

DREAMING EXCELLENCE

Su Mi Dahlgaard-Park
Institute of Service Management
Lund University
Sweden

e-mails: sumi.park@msm.lu.se

Jens J. Dahlgaard
Dept. of Management and Engineering
Linköping University

jens.jorn.dahlgaard@liu.se

1. Introduction

After having researched several years on the subject of excellence, and after having written several research papers on the subject we were quite confident in our belief that we 'knew something about excellence' until we were suddenly confronted in an embroidery in a local fish market in a windy day in Seattle, May, 2005. We were attending the ASQ world conference which took place in Seattle, and we had just a couple of free hours when we visited the local fish market (although it was known as fish market, you could buy many other local traditional products, too). Both of us were standing in front of a small open showcase where an old lady were selling various hand made embroideries in different formats. The object which took our attention was a little frame where the following text was beautifully embroidered with small flowers around the text:

Excellence

Can be attained if you...

Care more

Than others think is wise.

Risk More

Than others think is safe.

Dream more

Than others think is practical.

Expect more

Than others think is possible.

What is common sense and what is scientific knowledge? This was the first question which came up in our mind when we read the embroidery text on excellence. We have read numerous books and have written thousands of words about excellence. However we could not convince ourselves that those scholarly/scientific books and papers written by highly intellectual people (including our own efforts although we don't dare to declare us as highly intellectuals) were saying better about excellence than the embroidery text expressed in a few sentences!

After having continued our research about excellence, we still think that the definition found on the embroidery in Seattle is one of the most beautiful ones where people's common sense throughout human history seems to be crystallised in those short expressions like wisdom. So the aim of this article is to elaborate, interpret, discuss and 'decode' further on this text to which we have no other references than the Seattle Public Market.

What may have been in the mind of the author of this sublime text? Well we don't know exactly but here in this article follows our dreams related to the same text and of course related to our background and experiences. Our dreams may have a lot of overlap to what were the unknown author's dreams but we may never find out. However we hope that our dreams maybe will overlap with the readers' dreams and also will contribute to further inspiration and to helping the readers in building new dreams for *creating excellence* in the contexts in which they are living and working wherever it may be. In this article we will interpret and discuss the embroidery text above sentence for sentence and relate it to contexts and references which we have found meaningful and useful.

The paper ends with an extract of two case studies. In section 7 follows an extract of a research project initiated by one of the biggest industrial companies in Denmark. The aim of the research project was to identify factors for understanding people's commitment, as commitment seems to be one of the most critical factors for achieving excellence. Section 8 shows how Post Denmark attained excellence after having been in a crisis in 1995-1997. Both cases are good examples for how the ideas, theories and models presented in sections 2-6 are closely related to our '*pursuit of excellence*'.

2. Excellence?

If you don't know what excellence is then we think it is difficult to know if or when you have attained it. So we have to start with a discussion about what is excellence.

Several people have tried to define excellence during the long history of mankind so it is natural and honest to declare that we don't know when excellence was first defined and we also don't know what the contents of this first definition were. But what we know with certainty is that the concept of excellence in relation to management and organizational performance was introduced 25 years ago by Peters and Waterman when they published their best seller book "In Search of Excellence - Lessons from America's Best-Run Companies".

The starting analysis model or framework used by Peters and Waterman was MCKINSEY's 7-S *Framework*. The models comprised the following seven success criteria for excellence:

Hardware: 1. Structure and 2. Strategy.

Software: 3. Systems, 4. Shared Values, 5. Skills, 6. Staff and 7. Style.

However, Peters and Waterman did not define what is excellence, but they observed that managers are getting more done if they pay attention with seven S's instead of just two (the hardware criteria), and real change in large institutions is a function of how management understand and handle the complexities of the success criteria of the 7-S Model. Peters and Waterman also reminded the world of professional managers that *soft is hard* meaning that it is the software criteria of the model which often are overlooked and which should have the highest focus when embarking on the journey to excellence. There is no doubt that Tom Peters, through his early publications and his management seminars, has had an effect on *excellence thinking* in North America during the 1980s.

Both before and after 1982 there have been many suggestions for a definition of Excellence. According to the American Heritage Dictionary (1992), excellence is defined as "the state, quality, or condition of excelling; superiority". Furthermore the word excel is defined as "to do or be better than; surpass; to show superiority, surpass others". As is expressed by Paul in the new testament excellence can represent "*whatever is true, whatever is honourable, whatever is just, whatever is pure, whatever is lovely, whatever is gracious, if there is any excellence, if there is anything worthy of praise*" (Philippians, 4:8)

A more than 2000 year old Greek reference explains that excellence is inseparable with the idea of good, which can be defined by the unique properties of the object or activity it describes. It has meaning only by reference to the intrinsic qualities of a person, an object or an activity, so there is no "one expression of good", there is no "one good practice". Good can be evaluated only in relation to the means it serves and the function it performs since everything has its own particular excellence. Excellence of a man is different from the excellence of a horse. The old Greek Arate is used synonymous to excellence and in its earliest usage the concept contained meaning of the act of living up to one's full potential. Arate as the idea of perfection and excellence was an important aspect of the Paideia, the process of educating and training of the boy into his genuine human nature in Ancient Greek. Later on Arate was applied to mean men who had developed inner virtues such as dikaiosyne (justice) and sophrosyne (self-restraint) which are represented in the training program of Paideia. Thus physical, mental and spiritual training were developed in order to achieve Arate (Paideia, 1945).

Similar meanings about excellence can be found in Confucius (BC 551-479). Achieving intrinsic quality in terms of practicing justice and character building has been one of the main themes in Lun Yu (Analects of Confucius). Self-control and self-development via lifelong training and education were not only considered to be the methods to realize one's full potential but also the way to achieve harmony in society in general. By that reason leaders role was especially emphasized by Confucius. His notion of Junji (Superior /Excellent man or leader) demonstrates this:

"Junji (Superior /Excellent man or leader) makes people's merits to grow and demerits to decrease, while inferior man does the opposites" (Analects, from Dahlgaard-Park, 2006).

From this standpoint excellence includes doing common, everyday things and excellence isn't necessary determined by comparing a score or a performance to someone else. The *pursuit of excellence* comes from doing our best with a view of growing and improving in terms of realizing one's potential. Excellence must then be related to the abilities that a man or group of men has.

As parents having had the experience of following our children from babies to grown ups we know that. One child may have excellent abilities given by God, but for some reasons he or she don't use the abilities in a good way, and another child may have far lower abilities for example for studying, but he or she is nevertheless fighting and struggling day after day and the final graduation result may be almost the same. In such a case there is no doubt in our minds who of the two children and which result we will relate to excellence.

However in relation to management and organizational excellence the situation may be not so easy to evaluate. The problem or challenge here is to relate performance results to the abilities and the capabilities of the organization. When the word excellence is used in quality management it often

refers to upgrading the level of organizational management to a level of excellence, which is necessary to provide excellent results i.e. products and services which delight the customers/consumers.

