

2003 Excellence in Practice Citation

Organizational Learning



Dow Chemical Company

Midland, Michigan

Organizational Diagnosis

SUMMARY

The use of business excellence criteria in the U.S. Malcolm Baldrige National Quality Award and the European Foundation for Quality Management (EFQM) Award has enabled numerous strong companies to become even better. In 2000, our company's leadership decided that all of our global businesses should engage in Business Self-Assessment (BSA). In just one example, consistent use of BSA has enabled a declining global business to become a vibrant, well-run business.

Working with business leaders and assessors from the state, national, and international levels, strategies were developed for our businesses to diagnose themselves against recognized management system models. External training consultants and senior Baldrige and EFQM examiners assisted in the development of a comprehensive practice. By the end of 2002, sixty of our global organizations had completed BSA exercises. Fifteen of our businesses wrote documents and were diagnosed by six-person teams of assessors who were external to the business.

One global business president summarized the benefits to his organization as follows:

1. It forces a disciplined examination of how we operate and the results of those efforts - testing our 'largely held beliefs'.
2. It provides clear areas of weakness allowing the business leadership to then focus on the priority items that will generate the highest impact.
3. Probably the most important, it causes the leadership team and subsequently the organization to come together in terms of their understanding of the business and the priorities in driving the business towards a higher level of performance.

BACKGROUND

Improvement in long-term business performance is critical to business survival and sustainability. Business Self-Assessment (BSA), our organizational diagnostic practice, was developed in order to help our seventy global businesses and functions better

determine what they need to do in order to improve their management systems. The goal of the practice was, and still is, to help our leaders achieve a capability to conduct Business Self-Assessments that will help them to improve long-term business performance.

When we initially developed the practice in 2000, our global businesses and functions were guided to start with a BSA workshop. In the following year, they were encouraged to progress to a written document and an assessment. For the BSA workshop, six- to twelve-person leadership team members receive a few hours of training and do two to three days of pre-work. A one-day workshop is then conducted to review the strengths and AFIs (Areas for Improvement) that each sub-team records when assessing their organization against the nine criteria of the EFQM model. The output of the workshop is a list of strengths, potential things to stop doing, and a prioritized list of things the organization should do to improve its business performance and management system.

After the workshop, businesses initiate actions to improve their performance. In the following year, the team is encouraged to write a seventy-page document describing their business approaches and results according to the criteria for business excellence. With the written document, leaders again perform self-assessments of strengths and AFIs. Their findings are then compared with findings submitted by a six-person assessment team. In the early stages, most assessors were employees of our parent company who did not work for the business being assessed. Team leaders were generally external to the company consultants with senior Baldrige or senior EFQM examiner experience. Today, we do essentially all of our assessments in-house.

Since 2000, almost all of our global businesses and functions have conducted the basic BSA workshop. Twenty businesses have written documents, and four of them have written a second document. Writing the first document typically took organizations 500-2500 man-hours. Assessing the document required another 500 hours. Despite the proven value of the exercise, some businesses felt that writing the document was far too much work. In 2003, we came up with two additional options. One option is similar to the written document, but it allows organizations to use proformas (templates) instead of prose. Our internal assessors and external consultants believe that this option will save time without significantly sacrificing benefits. The other option is a shortened version of BSA called the Results Targeted BSA Workshop. This workshop focuses on the single result that is most important to the business and evaluates that result against the EFQM requirements for results and the corresponding approaches. This approach takes two days of one key leader's time and less than one day of the leadership team's time. To date, we have trained 40 leaders on this approach, and we have used it for the corporate Six Sigma program and several businesses and functions. Almost everyone we have shown the workshop to has expressed excitement about it. Early indications are that organizations are using it to find new insights into how to reach their objectives for their most important results.

All of our company's businesses are global. Leadership team members and employees are often located in 5-20 different locations and countries. Organizational leadership

team members are the key participants in the workshops, however, they often consult with other employees when considering strengths and areas for improvement. For the written documents, most organizations involve all 6-40 of their leaders and 10-30 middle managers or employees with lots of seniority and experience.

