

# **Organizational Assessment Models for Enterprise Transformation**

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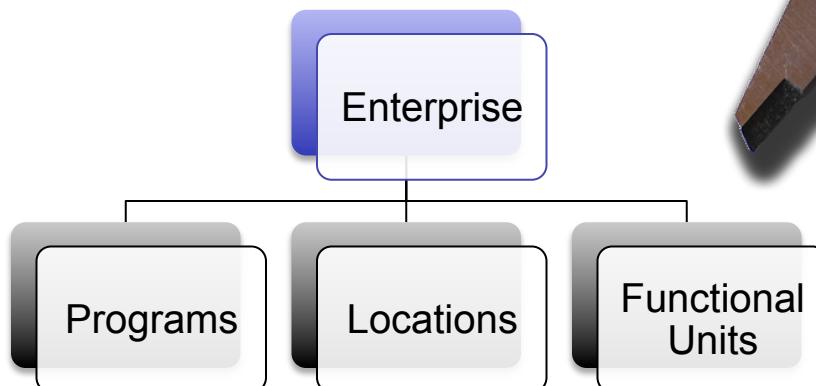
Prof. Deborah Nightingale

Dr. Stan Rifkin

# Why Assess Organizations?



- Leading indicator for shifting performance
- Benchmark across programs and across companies
- Results drive decision making and transformation
- Use to reinforce desired outcomes
- Drive transformation efforts
- Increased enterprise focus



van De Ven, Andrew H. 1976. A Framework for Organization Assessment. *Academy of Management Review* 1, no. 1: 64-78.

# Challenges to Assessment

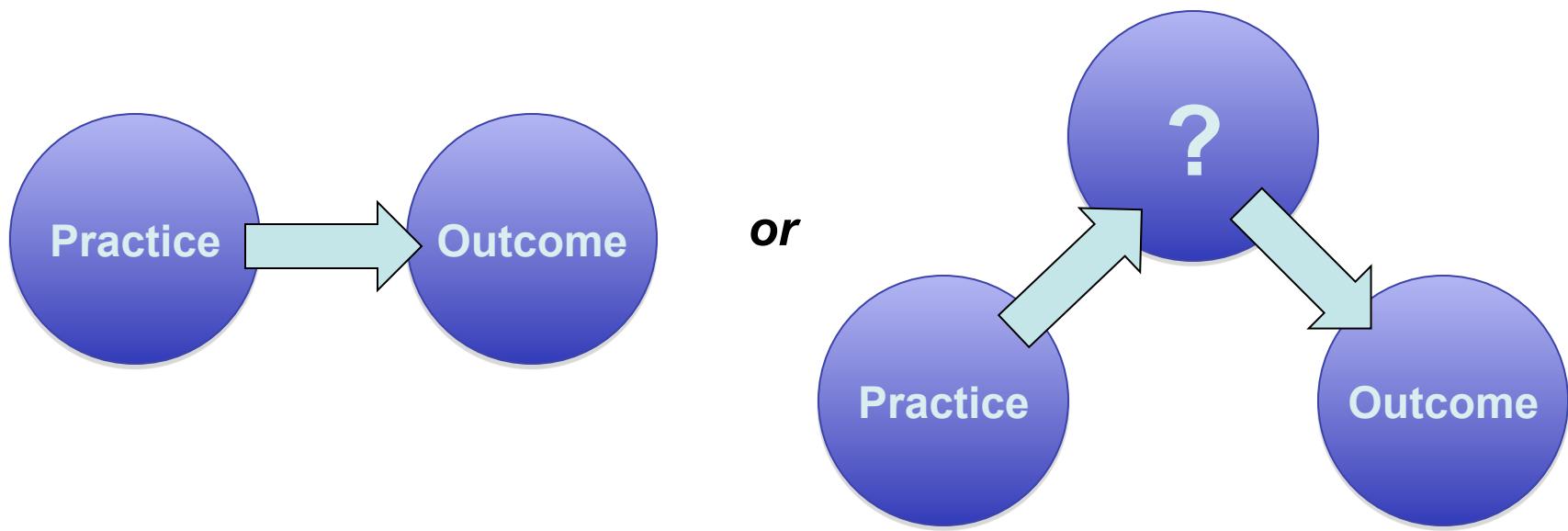


- Difficult to assess an enterprise
  - Amorphous, non-standard
  - Values performance metrics often unique
  - Hard to find a one size fits all assessment tool
- Requires commitment and investment
- Must be independent
  - Cannot simply serve as a tool to reinforce leadership's goals
  - Nor can leadership fear results that vary from intended vision
- Assessment tools require time to develop familiarity and maximize value
  - Specific terms & practices reflected in different assessment tools
  - Historical data and trends help maximize insights
- Costs of assessment can be high (time, consultants, etc)