In Dahlgaard-Park and Dahlgaard (2003; 2007) a model - the "4P" Excellence Model - is presented which has proven to be a good framework model to be used when companies are planning to attain excellence. The model's 5 components are:

Leadership, People, Partnership, Processes and Products.

The main message from this model is that *excellent products and services* are a result of building excellence into *People, Partnership and Processes*, and this requires a strong foundation – *Leadership*. It is assumed that a management without such leadership will not be able to create excellence.

One important motivation behind *the "4P" model* has been to create a model that provides an integrated approach between various, and often conflicting aspects, such as soft (intangible) and hard (tangible) aspects, subjective and objective aspects, rational and irrational aspects, individual/personal and collective/organizational aspects, as there is no model which embraces these different aspects of organisational realities. The result became the "4P" model (Dahlgaard-Park & Dahlgaard, 2003; 2007) in which the people dimension is recognized and emphasized along with other critical excellence variables. According to the model *building excellence into the following 4P develops Organizational Excellence* (OE): 1. People, 2. Partnership, 3. Processes, 4. Products.

Another motivation behind the suggestion of *"4P" model* is based on the recent awareness on human resources and its role in an organizational context as one of the most critical issues for any organizational improvement activity. From this viewpoint it is argued that the first priority of any quality or excellence strategy should be to build quality into people as the essential foundation and catalyst for improving partnerships, processes and products. But what does that really mean? In order to answer that question we need to understand human nature, needs, motivation, psychology, environmental and the contextual factors of human attitudes and behavior because the project of "building quality into people" can only be carried out when we have a profound knowledge of people and psychology.

A quality strategy should preferably be implemented multi directional, i.e. through a top-down, middle-up-down and a bottom-up strategy (Dahlgaard et al. 1998). The strategy should follow the Policy Deployment approach (Hoshin Kanri), which has both the top-down and the bottom-up strategy included. Such an approach provides a framework for building quality into the following three levels (Dahlgaard-Park, 1999; Dahlgaard-Park & Dahlgaard, 2003): Individual level, team level and organizational level. An efficient quality strategy aiming at improving "the 4P" can only be developed based on an understanding of the interrelationships and interactions between these three levels as well as the critical contextual factors at each level in each given situation.

Figure 1 below indicates that building Organizational Excellence (OE) is initiated by *building Leadership*, which means recruiting leaders with the right values and competencies and developing leaders through education and training so that proper leadership is practiced. Leadership impacts throughout organizations are huge. For instance, leaders' behaviours will largely determine if core values (as for example trust, respect, openness etc.) will be diffused and will become a part of the organizational culture (Dahlgaard & Dahlgaard-Park, 2004).

The next level is *People*, which involves recruitment of 'the right people', training and education with the right values and competencies. Education and training of employees is essential for giving people understanding of the company's philosophy and values as well as the competencies (skills and know-how) needed for performing their job. Working on the people level also includes intangible aspects of individual persons' mental processes such as perceptions, thoughts, intentions, beliefs, motives, willingness, desires, self-motivation etc along with more tangible aspects of behaviour and patterns of interaction with others.

Building Partnership and Teams means that teams are established and developed, so that each team is able to practice the right and needed values and competencies in their daily activities. *Partnership* is established in all people relationships - within the team, between team members (intra-team), between teams (inter-team) and with other people or groups outside the team. Partnership also includes external stakeholders such as suppliers, customers, society and community stakeholders.

Building Processes means that leaders, individuals and teams day by day try to practice the needed values and competencies based on the principle of continuous improvement. Quality and *speed* are continuously improved and at the same time *costs* are reduced all through improved people relationships in the system. The strategy, for simultaneously improving quality and speed and reducing costs, is to identify and reduce waste everywhere in the supply-chain processes from suppliers to the customers. Here the overlapping principles, tools and methods of TQM (Dahlgaard et al 1998), Lean

Thinking (Womack & Jones, 1996) and the Six Sigma Quality methodology (Dahlgaard & Dahlgaard-Park, 2006) can be used.

Building Products means building quality into tangible and intangible products/ services through a constant focus on customers' needs and market potentials, and to practice the principles of continuous improvement parallel with innovativeness in new product development.

The foundation, *building leadership*, supports the four other factors represented by "the 4P" and all together the 5 factors comprise a roadmap to the "result", which is called *Organizational Excellence* (OE). As shown from the model, it is assumed that all 5 factors are necessary for achieving organizational excellence.

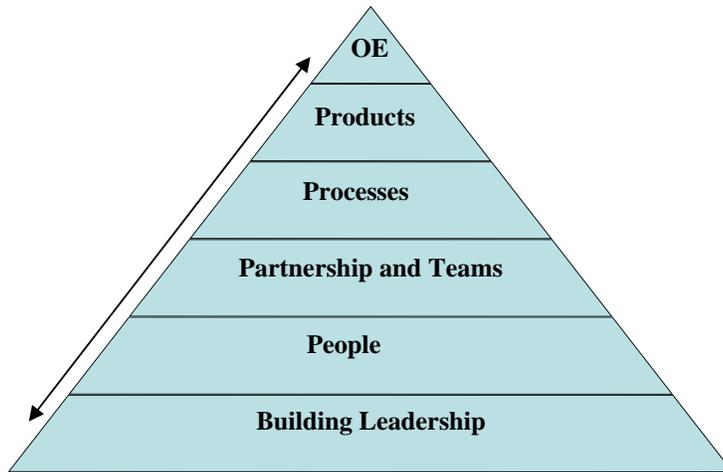


Figure 1: The "4P" Model for Building Organizational Excellence (OE)

3. Care more than others think is wise.

Here we do not hesitate to relate this pre-condition for excellence to the people dimension of management and leadership. Many experts – academics as well as top managers/ leaders - have said that the first condition for achieving excellence is to have excellent people. This is the background for the "4P" model mentioned above. Excellent people will create excellent partnerships that will create excellent processes and products – which together define the characteristics of excellent organisations. This is also discussed by Baccarani (2007) who discusses *what is meant by ethics* and specifies that *it is a wish, a search, a hope and an adventure of the spirit, which aspires to reach three objectives, without illusions of certainties*:

1. Care for oneself; 2. Care for others; 3. Care for the organisation and for the society.

These suggested three levels are in line with the 4P model. Building people corresponds to care for oneself, building partnerships corresponds to care for others and building processes and organisations corresponds to care for the organisations. Below we will collaborate more by treating one by one in depth.

Many throughout human history have explored the idea of *Care for oneself*. Motivations for religious and philosophical searches on the meaning of life may lie in our inner desire to care for our selves and our life, and further to achieve harmony and inner happiness. Previously "care for oneself projects" were mostly taken care of by religions. However in the post modern society "care for oneself projects" became one of the most important issues for both individual persons and for organisations. Organisations are interested in "care for oneself projects" because there are many evidences indicating the co-relationship between happy and harmonious employees and the economic success of the organisation. For individual persons care for oneself or quality of life became an increasingly important issue parallel with higher education levels, higher living standards and higher demands for oneself. Almost everywhere we are bombarded with materials using 'quality of life' like an advertisement of summer book sales from a book club called LivsEnergi (Life energy) (July advertisement, 2007, translation from Swedish):

"Welcome to the book club – LivsEnergi! LivsEnergi is more than a normal book club as we offer ideas and inspiration which can make members life more meaningful, exciting, more happy, and

more harmonious".