For assessment of the written documents, a team of six assessors at the middle management or director role spend one week doing individual assessments of the document, two days seeking consensus on their feedback report, and five days conducting site visit interviews and finalizing the report. During the site visit interviews, assessors may contact up to two hundred people at varying levels within the organization. Depending on the size of the organization, 5-40% of an organization may be involved directly in the process. Additionally, most organizations communicate the assessment process and results to all of their employees. All of our businesses are familiar with BSA, most leaders have been directly involved in some BSA activity, and it is likely that 40% of our 50,000 employees have had some exposure to a BSA activity.

To lead, develop, and manage our BSA practice, we formed a two-person corporate BSA Expertise Center. To help strategize at the corporate level and coach at the business level, we hired four consultants with senior Baldrige Examiner experience, three of whom had led their own organizations through the BSA processes leading to Baldrige and State Awards. We also hired three senior British Quality Foundation and EFQM Senior Examiners, each of whom had previously led their organizations through internal and external award processes.

To effectively implement this practice, we worked with internal business excellence leaders, external consultants and training specialists to develop training courses. Company subject matter experts and training experts invested two months to develop project manager and assessor courses. The external cost for developing the courses in 2002 was \$100,000. Spending for updates and maintenance has not been necessary. The cost for consultants to help us develop our practice, to provide individualized coaching to businesses, and to be lead and back-up lead assessors year to date is \$800,000. Now that the practice is well established and we have built internal capability, we expect little to no additional external spending.

Our BSA program is one of the few programs in existence that assess businesses as global entities. Our assessment teams have a diverse make-up of individuals from different businesses, functions, job levels, and geographies. Team members are often located on at least two continents, which creates logistical issues that are not usually faced by other company, state, national, or continental programs. We have developed training classes that have prepared our first year assessors to be as strong as second or third year assessors in many comparable programs. Some of the approaches that we developed for doing assessments and teaching the courses have already been leveraged by State Quality Programs and submitted to Baldrige as examples of improvements to their process. To ensure that we continue to have a strong diagnosis practice, we regularly monitor and review the perceived value of the approach to our

businesses. Additionally, we continuously benchmark against identified best practice organizations and programs.

DOCUMENTATION

Needs Identification

- 1. Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

Many businesses within our company are cyclical. While profits are expected over the long-term, losses may be experienced over several years at the bottom of the business cycles. At all times, but especially at the bottom of business cycles, our business leaders need tools to enable them to diagnose and evaluate how well they are doing in running their businesses. In 2000, we determined that leaders needed an organizational diagnosis practice to enable them to determine what was required to better run their organizations.

Many approaches exist to help organizations determine how they are doing and what they should do to improve performance. The United States government established the Malcolm Baldrige National Quality Program in 1988. Our company, as well as many of the other leading companies in the United States, provided input into the guidelines and criteria that was initially developed for business, industrial, governmental, and other organizations to describe business excellence. In 1991, using input from the United States Baldrige Award and the Japanese Deming Prize, the Europeans developed the EFQM Excellence Model (European Foundation for Quality Management). In the 1990's many of our company's sites, functions, and businesses evaluated themselves against the Baldrige or EFQM criteria, and several of our employees participated as examiners for Baldrige-based State Quality Programs and EFQM based country and continent programs.

Prior to 1995, the structure of our company was very geographically centered, and it was relatively easy for organizations to evaluate themselves against Baldrige, EFQM, or whatever geographic model prevailed for their location. In 1995, our company restructured itself around global businesses and functions. Our company is now made up of over seventy different business and functions. Our 50,000 employees are located in over 150 countries on 6 continents. Each organization has 100 to over 2,000 employees globally dispersed, and it isn't uncommon for leadership teams to be made up of individuals working in five or more different countries.

After the reorganization, most of our businesses and functions no longer did rigorous self-assessments against country or continent diagnostic models. However, one of our businesses that was on a trend leading to obsolescence continued to use the assessment process over a period of seven years. Today, the business is viewed as a

vibrant business and the leader attributes much of the success of the turn-around to the continual use of organizational diagnosis.

In 1998-2000, our company launched a massive Six Sigma implementation, with projections of saving the company \$1.5 Billion in cumulative EBIT by year-end 2003. In that same time frame, we determined that to reach the next levels of performance improvement, we needed stronger methods of diagnosing our management systems.