# “Assessing” Assessment Tools



- Measuring a **causal link** between assessment practices and long-term performance is extremely difficult



- Without causal data, it is hard to pronounce one assessment as “better”
- Instead, we seek to identify questions to assess the alignment between a tool and enterprise values

# Assessment Tools



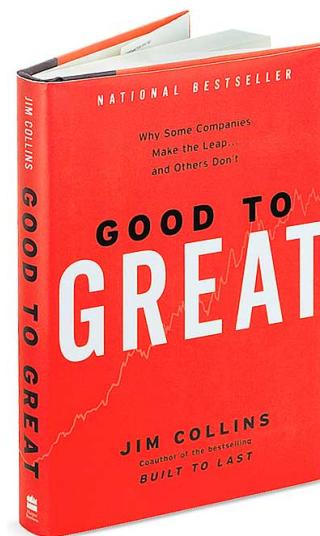
- Compare four enterprise-level assessments
- Two are prominent industry awards
- Compare:
  - Mode
  - Stakeholders
  - Inputs (criteria)
  - Outputs (insights)



Shingo Prize



Lean Enterprise Self-Assessment Tool (LESAT)



Good to Great Diagnostic



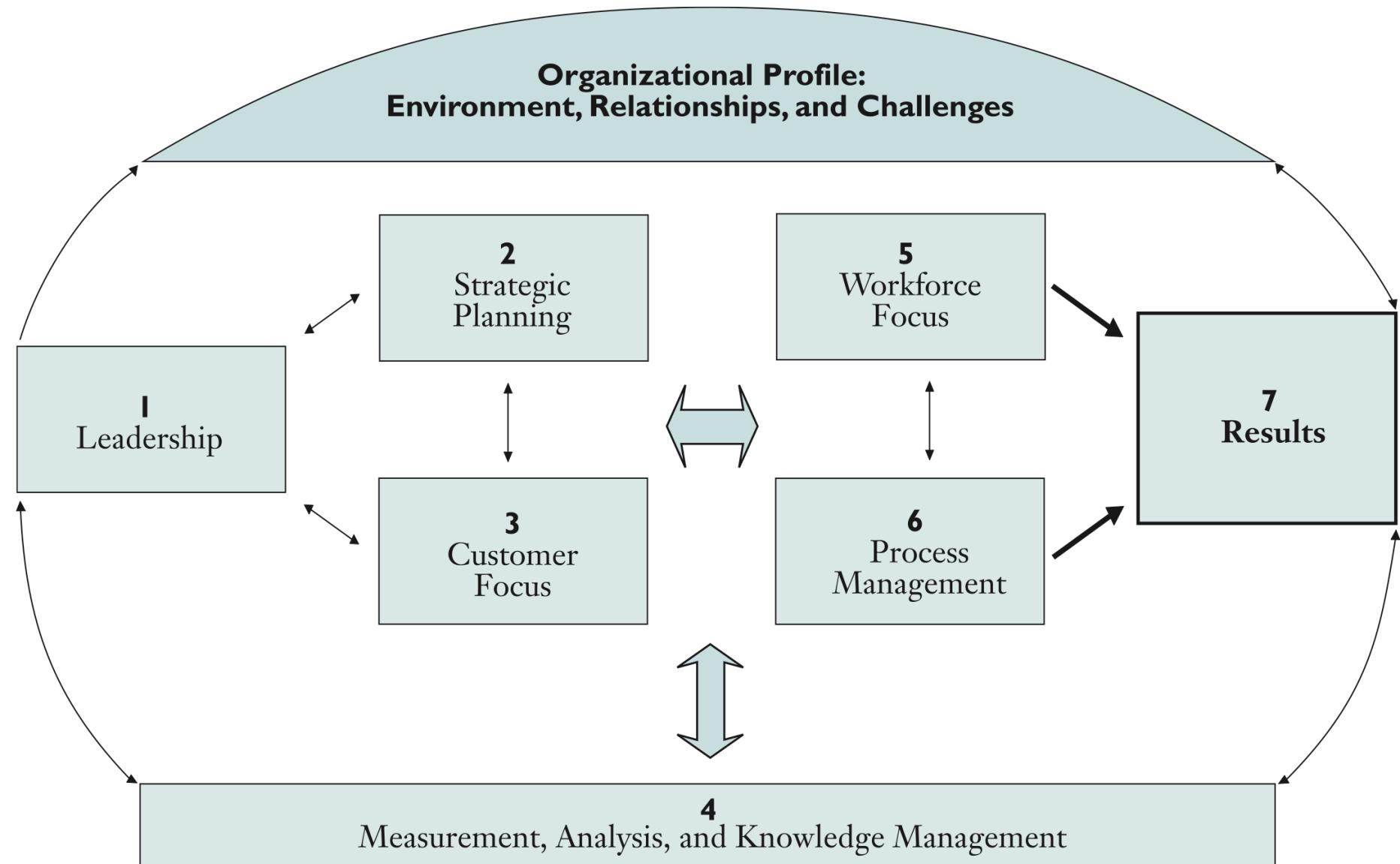
# Tool: Malcolm Baldrige National Quality Award