People found out that our searching on happiness and meaningfulness and thereby achieving quality of life were not fulfilled by achieving higher education, neither by material richness. Many statistical results show that peoples' perceptions of quality of life are either the same or worsened while BNP and material life standards have been improved significantly in many countries. So people are still "hungry" and continue their journey in searching on 'quality of life' because people really care for one self. It is however not so easy to understand what it means and how to attain quality in our lives.

Several Danish surveys carried out in 1998, 1999 and 2000 (Dahlggaard-Park & Dahlggaard, 2003), in a manufacturing, a service company and an organization in public sector illustrates people's dreams about the quality of work life. The respondents were asked about what they regarded as "the most important factors for Quality of Work Life". The priorities from this survey are shown in table 1 below.

Table 1: Most important factors for Quality of Work Life?

Factor	Priority
Personal development (professional, intellectual and personal)	1
Recognition and self-respect	2
Meaningful work	3
A good physical working environment	4
Economy	5
Job security	6

It is worth to comment that salary (economy) and job security only had the 5th and 6th priorities while personal development, recognition and self-respect, and having a meaningful work were the 3 top priorities in achieving quality of work life.

Personal Mastery (Senge, 1990), self-development (Dahlggaard-Park & Dahlggaard, 2003; Dahlggaard-Park, 2006) or self-actualisation (Maslow, 1943) are all concepts which cover and enlighten some aspects of care for oneself. Regardless how we call the care for oneself project we find some important ingredients in all these concepts; self-knowing, self-monitoring, self-motivation, self-efficacy and self-esteem, and self-actualisation (Gardner, 1983; Goleman, 1998; Dahlggaard-Park & Dahlggaard, 2003; Dahlggaard-Park, 2006). *Self-knowing* is the ability to know and to recognize one's own inner feelings, preferences, values, motivators, desires, intuition as well as one's strengths and weaknesses. *Self-monitoring* is the ability to monitor one's own feelings, impulses, stress and changing environment, including the propensity to suspend judgement and to think before acting. To monitor one's negative feeling to a positive one is also an important self-monitoring ability. Self-knowing is necessary for practicing self-monitoring. *Self-motivation* is the ability to motivate oneself and be able to establish personal goals based on one's inner desire and accurate knowledge of one's current stage. Persons who have high self-motivation are proactive in taking responsibility and searching means in achieving personal goals. *Self-efficacy* (Gist, 1987) refers to one's belief that he or she is capable of performing a task. The greater a person's self-efficacy the more confident he or she is to succeed in a task. Persons who have high self-efficacy are also better to handle negative feedback. *Self-esteem* is closely related to self-efficacy and includes self-respect and self-confidence. With self-esteem people are able to recognise one's uniqueness and achieve something meaningful. Finally *self-actualisation* is the driving force for fulfilment of one's potentials. Overcoming obstacles and achieving one's dreams and potentials may be the best way to care for oneself. All these abilities are interrelated to each other. For instance without accurate knowledge about one selves, it is difficult to establish reasonable and realistic goals. Without self-monitoring and self-motivation ability people will not easily overcome stresses, failure and negative feelings. They will be caught by these feelings like slaves rather than use them and master them for their own sake. Caring oneself is in other words to be truly your own master.

Care for others can be explained by core values (Dahlggaard-Park, et al., 1998; Dahlggaard-Park & Dahlggaard, 2003) and empathy. *Core values* has been termed in various ways in human history such as virtue ethics or character ethics and are proven to have been everlasting values regardless of cultural and ethnical differences all around the world. Core values in terms of trust, honesty, openness, loyalty, integrity, sharing, fairness, humbleness, respect, love etc. have been widely recognised to be the guiding principles for people relationships. Modern literature adds one more important concept of empathy into these widely recognised series of ethical codes for caring for others. Empathy is the ability to know or to understand others' feelings, needs, emotions, preferences and anxiety and the skills in treating people according to their emotional reactions. *Empathy* is an ability to understand others in depth. Core values together with empathy may enable us to build true win-win partnerships which can bring synergies because the raw materials for synergies are individual differences and

uniqueness. Synergies will only be created when there are true respect and trust on individuals with open and sharing mindsets between people. Recognition of the value of diversity can be fostered in this synergetic atmosphere.

Care for the organisation and society can be understood as an extension of care for oneself and care for others. Besides of those elements important for caring oneself and others, organizational factors have to be considered. Due to the organizational factors such as organizational goals, processes, communication, rewards system, sharing information and other resources, participation, involvement and empowerment, innovation etc. leadership becomes a critical aspect here.

Peters and Austin's simplified organizational excellence model (1985) illustrates well these issues. They regarded excellence as being the result of the following 4 critical success factors:

1. *PEOPLE*, who practice
2. *Care of CUSTOMERS* and
3. *Constant INNOVATION*.
4. *LEADERSHIP* which binds together the first three factors by using *MBWA* (Management by Wandering Around) at all levels of the organization.

This simplified excellence model indicates that care is not an end in itself but rather a means to the end which here is building a company culture characterized by *constant customer focused innovation*. But this is only possible if care is related to both customers and to the organization's people in a balanced way. What is needed is that the people work together against a *shared vision* which is rooted in peoples' *personal visions and goals*. To build a shared vision requires care for people. Another name for *people care* is *respect for people* which together with *continuous improvements* are regarded by Toyota to be the secrets or the DNA of Toyota System (Dahlgard-Park & Dahlgard, 2007).

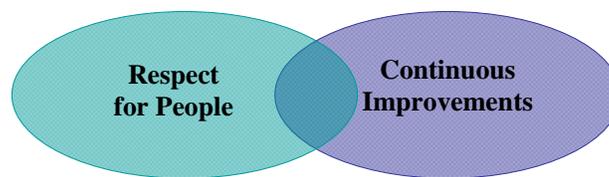


Figure 2: Toyota's DNA

4. Risk more than others think is safe.

Most people may first think about external situations when they see this sentence, but we think that to risk more than others think is safe should also be related to organisational internal situations as well as to individual persons.

When are people taking risks? When are people not asking for a guarantee before doing something? Small children do very seldom consider risks when they are doing what they like to do. We call these children activities for 'play'. We seldom consider risks or asking for any kinds of guarantee when we fall in love and when we marry with a person we love. In such situations, we feel it's even absurd to ask 'what are the risks'? In such situations, there is no space to think about risks in our mind, because we feel it's so natural to do it. It seems that passions and risk taking are well matching couples of words. When there is passion, people are more likely to take risks. We take also risks when we have confidence. In Chinese the word confidence contains two characters, the first character means 'strong' and the second means 'belief'. From these observations we find some co-relationships between confidence, passions and risk taking.