A Baldrige recipient's CEO said, "There is no better assessment of your organization's performance available than in applying for the Award". The U.S. National Institute of Standards and Technology annually produce comparisons of Baldrige Award recipients to the S&P 500, with consistent three or four to one benefits. An independent study by Vinod Singhal (Georgia Institute of Technology) and Kevin Hendricks (University of Western Ontario) looked over a 5-year pre-implementation period and a 5-year post-implementation period and found that companies that met the criteria of award programs like Baldrige and EFQM substantially outperform comparative companies in operating income, sales, return on sales, and return on assets.

In 1999, we compared Baldrige, EFQM, and other management system diagnostic approaches. Considering that 50% of our employees are in the United States and over 30% reside in Europe, Baldrige and EFQM were determined to be the best models for describing what excellent organizations look like. We found that Baldrige and EFQM covered essentially the same material, with annual and bi-annual refinements to both models leading to one model being stronger in some areas than the other at a given point in time. While either model would work for us, we had to choose a standard diagnostic tool. At the time we were making our decision, EFQM emphasized an organization's impact on society more than Baldrige, and we felt that this was very important to our industry and businesses. We also had more in-house expertise in EFQM, so we decided to use the EFQM model as the framework for our Business Self-Assessment (BSA) organizational diagnosis practice.

Design Values

- 2. Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

BSA provides effective organizational diagnosis that support the best interests of the company by enabling our businesses and functions to determine what their key strengths and areas for improvement are against an externally recognized and validated model of management system excellence. The model provides clarity as to what good looks like, and the practice provides different approaches and options for organizations to determine what they should work on and to set and achieve targets against an international standard of excellence. It provides a framework of thought to help leadership understand the most important improvements to work on next.

The fit between meeting organizational and individual needs is perfectly aligned. Our businesses and functions require improved performance. Organizational diagnosis is foundational to determining what to work on to improve performance. We cannot do

effective organizational diagnosis without knowledgeable employees. Business leaders need to have a general knowledge of the BSA model. The project manager and the business leader who is championing the diagnosis require more detailed knowledge of the business excellence criteria and BSA process. Finally, once a business has written a document, a team of six assessors who have a strong understanding of the business excellence criteria are required to assess the business against the criteria.

Gaining knowledge and expertise in globally recognized and validated models of business excellence benefits our employees in the many ways. For example, through understanding what the criteria means, leaders and other individuals develop their personal leadership skills, as well as an understanding of what well managed organizations look like. As employees who will champion the BSA activities for their organization are trained on the process, they are also trained to be assessors for other company businesses. As they assess other businesses, they better understand the BSA process and model, and they observe practices that they may want to emulate or avoid in their own businesses.

For most individuals, even functional leaders on business leadership teams, doing an organizational diagnosis is one of the few opportunities they have to holistically view and analyze their organization or another organization. Several of our assessors have commented that assessing a business is as valuable or even more valuable than getting an MBA. After assessing one of our businesses, an employee stated that what he learned about another business by being a part of the assessment team was better for his personal development than if he had spent 2-3 years working in that other business. A leader who ran a business within our company led an assessment team for one of our larger businesses. After the assessment process, this leader felt more knowledgeable about that overall business than many people who were functional leaders and sat on the leadership team for that business.

The written document provides members of the business with a seventy-page holistic summary of their business' approaches and results. This enables employees to better understand and make more effective contributions to their business. The document is often given to new employees and new leaders. It also helps instill pride in employees toward their organization.

Alignment

3. How is this practice in alignment with the performance identified, as described in your answer to question 1?

Through the implementation of our organizational diagnosis BSA process, over 90% of our leadership teams have gone through basic BSA workshops. A key output of the workshop is the actionable things necessary to improve their business or organizational performance.

Baldrige and EFQM consultants have told us that best practice organizations that rigorously apply organizational diagnosis and corrective action typically see 50-100 point per year improvements in their scores (based on 1,000 points possible). This is

consistent with what we have observed across our organizations. Baldrige data and research by Singhal and Hendricks show that better performance against national and international diagnosis models correlate with better business performance.

4. Please describe how this practice integrates other training, learning, and performance improvement practices, and aligns itself with organizational goals to achieve the desired outcomes.