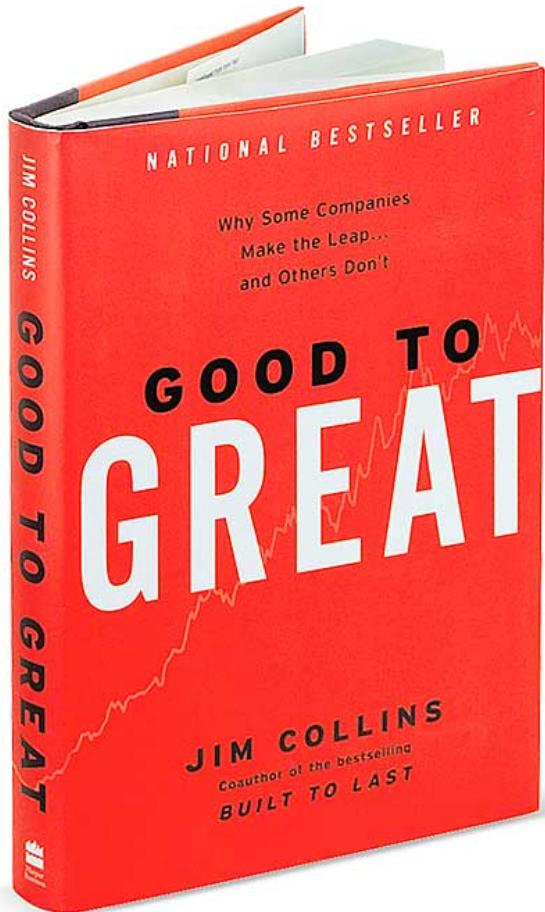
- Developed and funded by the National Institute of Standards and Technology (NIST)
- Estimated private benefits to the economy of over \$24 billion
- Quality and performance centric assessment
- Many sectors: small business, education, manufacturing, healthcare, etc

NIST. 2009. Malcolm Baldrige National Quality Award: Criteria for Performance Excellence. Gaithersburg, MD: Baldrige National Quality Program. Available at [www.baldrige.nist.gov](http://www.baldrige.nist.gov).  
Link, Albert, and John Scott. 2006. An economic evaluation of the Baldrige National Quality Program. *Economics of Innovation and New Technology* 15, no. 1: 83-100.

# Tool: Malcolm Baldrige National Quality Award



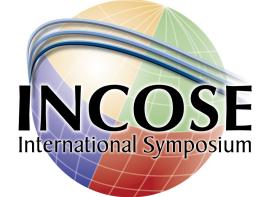
# Tool: Good to Great Diagnostic



- A diagnostic tool that accompanies Jim Collins' s book
- Worked backwards from several companies that had a sharp inflection point in performance (hence, “good” to “great”)
- Derived best practices common to the eleven companies studied

Collins, Jim. 2001. *Good to Great: Why Some Companies Make the Leap... and Others Don't*. New York: Harper Business.