What we find interesting here is that the above mentioned *care* for oneself, others and organizations are foundations for fostering and creating confidence, passions and risk taking at micro (individual) as well as macro (organisational and society) levels.

Organisational risk taking in *external situations* may be related to innovation/ new product & service development or to enter a new market or a more seldom example the vision created by John F. Kennedy to launch the first man on the moon before the end of the 60s. In all these situations people are working with many unknown and risky factors. They know *what* they want to do, and also *why* but they don't know with certainty *how* to achieve the vision. In other words people are taking risks with confidence and passions in terms of knowing clearly *why to do* and *what to do* and *want to do*. Many of us know the John F. Kennedy's risk full moon project succeeded because he succeeded to transfer his and many people's dreams/visions to be a collective dream – a shared vision.

“Shared vision fosters risk taking and experimentation. ... You know what needs to be done. But you don't know how to do it. You run an experiment because you think it's going to get there. It doesn't work. New input. New data. You change direction and run another experiment. Everything is an experiment, but there is no ambiguity at all. It's perfectly clear why you are doing it. People aren't saying, 'Give me a guarantee that it will work.' Everybody knows that there is no guarantee. But the people are committed nonetheless” (Senge, 1990, p. 209).

Organisational risk taking in *internal situations* related to excellence are concerned with building a shared vision which often has to do with improvement or change in people's attitudes, knowledge, skills and culture. These areas need to be changed before real breakthrough in the results which you deeply wish may happen (Juran, 1964).

Change in people's attitudes, knowledge, skills and culture takes time – often several years - and massive education and training programs are needed, which costs time and money. Many people may think that this is a risky business and often management will hesitate to invest the needed resources in such a project (or process). Management may think that this is an unneeded and maybe also unsafe investment.

The Post Denmark case (Dahlgaard & Dahlgaard-Park, 2004), which we have included at the end of the paper, is a good example of a company which was in a deep crisis in 1997 but managed to change the negative trend and attained excellence after about 5 years work with the principles, tools and methods of TQM. Post Denmark's top management team took, as many would express it, a huge risk when they decided to start up the most massive training program ever seen in Denmark. During 18 months, starting in the beginning of 1998, all 30,000 employees were trained in order to participate in the change program called TIQ (Total Involvement in Quality). The company succeeded within a few years to change people's attitudes, knowledge, skills and the company culture, and Post Denmark is now recognised as being maybe the best run Post Office in Europe with the highest customer satisfaction among European Post Offices. The company received in 2004 the Danish Quality Award and in 2006 the EFQM Excellence Prize. The company's profit was in 2006 all times high.

5. Dream more than others think is practical.

The importance of dreams can be found richly both in classics and modern literature. An example reference can be found in the Book of Proverbs of the Christian Bible's Old Testament where you can read the following about dreams:

“A People without dreams will perish”.

This statement supports the importance for any person, group, and organisation to have visions – dreams to be better and have a better situation for the family, the organisation, and the country or maybe the planet called earth.

An indication of dreams about a better work life situation is shown in a Korean survey done in February 2006 by the leading Korean business newspaper Chosun Daily. The respondents were among others asked the two simple questions, which are shown in tables 2 and 3 below.

We see that *recognition* is in the top as it also was in the Danish survey presented in table 1 above. In fact this is not a surprise for us. Too many managers seem to have forgotten *the power of recognising* their people when they have done a good job. In case after case we have seen that this is one of the biggest gaps when we measure leadership performance in relation to people's needs (see more about that in the Post Denmark case in section 8)

Table 2: The happiest moment in your working life?

When my work was recognised	46%
When I received unexpected bonus (29%)	29%
When I have social meeting with colleagues whom I like (9%)	9%
When my leader is on business trip	8%

Table 3: When do you hate to go to work?

When I have problems with my leaders or colleagues	29%
When my work is not recognised to be good	17%
When my salary is not matching my work	12%

We will return to the importance of understanding employees dreams and expectations in the next section (*Expect more than others think is possible*).

Understanding the power of dreams may also be important for developing new attractive products and services. Attractive Quality Creation (Kano, 2001) and the roots for future excellence may lie in meeting products that are dreams of customers. To properly do this, managers of corporations in the future will have to learn to grasp the minds of customers, meaning that they may have to understand customers better than customers understand themselves.

6. Expect more than others think is possible.

The concept of expectations has many dimensions as it may be related to both products/ services and to people seen from an organisational perspective. Disney's definition of Quality Service from the beginning of the 90s (Disney Quality Service course material) is a good start for discussing why it is important to have high expectations:

"Attention to detail and exceeding our guests' expectations. Our guests are considered to be VIPs – very important people and very individual people, too. What contribute to Disney's success is people serving people. It is up to us to make things easier for our guests. Each time our guests return, they expect more. That is why attention to detail and VIP guest treatment is extremely important to the success of the Disney Corporation"

An expectation is another word for a human hope. Without hope there is no expectation. When people decide to visit one of the Disney amusement parks they have hopes for joy and fun, and Disney understands very well that continuous improvements and attractive service quality creation are needed in order to year by year exceed guests expectations. The old paradigm of quality from the 80s saying that quality is to satisfy customers' expectations is definitely obsolete. The new paradigm of the new century is continuously to exceed expectations.

Konosuke Matsushita, the founder of the world's largest consumer electronics company, teaches us what it means to expect as a leader and reminds us that trust and expectations are two sides of the same coin:

"Yet, I can't resist the temptation to say that I was well aware of the crucial importance of human relations in corporate setting even in the early days of my business career. Granted, my approach is intuitive, and my knowledge is experiential. But my instinct, and perhaps my conscience, dictated to me that I should trust my employees if I expected them to trust me. I must have full confidence in their ability to learn and their potential for personal growth. Only then would the employees have full faith in my managerial competence and personal integrity" (Matsushita, 1989).

This wise text may be an important eye-opener for managers who for some reason think that their employees' abilities and motivation are too low for attaining excellence.

To have success with any kind of change, improvement programs as well as our pursuit of excellence it is necessary that management listen to and involve their employees. By listening to its employees management often become surprised by discovering that its employees have quite other priorities than they had expected. They may find out for the first time that employees have other needs than salary to satisfy biological or material needs. Such a finding was documented through a large survey in the 90s in US where 100,000 employees were asked about what in their opinion were the most critical motivation factors for their job motivation. Parallel with that 25,000 leaders were asked about what they perceived or expected to be their employees' most critical motivation factors. The results of this survey are shown in table 4 below.

It follows from table 4 that employees' top 3 was equal to the bottom 3 in leaders' perceptions, and it is also seen that the leaders had good salary as the first priority while employees had good salary as the 5th priority. It seems as if most US leaders had a very poor knowledge about human motivation (Dahlgard-Park, 2002). Our experience based on 20 years of research and consultancy in Quality Management and Organizational Development (QMOD) is that this picture is also common in Europe. That is the reason why we always strongly suggest that programmes for change and organisational development should start with a training program specially designed for managers – top managers as well as middle managers. After management training has been completed ordinary employees can be trained by involving their managers as instructors. This cascade training strategy was used in Post Denmark in 1998-1999.