In 2001, to help drive our company toward excellence, our company articulated a Business Excellence Implementation Process (BEIP). The process starts with corporate leadership and direction through a corporate mission statement, objectives and scorecard. It then lists the strategic accelerators required for businesses to be successful. Businesses follow a PLAN-DO-CHECK-ACT cycle, with PLANning centered upon their business strategy and the associated processes to determine the strategy. The DO part of the cycle is based upon our standardized approaches to developing 3-5 year objectives and annual objectives and plans to support their strategic deployment. BSA organizational diagnosis was introduced as the CHECK component of the Business Excellence Implementation Process, and the identification of gaps and the drive for improvement through different processes and methodologies, including Six Sigma, formed the ACT part of the cycle.

The BSA practice links very well with all of the different elements of our company's Business Excellence Implementation Process. Sometimes organizational diagnosis has strategic implications and links back to the Business Strategy portion of the BEIP. BSA always helps our businesses evaluate how well they are deploying their strategies, as BSA usually provides areas of new or renewed emphasis for the present or next cycle of strategy deployment planning. BSA gap analysis also reveals projects that need to be undertaken to improve our businesses. BSA is contributing to the identification of the most value added projects to assign our resources to.

While implementing our BSA organizational diagnosis practice, we used at least three of our company's standard practices. First, we used our strategic deployment process to set short and long term objectives, goals, and action plans for our BSA practice. Second, while implementing our program, we found a need to better understand our key stakeholder needs and to improve performance in those areas. To address that need, we initiated a Six Sigma project to understand the defect. Using Voice-of-Customer methodology, we established four defects for our project to address. All of the defects related to how satisfied the businesses were that they had the methodology, skills, and tools to implement the BSA practices. Our baseline defect level was 90%. After we implemented our improvements, including the development of formal training courses, our defect level was reduced to 5%. We have implemented a control plan to ensure that we sustain the gains.

The third standard practice that we used to develop and implement our program was DITO (Develop Individuals, Teams and Organizations), our HRD stage gate approach to producing and implementing solutions for individual development needs. Once the value proposition showed that we needed to develop training modules, a Design Leader / Project Leader worked with internal subject matter experts and external consultants to

develop two training courses to meet the needs of our employees and organizations. The process also ensured that the implementation aspects of delivering the training were considered and that the product was released to the delivery organization to handle the logistics for delivering the courses.

When we developed our training courses, we leveraged learning from our very successful Six Sigma training effort. Essentially, we implemented short periods of lecture followed by activities and exercises performed by teams or individuals.

The overall BSA program is aligned with organizational objectives for each business to improve its performance. Many companies have organizational diagnosis programs centered around Baldrige, EFQM, or other models. We looked at both models and what best practice companies were doing in the self-assessment area and decided to use the best that we found from any source. We chose EFQM as our framework for evaluating our management systems. However when we evaluated our options on how to train assessors, after comparing approaches, we decided to use the Baldrige training program and curriculum as the framework for teaching our examiners.

5. What evidence is there of partnerships within and outside the organization (e.g. with senior management, frontline supervisors, unions, external training suppliers, consortia)?

The organizational diagnosis BSA practice is jointly sponsored by the Vice President of Quality and Business Excellence and the Human Resource Development Strategic Center global director, and both of their respective organizations play critical roles in the development and implementation of the practice. The BSA Expertise Center is staffed by Organizational Effectiveness Consultants who have dual reporting to the VP of Quality and Business Excellence and the Global Director of the HRD Strategic Center. Expertise members are also standing members of the corporate Six Sigma Expertise Center.

The practice was initially developed by the BSA Expertise Center. Seven external consultants who had experience in EFQM, Baldrige, state quality programs, and award winning companies were assembled to help provide input and guidance in the development of our company's organizational diagnosis process. Early on in our practice, these consultants provided individualized consultation to businesses as well as assessment team leadership.

The BSA Expertise Center worked with Six Sigma leaders to develop 3-5 year objectives for the practice. These objectives were communicated in conjunction with the company's Six Sigma objectives. An Implementation Track Team was established that was chaired by one of the twelve Business Excellence Leaders who sit on the Six Sigma Steering Team. The Track Team was made up of eight different Business Excellence Leaders who typically sit on global business leadership teams. The BSA Expertise Center members were also members of the Track Team, and the team worked to develop the implementation plans for BSA. Annual goals and objectives were developed by the Track Team and approved by a fifty person Six Sigma Extended

Steering Team made up of business excellence leaders from most of the businesses and functions implementing BSA.