# Tool: Good to Great Diagnostic



## INPUT PRINCIPLES\*

### Stage 1: DISCIPLINED PEOPLE

Level 5 Leadership

First Who, Then What

### Stage 2: DISCIPLINED THOUGHT

Confront the Brutal Facts

The Hedgehog Concept

### Stage 3: DISCIPLINED ACTION

Culture of Discipline

The Flywheel

### Stage 4: BUILDING GREATNESS TO LAST\*\*

Clock Building, not Time Telling

Preserve the Core / Stimulate Progress

## OUTPUT RESULTS

Delivers Superior Performance  
relative to its mission

Makes a Distinctive Impact  
on the communities it touches

Achieves Lasting Endurance  
beyond any leader, idea or setback

# Tool: Lean Enterprise Self-Assessment Tool

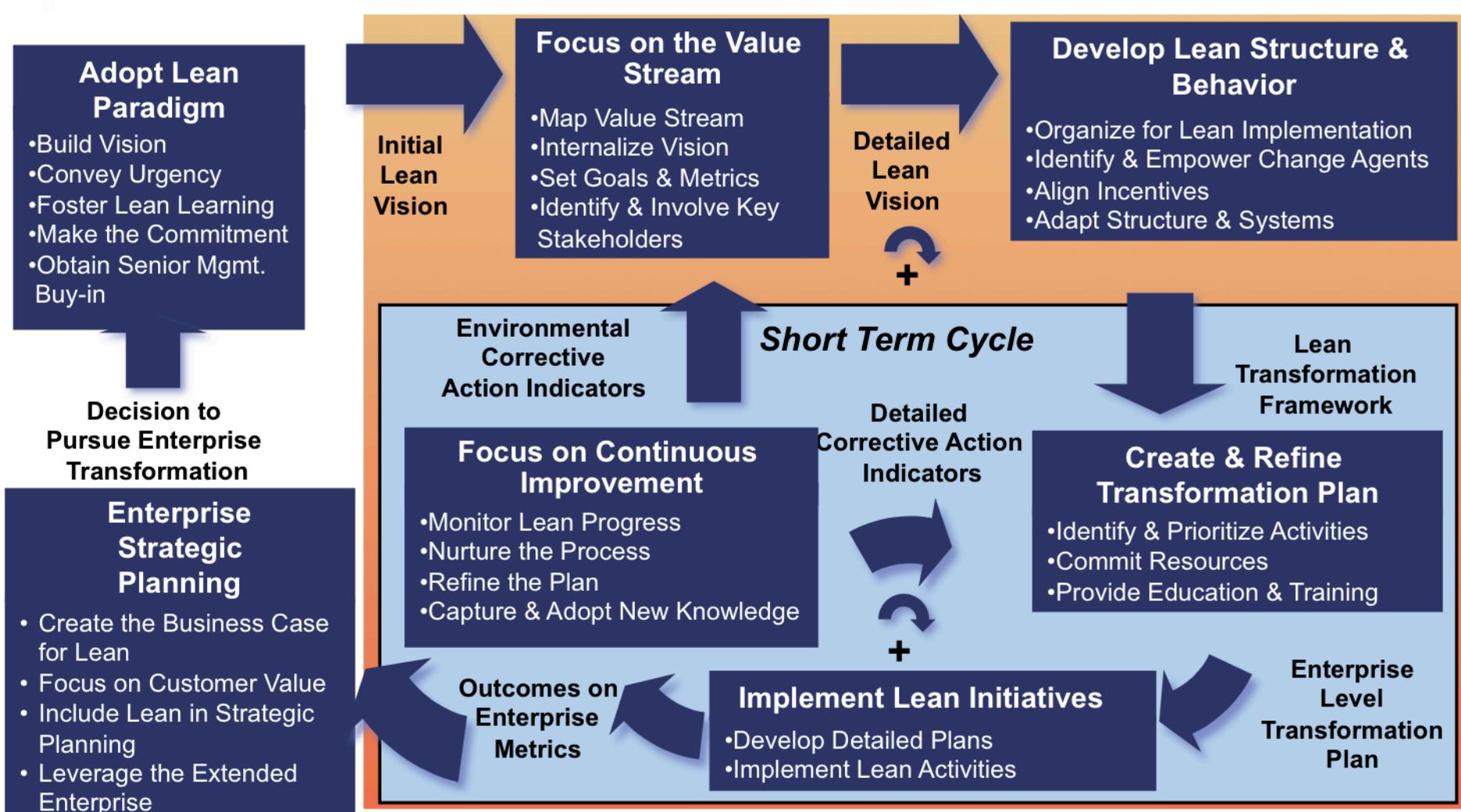


- A self-assessment designed to measure lean maturity on the enterprise scale
- Tightly integrated with an existing transformation roadmap (Transition to Learn Roadmap)
- Measures both current performance and desired performance
- As a self-assessment, integrates many perspectives and cohesion (via variance among responses)

Nightingale, Deborah J., and Joe H. Mize. 2002. Development of a lean enterprise transformation maturity model. *Information, Knowledge, Systems Management* 3, no. 1: 15–30.

Nightingale, Deborah. 2009. Principles of enterprise systems. Paper presented at the Second Annual International Symposium on Engineering Systems, June 15-17, in Cambridge, MA.