By reflecting on the survey results in table 4 most people will conclude that it is not at all a risky business trying to understand employees and also trying to satisfy employees' needs. What is a risky business is to ignore people's priorities by not listening or by pretending to listen!

Table 4: Most Critical Motivation Factors? (100.000 employees & 25.000 leaders - in USA)

Employees' priority	Critical Motivation Factors	Leaders' perception
1	Values of my work	8

2	One's effort is recognized	10
3	Get a support when having personal problems	9
4	Job security	2
5	Good salary	1
6	Interesting work	5
7	Rewards and development	3
8	Organisation is loyal	6
9	Good physical working environment	4
10	Discipline	7

7. Identifying Factors to Understand People Commitment – Danfoss Case

Danfoss, one of the biggest industrial companies in Denmark with about 17,000 employees, initiated a research project in 1999 with the aim of identifying the factors that are most critical for people's loyalty and commitment. The theory behind the research project was that *people commitment* depends on the following 3 latent variables:

1. Practice of *Core Values* by Top Management, Middle Management and Colleagues,
2. Practice of *Core Competencies* by Top Management, Middle Management and Colleagues,
3. People's *Personal Attitudes*.

331 middle managers from 10 different divisions were invited to fill out a questionnaire with 82 questions for evaluating and understanding people commitment (Dahlgaard-Park, 1999; Dahlgaard-Park & Dahlgaard, 2003). The result of the data analysis (using Amos 4 and Lisrel) is shown in figure 3 below.

From the model in figure 3 we see clearly the importance of the Core Value factor. There is a strong direct relation from Core Values to Core Competencies, and through Core Competencies and Personal Attitudes there is strong indirect impact on the result factor Commitment/ Loyalty. Also there is a significant direct relation between Core Values and Commitment. So the model supports clearly the hypothesis that the Core Value dimension should not be ignored when trying to understand people's commitment. The model's degree of explanation was as high as 0.82.

The data analysis showed that if Core Values increased by 1 point then the expected increase on Core Competencies were 0.88 (= the impact score), and the impact score from Core Competencies on Personal Attitudes were 0.57. The impact score from Personal Attitudes on Commitment was 0.72. The figure also shows that the direct impact score from Core Values on Commitment is 0.28.

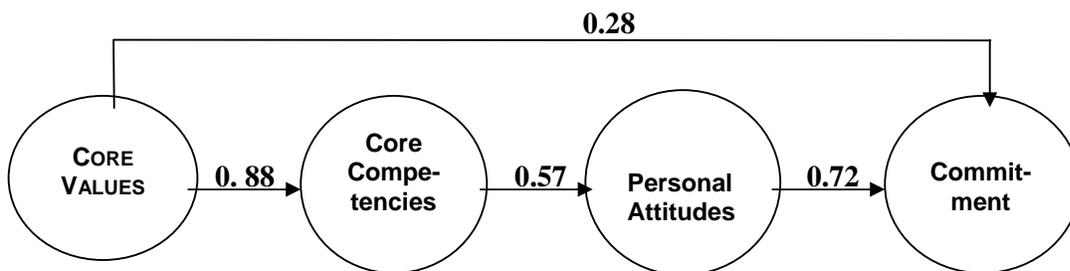


Figure 3: Estimated Model explaining People's Commitment

The empirical finding shown in figure 3 is a strong indication for a hypothesis that management's and colleagues practice of Core Values is the most important for understanding people's motivation and commitment. As values are the social principles, goals and standards held within a culture to have intrinsic worth and as value define and determine what the members of a society / organization care about, making judgments about what is right and what are wrong, values are associated with strong emotions. Value seems to be the ultimate source in the creation of genuine intrinsic motivation.

When people are motivated to do something based on value, the tasks or activities seem to be linked to the person's inner desire. This in return creates a genuine commitment of a 'want to do' attitude instead of 'have to do' or 'forced to do' attitude. Voluntary workers in many humanitarian organizations, such as Red Cross, Green Peace and Doctors without Boundaries are driven by inner desires based on their personal value sets. The recent focus on the importance of a company's vision can be understood from this perspective.

A Company's vision that is shaped based on the common value set of all employees is often a strong 'guiding star' and such a vision in terms of goals, values and missions helps employees in maintaining commitment. Referring to the genuine humanistic approach, which considers human as essentially being worthy, core values provide a more concrete 'idea' of what it means as core values are also the way to practice the worthiness of human being.

8. Attaining Excellence in Post Denmark

As mentioned above Post Denmark experienced a management crisis in 1997. Post Denmark with approximately 30,000 employees had experienced a negative trend in results for some years. At the end of 1997 top management decided to take action by using the principles, practices and techniques of Total Quality Management (TQM), which was re-named to TIQ (Total Involvement in Quality). In addition, this route to understand and improve quality was complemented with a quantitative self-assessment process – that was initiated in 1997 and is still ongoing in Post Denmark.

To understand the current situation a questionnaire was designed by adopting the EFQM Excellence Model's criteria and potential areas to address together with experiences of using the same kind of questionnaires in other Danish companies since 1990. The final version of the questionnaire was made in a close co-operation with the company's management group, which was responsible for the start up of *the Quality Journey* and the continued process of implementation. This new questionnaire approach was used in Post Denmark for the first time at the end of 1997. After two years of hard work with education, training and improvements, the questionnaire was used again at the end of 1999. In both cases all managers at levels 1 and 2 were invited to participate in the assessment together with a sample of managers from level 3. The number of respondents and response rates are shown in Table 5 below. In 1999, a benchmarking study was conducted at two additional European post offices. This study was conducted in order to be able to make comparisons on the level of performance and to identify learning opportunities – where an exchange of ideas and knowledge could take place.

Table 5: Overview of the four studies.

	Post Denmark	Post Denmark	Post B	Post C
Year	1997	1999	1999	1999
Number of respondents	558	565	655	201
Response Rate (%)	79	66	66	41
No. of statements	96	99	97	97

The reasons for the decrease in the response rate in Post Denmark from 1997 to 1999 are a combination of two factors. First, in 1997 there was more focus on the survey, because it was communicated that the results of the assessments should be used as input in designing internal education programs on TQM (TIQ) and Organisational Excellence. Another reason may be that the last survey was run too close to Christmas, and the follow up procedures to *wake up* non-respondents were not so efficient.