The BSA Expertise Center partnered with the HRD Instructional Design organization to develop training material. The Design Leader coordinated the efforts of an outside curriculum design company and our internal and external subject matter experts to develop the curriculum. We piloted the training material with Business Excellence leaders from our global businesses. After making initial improvements, we piloted the courses with another group of business excellence leaders. We also had some of our best consultants evaluate the material, since some of the consultants were senior EFQM examiners, others were senior Baldrige examiners, and most had led similar programs within their own companies. Through this partnership, we were able to develop training material that combined the best from multiple excellent sources.

A year after starting our organizational diagnosis practice, members of the BSA Expertise Center led a Six Sigma project to improve the practice. The project team included four Business Excellence Leaders who were responsible for implementing Six Sigma and BSA in their organizations and one Project Manager who had written a BSA document. Senior EFQM assessors from outside the organization also contributed to the team.

In developing the practice and the training material, we interacted with several different companies, many of whom were Baldrige or EFQM winners. Companies who contributed to our understanding of best practices include Dana, Cargill, Xerox, Honeywell, Eaton, Steelcase, British Aerospace, and Nat West. We also sought input from our employees who were assessors for Baldrige, EFQM, Michigan, Texas, and Louisiana. Over the past two years, one employee has been a Malcolm Baldrige examiner, two have been EFQM examiners, and six have been examiners, trainers, and trustees in different state quality programs. This helps ensure that we continue to evaluate and gather best practices.

We have been a member company with EFQM and are using the EFQM Excellence Model to describe what a strong management system looks like. We have had meetings with the CEO of the British Quality Foundation. We partnered with the U.S. government, who released to us their 2002 Baldrige training material even before it was finalized. That training material became the basis for the assessor training curriculum that we developed.

To help evaluate and improve our practice, we also met with every business leader whose organization had written a document and had an external assessment. Two members of the Corporate Operating Board sponsor our diagnosis practice.

Evaluation Strategy

- 6. How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost phone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*
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There are several factors in addition to organizational diagnosis that influence how well our businesses perform. As Singhal and Hendricksen state, the benefits of using a diagnosis model may not be seen for a period of up to five years after the implementation of the model. A basic assumption for our organizational diagnosis practice is that if our businesses evaluate how they are doing against the EFQM model and take steps to rectify areas for improvement against the model, they will be better performing organizations. Most of our businesses have only been using our BSA practice since 2000.

We have several methods of evaluating our organizational diagnosis practice. Business Excellence Leaders for all businesses and functions have quarterly meetings, where one of the topics is often around BSA, how we are doing with the practice, and how to improve its effectiveness. The Business Excellence Leader, BSA Project Manager, and Organizational Leader are all surveyed three months after they have written a document and received their diagnostic feedback. During this meeting, we ask a variety of qualitative and quantitative questions, including what the perceived value of the practice was and whether it had sufficient benefit for the amount of resources that went into it. We also ask how satisfied the project team was with the resources available to help them prepare for and conduct the assessment. In 2002, a Six Sigma project was initiated to better understand the needs of the businesses and the individuals who were doing BSA activities. Many process improvements were implemented, including development of resources and training courses. Those who attend project manager and assessment training are given post course surveys, as well as on-the-job surveys a year later. This helps us to validate the effectiveness of our training in developing and preparing individuals and organizations to better understand and gain value from our diagnosis approaches. Finally, we annually check and review with our consultants on how well they believe our practice is doing compared to similar practices implemented by other companies.

Results

7. What specific participant behaviors are observed as a result of this practice, and how do these behaviors contribute to the goals of the practice? Are the impacts of these behaviors short-term or long-term? How do these behaviors differ from the results of previous practices?

Initially, when all businesses were told that they had to do an organizational diagnosis, many leaders embraced the practice and conducted workshops, written documents and assessments. By the end of 2002, over 90% of our businesses had done at least one workshop, many had done multiple workshops, and 25% had written 70-page documents against the EFQM criteria. Eighty percent of our twenty largest sites also have done BSA workshops. Our external consultants told us that we ramped up our practice quicker than any other large organization that they had seen.