# Tool: Lean Enterprise Self-Assessment Tool



# Tool: Shingo Prize for Operational Excellence

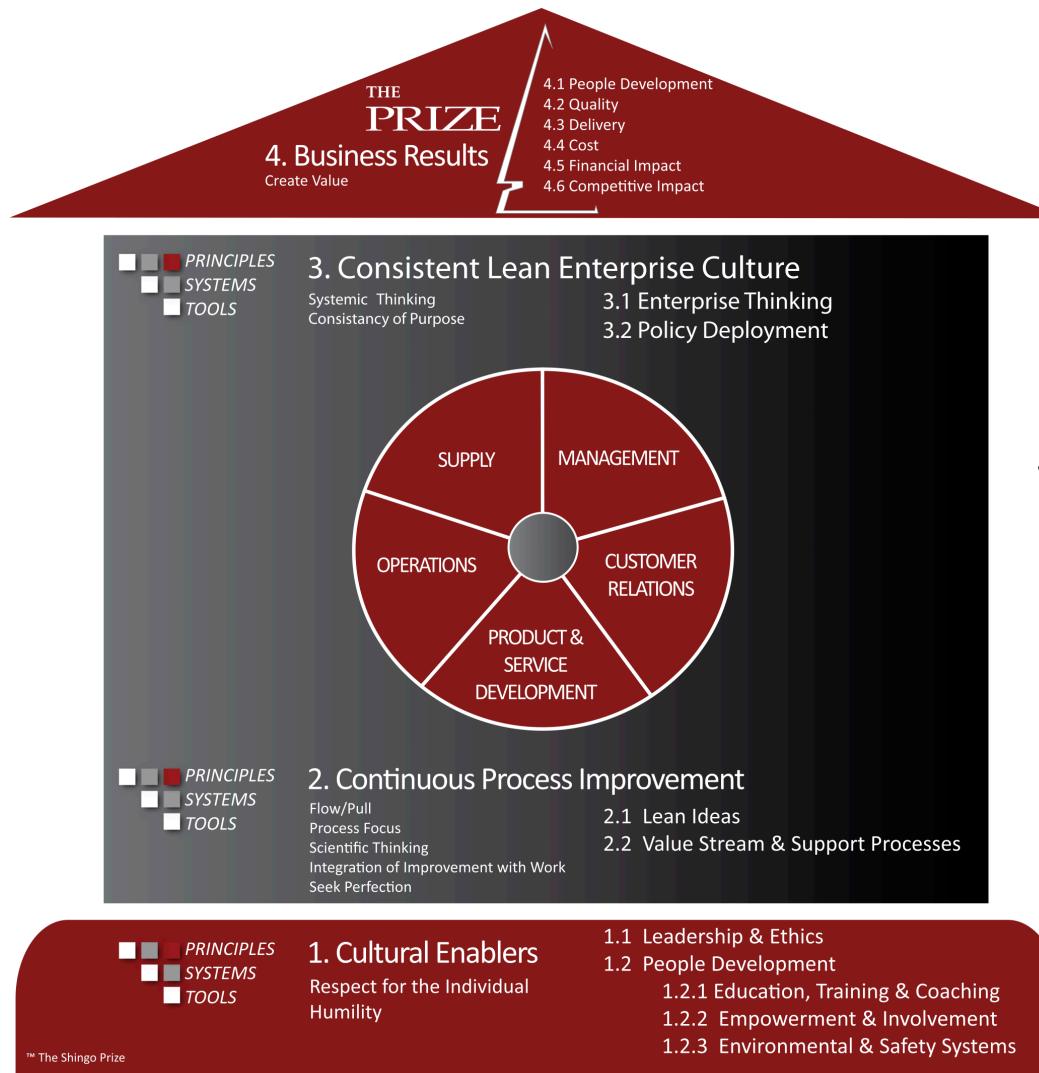


Utah State University  
JON M. HUNTSMAN SCHOOL OF BUSINESS

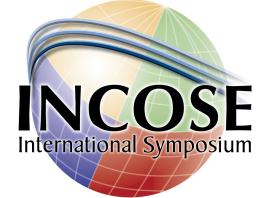
- Managed and awarded by the business school at Utah State University
- Recently shifted to an enterprise focus (used to be Shingo Prize for Manufacturing Excellence)
- Combines lean manufacturing ideas with a culture of continuous improvement
- Awards Bronze, Silver or Gold based on performance

The Shingo Prize for Operational Excellence. 2009. *The Shingo Prize for Operational Excellence*. Logan, UT: Utah State University, Jon M. Huntsman School of Business.