THE FIRST IMPROVEMENT RUN IN 1997

In order to build an understanding for quality management and to deepen knowledge on how to improve the performance of Post Denmark internal educational programs on TQM and Organisational Excellence were run. These education programs started up one month after the self-assessment questionnaire was run. A 5-day long executive education program was designed based on specific company needs and the input from the self-assessment survey and carried out for the top management team (president and vice presidents). After this executive program, level 1 managers also participated in a 5 day-long program similarly designed as the executive program. At this level 3

courses were carried out with 25 managers each. A number of 4-day courses was designed and run for the level 2 managers (~300 managers), and a number of 3 day courses was run for the level 3 managers). On the top of that, all other employees participated in a 2 days course. During 1 ½ year about 30,000 people were trained in the philosophy, principles and tools of TIQ.

The Use of Quality Maps

The results from the first self-assessment showed very unsatisfactory results with many big gaps between importance and agreement. The results were presented for the managers during the above-mentioned internal education programs, and it was very easy to reach a consensus that People Management, Processes and People Results should have the highest focus during the first 1-2 years of *the quality journey*.

It was believed that the main causes for many poor results had to be found behind the criteria People, Processes and People results, and by the understanding of the causal relationships between these criteria and the other criteria too. An example from the criteria People Results is provided in Figure 4. As can be seen all statements contain large gaps between averages of agreement and importance, which indicate that there are good opportunities for improvement. Some of the largest gaps identified were related to "employee satisfaction", "personnel turnover" and "number of sick days per employee". Consequently the diagnostic self-assessment process focused on identifying causes and improvement areas that could have an influence on these results. These causes and improvement areas were identified by simple but useful techniques such as discussion, dialog, brainstorm, affinity and fishbone diagrams.

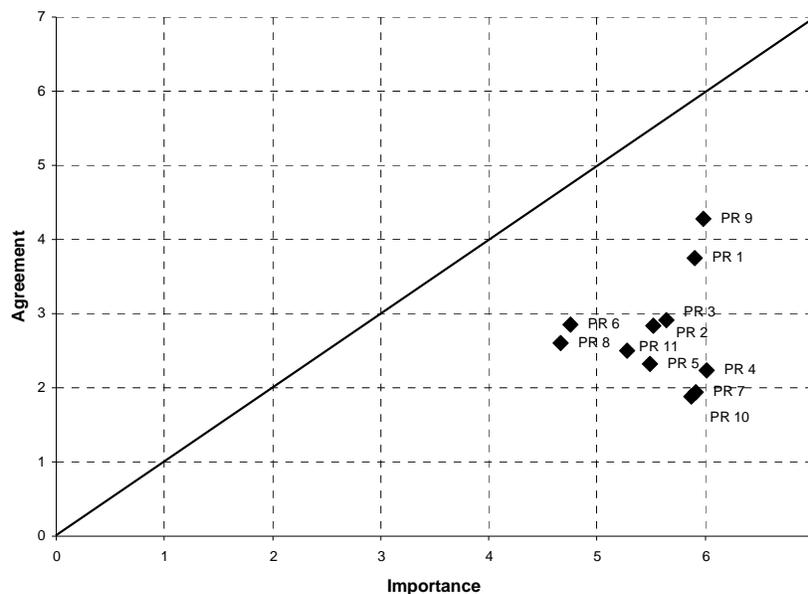


Figure 4: People Results 1997

Recommendations and Action Plan

As a result of the first self-assessment survey in Post Denmark, three areas were identified as strategic improvement areas (1) People, (2) Processes and (3) Customer. A number of activities were initiated to improve performance in these areas under the umbrella concept called "The Total Involvement in Quality" (TIQ) process.

To improve performance in the people area, education, self-directed teams and a suggestion system were introduced. Post Denmark also started to identify, describe, and improve the core business processes. Four core processes were identified, a customer relation process, a delivery process, a branch process and an express delivery process. The third area to improve was customer results. As one activity in this area, Post Denmark started to use the European Customer Satisfaction Index Model (ECSI) to measure customer satisfaction and loyalty.

Some of the following critical improvement areas within the enabler criteria were identified.

- **Leadership:** The managers should have more attention to personal core values such as trust, openness, respect etc. (they should be better role models for their colleagues and employees).
- **Policy & Strategy:** There was a need for improvements in the yearly strategic planning process. Employees should be more involved in this process.
- **People:** There was a need for a better evaluation of people's competencies and achievements, and better recognition of people.
- **Processes:** There was a need for more people involvement, better measurements, ownership, and information on best practises.

During the period from 1997 to 1999 several improvement activities were initiated ranging from establishing employee satisfaction measurements, customer satisfaction measurements, process measurements, to Lean Production, self-directed teams and employee involvement activities. A code of best management practice was identified by members of the top management group, and the code was clearly communicated and implemented as part of the training programmes. The code is called as the ten TIQ rules of conduct and is displayed in Figure 5 below.

These *TIQ rules of conduct* have been communicated to all of Post Denmark's 30.000 employees and are used as guiding principles for restructuring and changing the corporate culture".

1. Leadership must be exercised coherently to ensure success.
2. Objectives and expectations must be based on facts and dialogue
3. Results must be visible and form the basis for current improvements.
4. All units, teams and staff must know that quality is import for their customers
5. Continuous improvement can only be achieved by involving everyone
6. The staff's knowledge and skills must be continuously maintained and developed
7. Knowledge of best practice must be shared with colleagues and units at all levels.
8. All employees should take responsibility for identifying and satisfying customer needs.
9. All employees must be fully briefed on Post Denmark's situation
10. Self managing teams are a central element in Post Denmark's organization.

THE SECOND IMPROVEMENT RUN IN 1999

In 1999, an improved version of the questionnaire was used again. A large part of managers at Post Denmark, as well as managers from two additional European Post Offices participated in this survey. One of the main reasons for this measurement round was to investigate if the resources spent on quality improvement had had the intended effect.

Quality Maps

As pointed out earlier, the results from the first self-assessment in Post Denmark showed that Post Denmark did not perform very well. For the criterion "people results" some really large gaps were identified concerning statements relating to "employee satisfaction", "personnel turnover" and "number of sick days per employee". These areas became some of the highest prioritised improvement areas during the improvement process and remarkable improvements could be seen in the next measurement round in 1999. An illustration of the development of the performance of Post Denmark in these three statements is provided in Figure 5. All three areas are still perceived as being of vital importance of the organization and the organization has improved considerably in addressing these issues since 1997.

BENCHMARK PERFORMANCE OVER TIME

In 1999 it was clear, that the efforts had given the intended results (see figures 6-7). The most dramatic improvement can be found in people results, from a performance score in 1997 of 29, to 67 in 1999. Improvements can be found in all criteria, especially in the three focus areas identified in the 1997 measurement round.