Essentially every leadership team that did a workshop felt that it added value to their business by increasing awareness of the business excellence criteria and how they matched up to it. The output of the workshop typically was one or two key areas of organizational emphasis for the following year. Every organization that wrote a

document and had an external assessment felt that they learned things that would help them to better run their businesses. All organizations that received external feedback also did their own self-analysis. Organizations typically listed at least fifty gaps against the EFQM model. They then prioritized their action plans. Some organizations determined the top one to three things that they would devote significant resources to improve. Others assigned all of the gaps to existing improvement teams within their business and set about systematically addressing the gaps.

Some leaders felt it added so much value, that they wrote another document and had another assessment within twelve to eighteen months of the first one. Those organizations that took this approach improved their assessment score by 50-100 points on a 1000 point scale, indicating that the organizations were both better managed and better performing. One of these organizations just moved their scoring band into that of top quartile EFQM applicants.

Three months after an assessment, the leader of one of our global functions was asked about the value of writing a document and doing the assessment. He converted the 2,000 hours that his organization spent into dollars. Through their BSA, they had learned many things. Only taking into account some of the quick fixes that had already been implemented, he felt confident that productivity improvements would pay for the man-hour investment within two years.

Obviously, different businesses had different results and behaviors through their use of the organizational diagnosis practice. Behavior changes seen by some businesses included: 1) leadership teams acting more as leadership teams of an overall business, rather than functional leaders who occasionally met together with their Business Vice President; 2) shared ownership and action to work on the top priority gaps discovered; 3) a stronger devotion to developing and following systematic processes; 4) an on-going philosophy built upon understanding what approaches are required to deliver key results; 5) development of measurement systems to evaluate the effectiveness of key processes; 6) ensuring that all leaders mutually agreed on the key success factors and priorities for their business; 7) commitment of some leaders to become assessors for other businesses and 8) through the assessment of other businesses, an understanding of good and best practices and an incorporation of those practices in one's own business.

Over seventy individuals attended internal assessor training courses. More than forty employees attended project manager training. Seven employees have been involved in Baldrige-based state programs as examiners, senior examiners, instructors, trustees, and overseers. Two have, or still are, serving as Baldrige examiners, and three have, or still are, serving as EFQM examiners. While we initially used external consultants who were senior EFQM and Baldrige examiners to lead our assessment teams, we have been increasing internal capability. The assessment team leaders for seven businesses have been leaders from other businesses and functions within our company. A typical comment received from an on-the-job survey given one year after our internal training class is "I assessed another business and learned a great deal about how a business can improve. As a member of my business steering team, I can apply this new knowledge directly."

The impact of these different behaviors has short-term impact on organizations and individuals because one aspect of BSA involves the identification of things to stop doing or “go do” type activities. The impact is long-term to the organization because much of the output of BSA is to identify high priority projects and to get input into the following year’s strategic deployment activities. The impact of these behaviors to the individual is also long term. Being a part of an organizational diagnosis team is a recommended activity for all employees who are on the high potential or Future Leader list.

While we had similar organizational diagnosis approaches in the early to mid 1990’s, most of the diagnosis work was being done at a group or site level. One difference in expected behaviors is that global organizations diagnose their entire business make-up, rather than a portion of the business. This helps our businesses to evaluate and improve in those areas that will most help them to achieve their objectives. It also helps individuals to develop higher level business and leadership skills.

8. What was the impact of the practice on your organization? Are the impacts of these behaviors short-term or long-term? (Wherever possible please include actual figures related to the practice.)

The impact of the organizational diagnosis practice has been both short- and long-term. As businesses saw gaps in their management systems, some of those gaps were closed by quick action items. Other gaps required extensive, focused effort to achieve the desired results.

A global business leader said that organizational diagnosis “causes the leadership team and subsequently the organization to come together in terms of their understanding of the business and the priorities in driving the business towards a higher level of performance.”

The seventy-page written document describes how leaders lead, how the organization sets and deploys strategy, how people are managed, how partnerships and resources are managed, and how key processes are managed. It also provides results for customer satisfaction and the leading indicators of customer satisfaction, employee satisfaction and the leading indicators of employee satisfaction, community satisfaction and its leading indicators, and the key performance metrics for the overall organization and its leading indicators. This document provides leaders and employees a holistic perspective on their overall business. The written document is used by many organizations as an orientation for employees and leaders. Long-time employees and leaders commented that reading the document helped them to understand their organization at a much higher and more comprehensive level than before. Within our parent company and its various businesses, leaders move around. Leaders who move to new businesses find that the written document gives them an excellent introduction to the business, its key results, and the key enablers necessary to deliver those results.