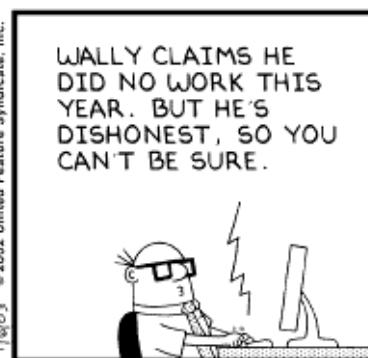
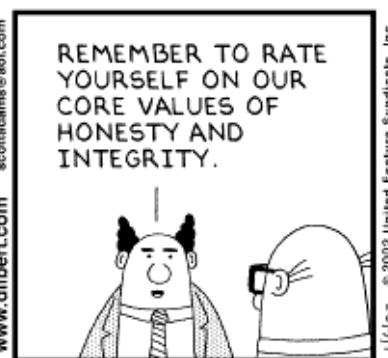
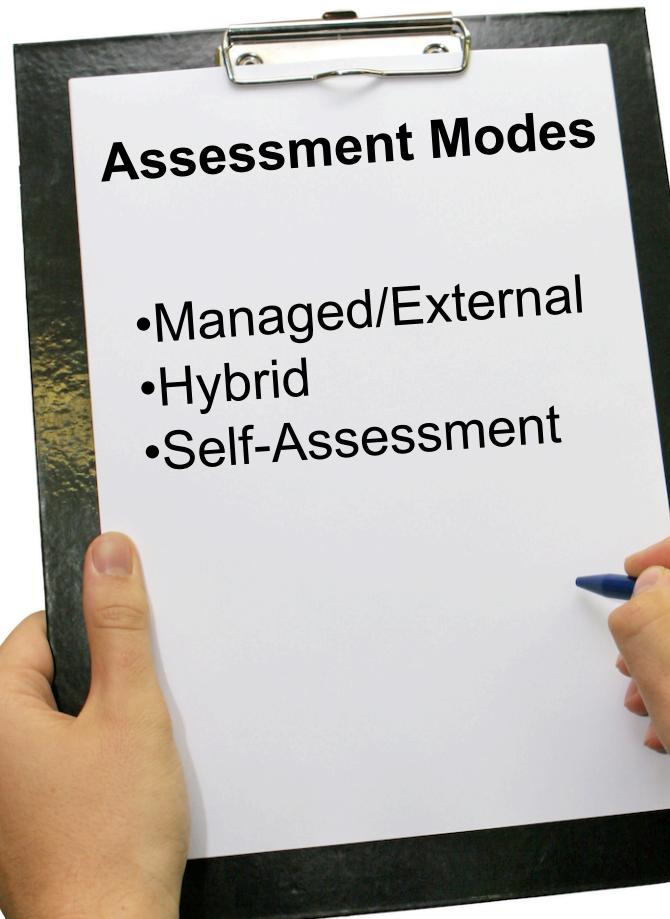
# Tool: Shingo Prize for Operational Excellence



# Modes of Assessment



- Managed/External – Consultant or outside group
- Hybrid – Creation of a distinct department for assessment and transformation
- Self-Assessment – Groups or individuals assess their own performance



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# Modes of Assessment



	Managed/ External	Hybrid	Self- Assessment
<b>Tool/Model Knowledge</b>	Extensive	Extensive	Limited
<b>Org. Knowledge</b>	Low	Medium	High
<b>Costs</b>	High	Medium	Low
<b>Time</b>	Low	Low	High
<b>Bias</b>	Low	Medium	High
<b>Best Uses</b>	One time assessments or introducing a new tool or exploring best practices	Ideal for long-term, high-commitment transformation plans that involve regular assessment and data analysis	Good for reflecting detail and a variety of vantage points and encouraging conversation or involvement in the transformation process

# Assessment Stakeholders



Assessment	Stakeholders
<b>Baldrige Award</b>	Flexible, draws on people throughout the enterprise (since award, not specified)
<b>Good to Great</b>	Leadership
<b>LESAT</b>	Multiple leaders, with sufficient perspective to assess the whole enterprise (self-assessment draws on many)
<b>Shingo Prize</b>	Flexible (since award, not specified)

Assessment tools can leverage different stakeholder perspectives, whether seeking a holistic view or many detailed vantage points



# Inputs: Criteria & Information Assessed

Assessment tools encompass a range of practices and principles. Tool must be selected that aligns with enterprise values.

- Excellent
- Very good
- Good
- Average
- Poor

Assessment	Criteria and Information Assessed
<b>Baldridge Award</b>	<p>Questions/prompts regarding:</p> <ul style="list-style-type: none"><li>• Leadership,</li><li>• Strategic planning</li><li>• Customer focus</li><li>• Measurement analysis</li><li>• Performance improvement</li></ul>
<b>Good to Great</b>	<p>Grade 100 practices from five key concept groups, focused on:</p> <ul style="list-style-type: none"><li>• Leadership (“disciplined people”)</li><li>• Culture (“disciplined thought” and “disciplined action”)</li><li>• Sustainability (“building greatness to last”)</li><li>• Evidence (outcomes)</li></ul>

