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"Nothing changes until leader behavior changes."

Rensis Likert, 1961
What is the ‘Essence of Excellence’? Over the last 25 years we have researched, coached and supported many companies on their continuous improvement journeys. So what separates the really great from the merely good? The answer lies not in what you see or the tools people use, but in the feel, the pure essence of these organisations. It is the mind-set, the language, the confidence and the sheer passion for excellence.

But what is preventing other organisations achieving the same level of excellence? It is often not that they have not tried. Indeed many have run successful lean or continuous improvement programmes for some years. However, we often see that companies rate of improvement has slowed or even plateaued.

If you are one of these organisations, don’t worry you are not alone! This is very frequent and associated with a whole range of factors such as: changes in senior leaders, a lack of buy in from some senior or middle managers, poor take up from 1st line staff and/or an often consultant-inspired focus on just the tools and kaizen events.

We first started to research this sustainability of improvement in the early 2000s at S A Partners and the Lean Enterprise Research Centre at Cardiff University. Much of this learning was captured in the prize winning book Staying Lean\(^1\). The book likens Lean to an Iceberg with activity both above and below the water. The underlying cause of these above issues in nearly all cases was that organisations had focused primarily on the ‘above the waterline’ areas of Technology, Tools & Techniques such as 5S, Kanban and Standard Work as well as Business Processes by employing tools such as Value Stream Mapping.

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What in most cases was missing was a focus on the ‘underwater’ areas of Strategy & Alignment, Leadership as well as Behaviour & Engagement. So what we saw in the typical organisation was a focus on the visible (= achieve results) areas of lean or continuous improvement but an absence, or at least lower focus on, the enabling factors that made improvement really work and sustain in the organisation.

Similarly, The Shingo Institute at Utah State University had found the same pattern in many US companies. As a result they developed a behavioural-based approach to improvement termed Operational Excellence. In 2013 we brought these ideas together and we at S A Partners worked with the Shingo Institute team to help develop a revised Shingo Model and widen the scope of their work to the whole organisation.

The new approach was what we termed Enterprise Excellence and was based on the five elements of the Shingo Model, namely:

- a set of ten **Guiding Principles** deployed into
- a set of **Systems** (such as Strategy Deployment, Leader Standard Work & Order Fulfilment)
- overlaid by a behavioural-based **Culture** that enables the Systems to work effectively and sustain themselves,
- a set of **Tools** derived from the defined Systems (not the other way around), and
- a set of appropriate and sustainable **Results**
Hence the ultimate secret of creating a sustainable Enterprise Excellence is in developing a Principle-led approach and deploying this into the organisation. This provides the Know Why. Without this knowledge we find that organisational change is built without a sufficiently robust buy-in at any level of the organisation. Following this is the development of a set of appropriate Systems to manage the organisation, or the Know What. Lastly each organisation needs to develop the Skills, Competencies and Confidence to make the defined Systems work appropriately.

Let us now look at each of these three elements in turn starting with the Principles. The Shingo Institute has defined 10 Guiding Principles. These Principles are derived from the best of management learning from the last 50 years including quality gurus Edwards Deming and Joseph Juran; Toyota thinkers Shigeo Shingo, Kiichiro Toyoda and Eiji Toyoda; lean thinkers James Womack and Daniel Jones as well as leadership thinkers Jim Collins, Peter Senge and Steven Covey.

The Principles are divided into four Dimensions, namely Results (the output of the organisation for the various stakeholders), Enterprise Alignment or Purpose (ensuring the organisation has a simple,
If we turn to the Systems within this, it is best to think of these within the dimensions we mentioned above, namely Purpose, Process, People and Results. When we look at a large percentage of firms nearly all of their improvement efforts are focused on the Process area, i.e. the ‘above the waterline’ areas we mentioned above such as the classic tools such as 5S, Standard Work and Kanban as well as Process mapping tools such as Value Stream Mapping. What is missing is the ‘underwater’ areas within the other dimensions. It is hardly surprising that many firms therefore struggle with sustainable change.

We can widen this picture and provide a full Enterprise Excellence Model below. As you can see we provide a description of each of the seven elements of the Model. These include the Results, Purpose, Process and People areas as well as the intersections between the three outer rings. Our experience has shown us that THE ESSENCE OF EXCELLENCE largely lies within these intersection areas of Align (how strategy is deployed into the organisation and how governance is created); Engage (how principles and values are translated into leadership and behaviour) and Improve (how the process is continually improved by people and how problems are solved).
So much for the theory, what does this really mean to a real organisation? We can see this in the following figure which shows a typical example of how Systems may be defined within the different areas of the Enterprise Excellence Model.
As you can see in the red highlighted ellipses a number of important Systems are highlighted. Taking these together with some of the Systems within the People dimension (dotted ellipse) we find where the very best organisations tend to excel. It is no coincidence that all of these are in the ‘underwater’ area. It is these areas that enable organisations to achieve Enterprise Excellence.

More specifically we have identified 5 Core Systems where the very best distance themselves from the merely good. These are:

- Behavioural Deployment
- Strategy Deployment
- Continuous Improvement
- Leader Standard Work and
- Learning & Development

In order to support organisations in their own Enterprise Excellence journey we have developed a Master Class that explores all of the areas addressed within this brief paper in more detail within the practical setting of four different organisations. For those of your interested in finding out more please go to: [http://www.sapartners.com/events/enterprise-excellence-master-class/](http://www.sapartners.com/events/enterprise-excellence-master-class/)

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