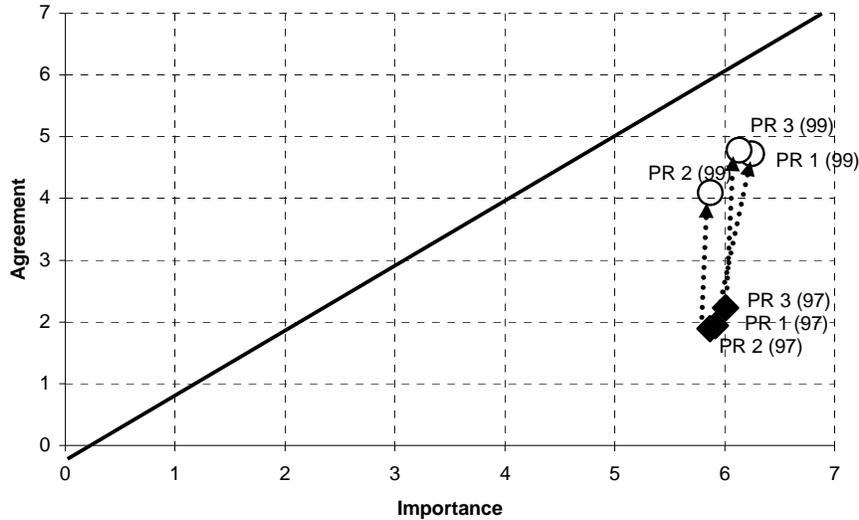


Figure 6: A quality map that illustrates the improvement in “employee satisfaction”, “personnel turnover” and “number of sick days per employee in Post Denmark, between 1997 and 1999.

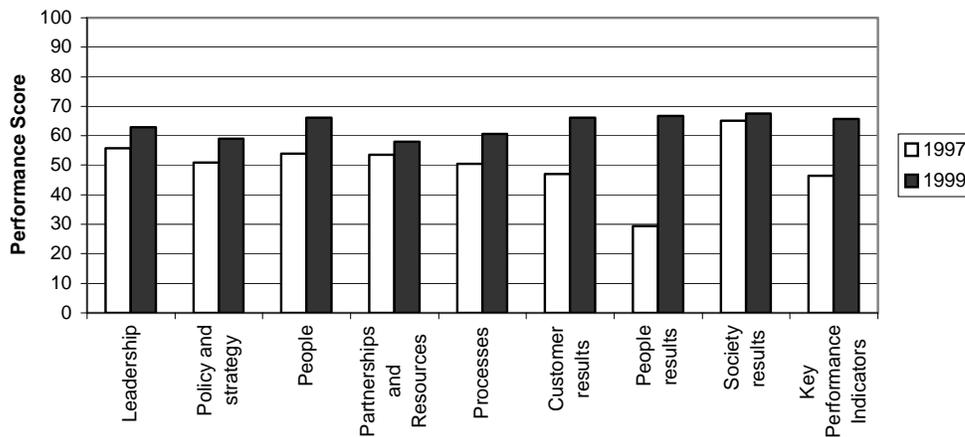


Figure 7: Benchmark on performance for 1997 and 1999 for Post Denmark.

BENCHMARKING PERFORMANCE AGAINST COMPETITORS

Comparing the performance scores between Post Denmark and their European benchmarks, the results reveal that Post Denmark is the post office with the best performance. They outperform the other benchmarks on all criteria in the EFQM model (see Figure 8). Post B is the second best post office and Post C is the one with the lowest performance scores. The largest difference between the different post offices can be found in the people criterion. Post Denmark’s performance seems very good in this area, while Post B is a little better than Post C on a lower performance level.

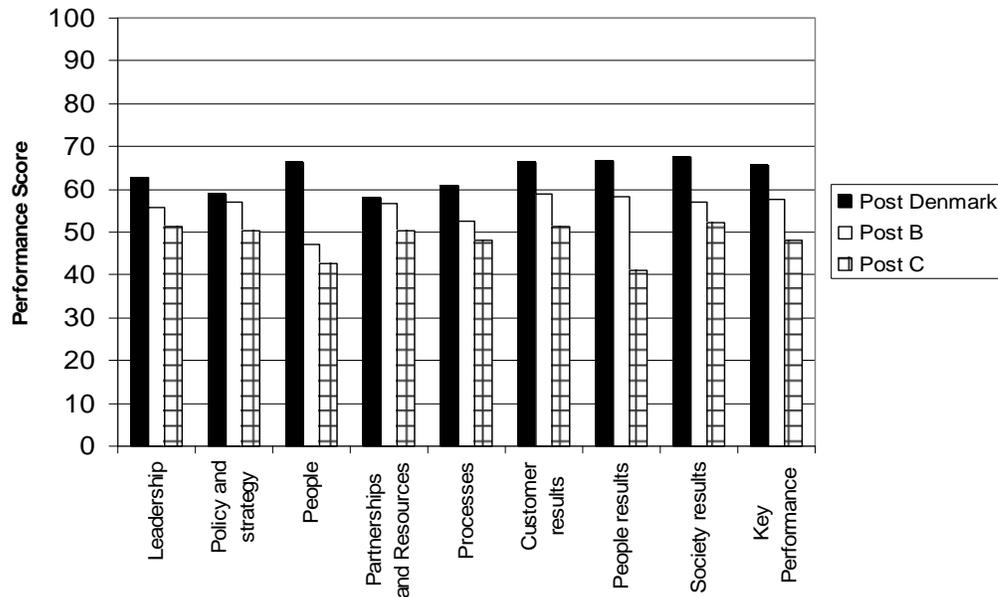


Figure 8: Benchmark on performance score of the 9 criteria in the EFQM-model.

SUMMARY AND CONCLUSIONS OF POST DENMARK CASE

Extract from the Post Denmark case has been used in this paper to illustrate how breakthrough in people attitudes and organisational culture happened and became the foundation for a new culture focusing on change, continuous improvements and everybody's participation. One of the main methods used in the case was the focused self-assessment approach using questionnaires on a survey basis. Some of the main advantages of using the survey approach for self-assessment have been the following:

1. The managers got relatively fast a common language – the language of the European Excellence Model – and hence a common understanding, which helped in the communication and the early implementation.
2. The survey assessment approach is less time and other resource consuming compared to the traditional award approach. Hence resources became used for improvements instead of assessments.
3. The survey approach is not trapped by the standard weights of the different criteria in the model, which often is the case when the traditional award approach is used for assessment. The employees determine the weights in this approach.
4. The survey approach gives the possibility to analyse the measurements in new ways, which may give new insights to the understanding about how people think or feel.
5. One of the prioritising methods used with the survey approach is to use the gaps between the measured performance and the agreement with the statements (critical success factors). The statements with the highest gaps are the first candidates for improvement. This strategy is easy to understand and accept, and hence consensus on what to improve first is easily achieved.

Because all managers at the level 1 and 2 plus a sample of managers from management level 3 have participated in the questionnaire self-assessment it has been easy to reach a consensus on what to improve first. It is really hard to reject the measurements because the results are summations of the managers' own perceptions. When for example an enabler measurement shows that the importance is evaluated with a very high importance and the agreement is very low then the managers become a little bit shameful. Because of that intrinsic motivation is created very easily to change the situation i.e. to reduce the gaps.