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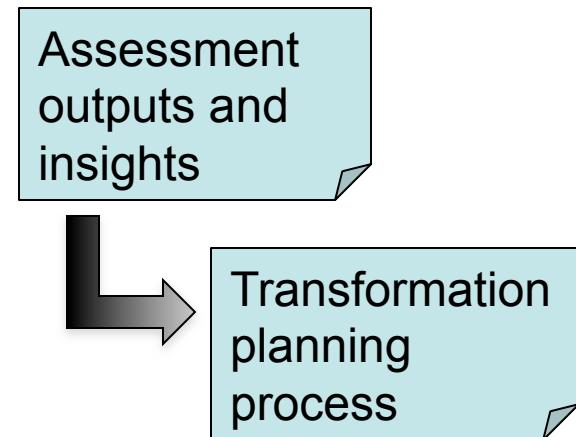
Assessment	Criteria and Information Assessed
<b>LESAT</b>	<p>Score 54 practices, both in terms of current maturity and desired maturity, in three categories:</p> <ul style="list-style-type: none"><li>•Lean transformation/leadership</li><li>•Life-cycle processes</li><li>•Enabling infrastructure</li></ul>
<b>Shingo Prize</b>	<p>Assesses 17 key principles looking at the level of commitment to each principle. Principles include:</p> <ul style="list-style-type: none"><li>•Cultural enablers</li><li>•Continuous process improvement</li><li>•Consistent lean enterprise culture</li><li>•Business results (value)</li></ul>

# Outputs: Information Gleaned



Assessment	Information Gleaned
<b>Baldrige Award</b>	Identifies gaps and actionable projects to improve outcomes, focuses on core values
<b>Good to Great</b>	Reinforces practices described in the Good to Great book
<b>LESAT</b>	Integrates in with transformation roadmap to directly target integral practices; uses desired scores to prioritize
<b>Shingo Prize</b>	Clear progression of principles, moving up from tool-focus to value-focus

Assessment insights should form a closed-loop with the transformation process, directly informing actions and resource allocation



Hallam, Cory R. A. 2003. *Lean Enterprise Self-Assessment as a Leading Indicator for Accelerating Transformation in the Aerospace Industry*. Dissertation, MIT.

# Summary

	Baldridge Prize	Good to Great	LESAT	Shingo Prize
<b>Assessment Mode</b>	Award, can be adapted for internal assessment	Internal diagnostic to distinguish between good and great companies	Self assessment in support of transformation planning	Award, can be adapted for internal assessment
<b>Assessment Stakeholders</b>	Flexible	Top leadership	Enterprise Leadership	Flexible
<b>Criteria or Information Addressed</b>	Quality and customer commitment	Best principles identified in Good to Great book	Lean enterprise practices	Toyota Production System and lean manufacturing
<b>Information Gleaned</b>	Areas for improvement and key principles	Trends in implementation of concepts	Gaps and prioritized improvement areas	Successive adoption pyramid guides transformation
<b>Sectors</b>	Manufacturing, service, small-business, health, education, non-profit	Broad	Designed for manufacturing (aerospace), recently applied to healthcare and services.	Designed for manufacturing, recently expanded to Operational Excellence.
<b>Sample size (approximate)</b>	Thousands	Based on 11 Usage unknown	Dozens	Hundreds