Individuals who have gone through the organizational diagnosis project management and assessor training were also found to have led their own organizations much more effectively through the process. The assessor training course was centered around a fictitious case study developed by EFQM. Several course participants asked for extra

copies of the case study to give to members of their leadership teams, because the examples of what and why the case study company did what it did provided perspective on areas where their businesses could be. In some instances, businesses took practices from the case study or other businesses within our company and started applying them to their area. The Six Sigma project to provide business leaders with better methodology, resources, and training material led to organizations being better prepared to do BSA exercises. This led to a much higher quality assessment, as well as a 5-10% reduction (200-300 hours) in the effort required to write and assess a document.

Over fifty employees have led or participated on at least one team that assessed other businesses. Most leaders who assessed other businesses saw good and best practices and utilized or modified some of them for their own businesses. Most assessors also gained a greater appreciation for the importance of understanding the difference between leading and lagging indicators. Many developed more focused strategic deployment plans in their own businesses as a result of that learning.

The EFQM model provides our businesses with the criteria for a comprehensive management system. It also has forced many of our businesses to articulate what their key metrics for success are and to try to understand and articulate what approaches will best help them to get where they want to go. Our organizations who have gone through multiple years of using BSA and concentrating on closing gaps against the EFQM model are becoming better performing organizations. The assessment scores show this, the gaps that they are closing show this, and over time, we expect the key business results to clearly show it.

Shared Learning

- 9. What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and external to your organization.*

Numerous companies have national or multi-country or continental implementation of organizational diagnosis programs. However they generally do assessments at site or geographic levels, and they often let the various locations use whatever model is most prevalent in their geographic area. The advantage of our approach is that it provides us with one model that we can use around the globe. It also allows us to have assessment teams that have members from different businesses, functions, and job levels. This provides us with the benefit of enhanced learning through the added diversity of different cultures and geographic locations.

We have found that utilizing aspects of diverse practices leads to better practices than any other approach. For instance, we preferred portions of the EFQM model to Baldrige, because our industry places a very high importance on societal impact. The EFQM model also helps us to better reinforce the importance of linking leading to lagging metrics. While we use EFQM for our management system framework, we use Baldrige for our training framework. We build upon that training framework with specific

illustrations and examples that come from a number of our employees and consultants. We search the literature and have talked with a dozen different leading companies. When we got senior Baldrige and senior EFQM examiners together with our business leaders and consultants who had worked for a variety of companies on their assessment programs, we came up with a better product because of that diversity of models and culture.

We clearly had developed a good practice. Still, some of our businesses expressed concern about the amount of time it took to get to the benefits. We talked with business leaders and consultants inside and outside the company. At a Baldrige examiner training course in the spring of 2003, one of our examiners talked with the leader of a Baldrige winning organization to seek advice on how to keep the momentum going in our company. This leader reinforced the idea that if organizations would just compare themselves to the model and seek to improve against the model, their performance would improve. The leader also told our examiner that the only thing that leaders care about is results. So, if we could package our practice around results, we would be more successful at helping businesses to do organizational diagnosis.

Following that meeting, our Expertise Center developed a unique Results Targeted Workshop. This workshop encourages each organization to take the single most important result to their business and to run it through a series of questions. We use the BSA principles to see how they are doing against that most important result and to see if they understand what approaches are most important to delivering that result. Early indications are that this Results Targeted Workshop is being well received. Numerous businesses are in the middle of using this approach as a quick way to determine what things they need to concentrate on as they develop their objectives for the next calendar year.

From our combined use of Baldrige and EFQM, we have submitted proposed improvements to Baldrige. The Michigan Quality Council has also adopted some of our practices on how we group examiners to maximize learning during the training courses.

The leader of one of our larger businesses has three years of experience using the model. According to this individual, the most important benefit of doing the organizational diagnosis is that it causes the leadership team and subsequently the organization to come together in terms of their understanding of the business and the priorities in driving the business towards a higher level of performance. The application of this practice can and is helping many organizational leaders to have shared learning and understanding, leading to stronger performance results.

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