The methodology with measurements on both importance and agreement has helped the managers to identify *the vital few*. This aspect is important, because you have to focus on the vital few if you shall have success with the quality journey towards excellence. The measurements from the questionnaire self-assessment are regarded as reliable indicators of both the enabler criteria of the

EFQM Excellence Models as well as the result criteria. Because of that the method is regarded, as a valid and reliable tool for diagnosing the status quo and for deciding on the areas, which should be improved first.

Improvements in performance results such as employee turnover, employee absenteeism, employee satisfaction, the quality of deliveries and the financial results have been achieved. The negative trend in several results has been stopped and reversed to a positive trend. Post Denmark has also become the best in Europe on the time it takes for an international mail to arrive at the addressee and also on customer satisfaction.

The managers' mental models of the situation have been dramatically changed to the positive, and at the end of 1999 Post Denmark received the Danish Human Resource Award for their committed attention to improving the working conditions for their employees. A main cause for receiving this award was that Post Denmark from the start of their quality journey regarded the people dimension as the area, which should be improved first. It was from the beginning understood that a good quality improvement strategy to follow was *the "4P" strategy*. According to this strategy, organizational excellence is a result of building excellence into the 4P in the following order:

1. People, 2. Partnership, 3. Processes and 4. Products.

Post Denmark is now recognised as being maybe the best run Post Office in Europe with the highest customer satisfaction among European Post Offices. The company received in 2004 the Danish Quality Award and in 2006 the EFQM Excellence Prize. The company's profit was in 2006 all times high.

9. Reflections and Overall Conclusions

In the article we have interpreted and discussed the concept of excellence (section 2) and how to attain excellence (sections 3-6), where we followed the "wisdom" from the embroidery found at the Seattle Fish Market. We have supplemented with extracts of two Danish cases – the Danfoss case (section 7) and Post Denmark case (section 8). As we wrote in the introduction, both cases are good examples for how the ideas, theories and models presented in sections 2-6 are closely related to our *'pursuit of excellence'*.

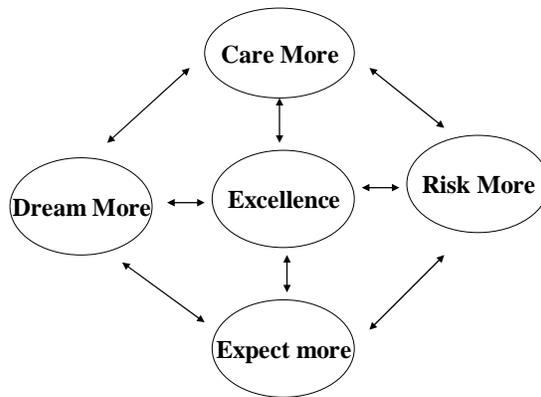
Our final reflections and conclusions based on our research documented in this article are related to what we wrote in section 2 about excellence:

"Excellence includes doing common, everyday things and excellence isn't necessary determined by comparing a score or a performance to someone else. The pursuit of excellence comes from doing our best with a view of growing and improving in terms of realizing one's potential. Excellence must then be related to the abilities that a man or a group of men has".

By relating excellence to "doing common, everyday things" we emphasize that excellence has meaning in any context – private as well as business contexts. In any business context pursuing excellence is vital, and it is important to emphasize that an excellent organization is a result of people's continuous pursuit of excellence. Everybody is trying to *doing their best when doing common as well as uncommon everyday things with a view of growing and improving in terms of realizing one's full potential*.

During our work with this article we became more and more impressed by the embroidery text which gave us the structure of this article. We still think what we wrote in the introduction that the advice about attaining excellence, found on the Seattle embroidery, is one of the most beautiful ones where people's common sense throughout human history seems to be crystallised in those short expressions like wisdom. So we have no problems in concluding this article with the simple model shown in figure 9 below. We are more convinced than before, when we discovered and firstly reflected on the embroidery text at the fish market, that the text contains very important critical success factors for attaining excellence. We will not reflect on in this article if these factors are sufficient in the pursuit for excellence, but we will emphasize very strongly that they are necessary. Without paying attention to these critical success factors excellence will be utopia.

Pursuing Excellence



Dahlgaard & Dahlgaard

Figure 9: Critical Success in the Pursuit for Excellence

References

- Baccarani, C. (2007) What does ethical behaviour mean in management activities? *Proceedings of the 10th QMOD conference*, 18-20 June, 2007
- Dahlgaard, J.J., Kristensen, K., Kanji, G. (1998) *Fundamentals of Total Quality Management*. London: Chapman & Hall
- Dahlgaard, J.J. & Dahlgaard-Park, S.M. (2004) 4P Strategy for Breakthrough and Sustainable Development, *European Quality*, Vol. 10 (4)
- Dahlgaard, J.J. & Dahlgaard-Park, S.M. (2006) Lean Production, Six Sigma Quality, TQM and Company Culture – a Critical Review, with J.J. Dahlgaard. *The TQM Magazine*, Vol. 18 (3)
- Dahlgaard-Park, S.M. (1999) The meaning and identification of core values and core competencies, *Arbete, människa, miljö & Nordisk Ergonomi*, (Work, People, Environment & Nordic Ergonomics) Nr. 2/99 (Nordic Journal)
- Dahlgaard-Park, S.M. (2007) Learning from East to West and West to East, *The TQM Magazine*, Vol.18 (3)
- Dahlgaard-Park, S.M., Dahlgaard, J.J., Edgeman, R. (1998) Core values- The precondition for business excellence. *Total Quality Management*. Vol. 9: 4 & 5
- Dahlgaard-Park, S.M. & Dahlgaard, J.J. (2003) Toward a holistic understanding of human motivation: core values – the entrance to People's Commitment? *The Int. Journal of AI & Society*, Vol. 17 (2): 150-180
- Dahlgaard-Park, S.M. & Dahlgaard, J.J. (2007) "Excellence – 25 year's evolution", *Int. Journal of Management History*.
- Gist, M.E. (1987) Self-efficacy: Implications for organizational behaviour and human resource management. *Academy of Management Review*, July, 472-485
- Gardner, H. (1983) *Frames of mind: The theory of multiple intelligence*. New York: Basic Books
- Goleman (1998) *Working with emotional intelligence*. London: Bloomsbury Publishers.
- Juran, J.M. (1964) *Managerial Breakthrough: A new Concept of the Manager's Job*", NY: McGraw-Hill.
- Kano, N. (2001) Attractive Quality Creation, in Dahlgaard-Park, S.M. & Dahlgaard, J.J. (eds.) *Proceedings of the 4th QMOD conference, Linköping, Sweden*.
- Matsushita, K. (1989) *As I see it*, PHP Institute, Inc., Tokyo

- Werner Jaeger (trans.) *Paideia- the Ideals of Greek Culture*, Gilbert Highet, NY: Oxford University Press
- Peters, Tom J. & Waterman, Robert H. (1982), *In Search of Excellence - Lessons from America's Best-Run Companies*, HarperCollins Publishers, London.
- The Holy Bible
- Senge, P. (1990) *The Fifth Discipline: The Art & Practice of the Learning Organization*. London: Doubleday Currency