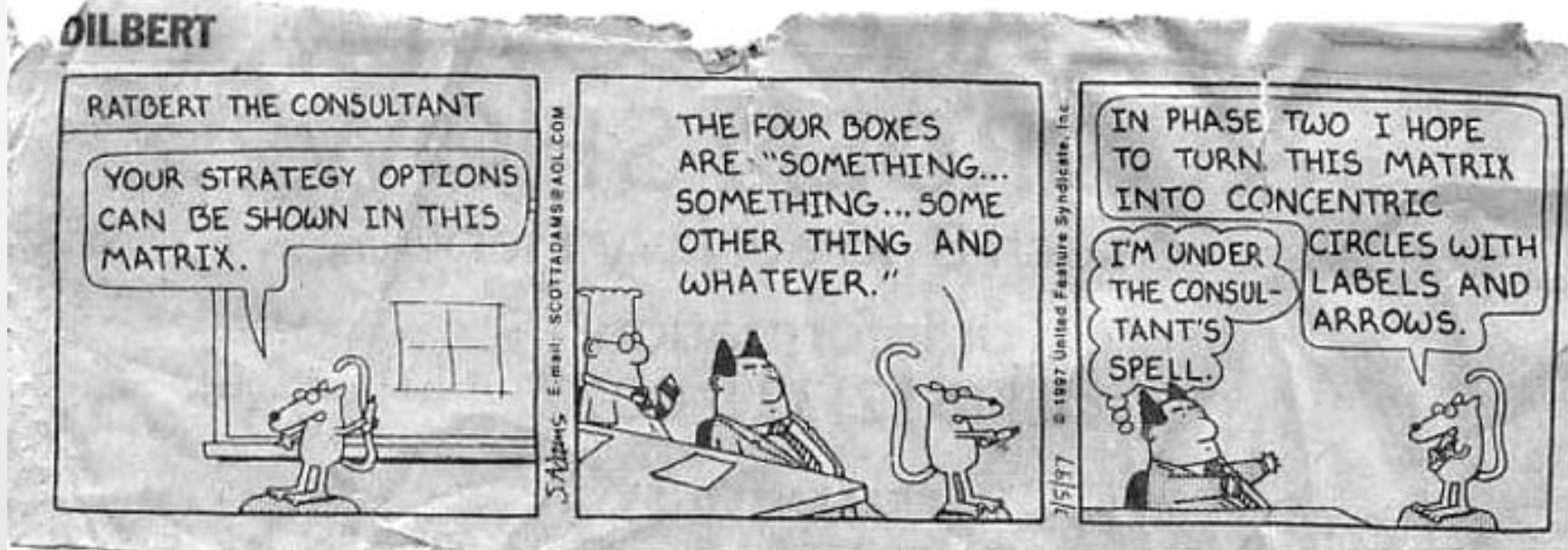
# Summary: Key Insights

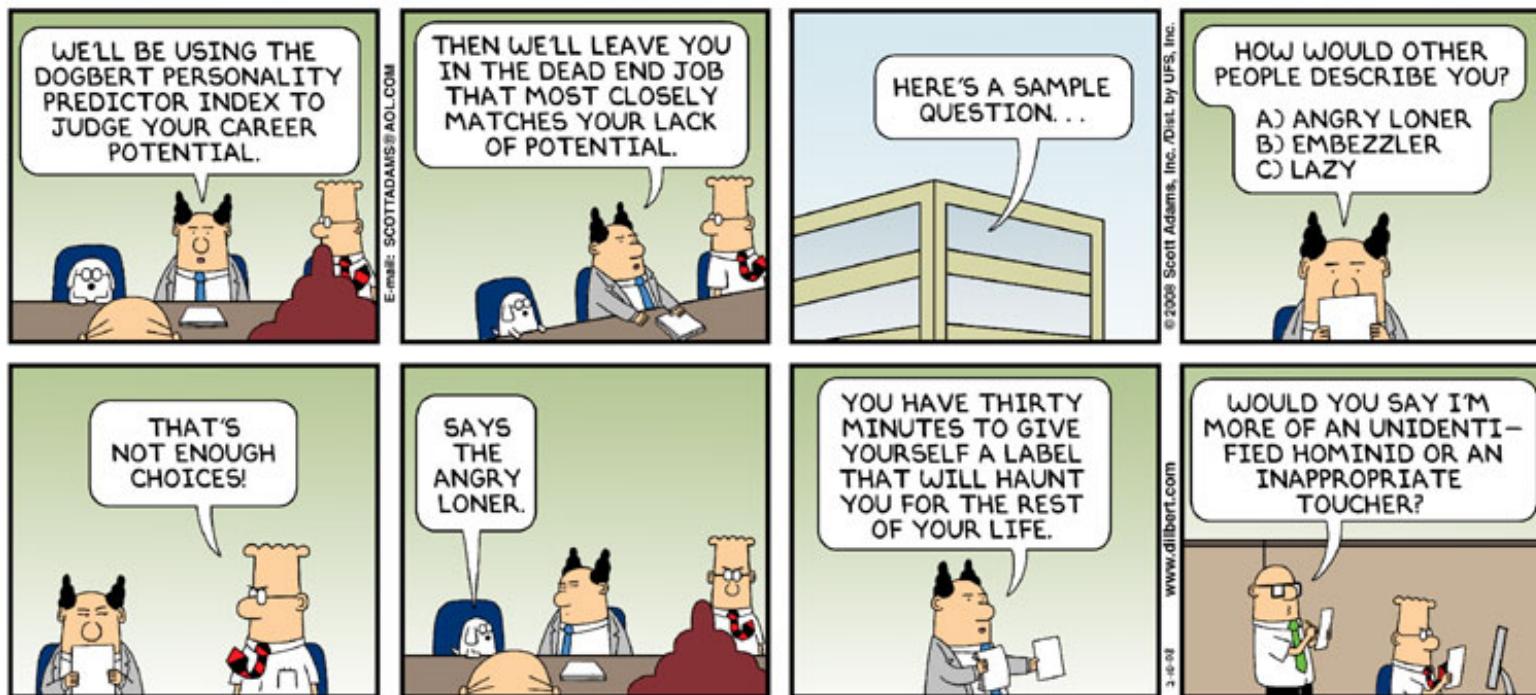


- Assessment tools must align with enterprise values
- Leadership and stakeholder commitment is important to deriving long-term, residual benefits from assessment
- Outputs of the assessment should be applicable and useful to the transformation process
- Tool needs to be integrated into the strategic process, so it can continue to inform transformation efforts

# Questions?







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