclusion, it is the relentless search for better methods that creates a Best Practice for an industry, somewhere within some company. The question is, how can we improve our own companies, starting from where we are now?