1. **How do successful companies learn best practices and execute them?**

2. **How will successful companies change their business models to discover best practices?**

3. **What are the key ingredients for creating a best practices environment?**

4. **Are there any best practices success stories?**

How do successful companies learn best practices and execute them?

Best practices are like the picture above: Until someone points you in the right direction, you don't know what the target is, and only pure chance will ensure a bull's-eye.
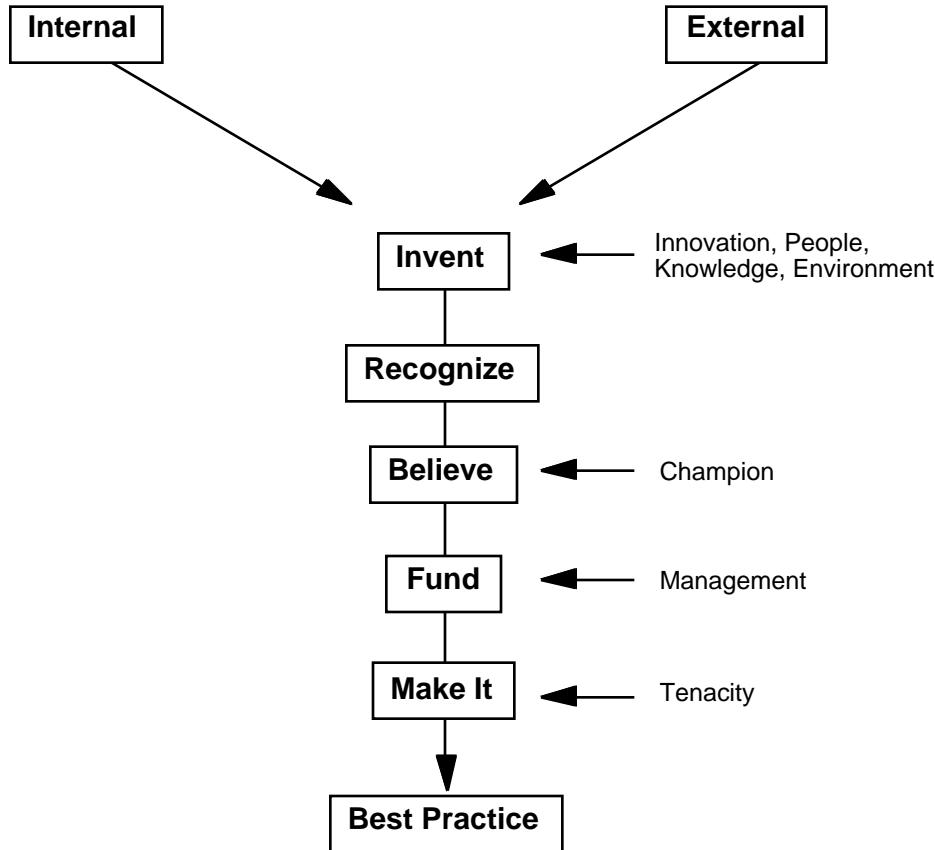
Nobody sits around inventing best practices. All companies have best practices. They may be part of a process, product, department or division. Most best practices are obvious once they are discovered and then recognized for their value. Think of the practice of user training before new-product implementation; the inventions of Post-it Notes or intermittent wipers; IS business unit liaisons; cross-functional project teams; and so on.

Best practices are the result of innovation. The key to this innovation is creating an appropriate environment that fosters new ideas and nurtures them. But first, you need to take off the blindfold and recognize the best practices that are right before your eyes.

During the next three to five years, IT managers will turn to sharing forums to aid in their pursuit of business excellence (0.7 probability).

| Internal | | External |

Invent ← Innovation, People, Knowledge, Environment

Recognize

Believe ← Champion

Fund ← Management

Make It ← Tenacity

Best Practice

Source: Gartner Group

Creating a best practice is difficult. It takes a great deal of input from both internal and external sources. This input then gets filtered into the invention of many ideas. Only some of these ideas will be recognized as having the potential to move a company forward to a new dimension. Of these ideas, only two or three will have a champion who truly believes in them, and who is willing to develop them within the corporate environment and take them forward to management. Management then funds the idea and the innovation is created.

This process takes a team effort. The process takes time. And finally, the process takes a lot of hard work.

Participants in Sharing Forums

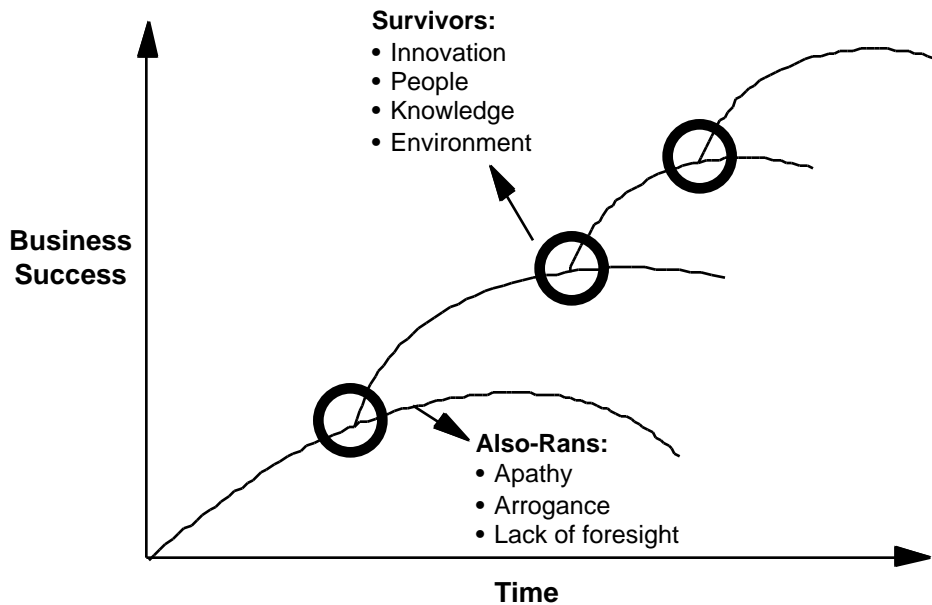|	Internal	External
1995	2,500	200
2000	3,000	3,000

Source: Gartner Group

Many of the Fortune 500 companies have recognized the need for internal "sharing." Groups like quality circles, best practices forums and "Birds of a Feather" have been formed to encourage the communication and sharing of concepts, ideas, process improvements and the like. However, this type of sharing within a company has taken "group think" only so far. It becomes difficult to continuously improve when an organization is only focused internally. About 25 percent of the Fortune 500 companies have realized that they cannot just focus internally, and have begun to seek out external sharing forums to expand and enhance their ability to improve their current concepts and processes for competitive advantage.

In 1998, five of today's 10 best companies will be also-rans due to the lack of input from external forces.

Survivors:
• Innovation
• People
• Knowledge
• Environment

Business Success

Also-Rans:
• Apathy
• Arrogance
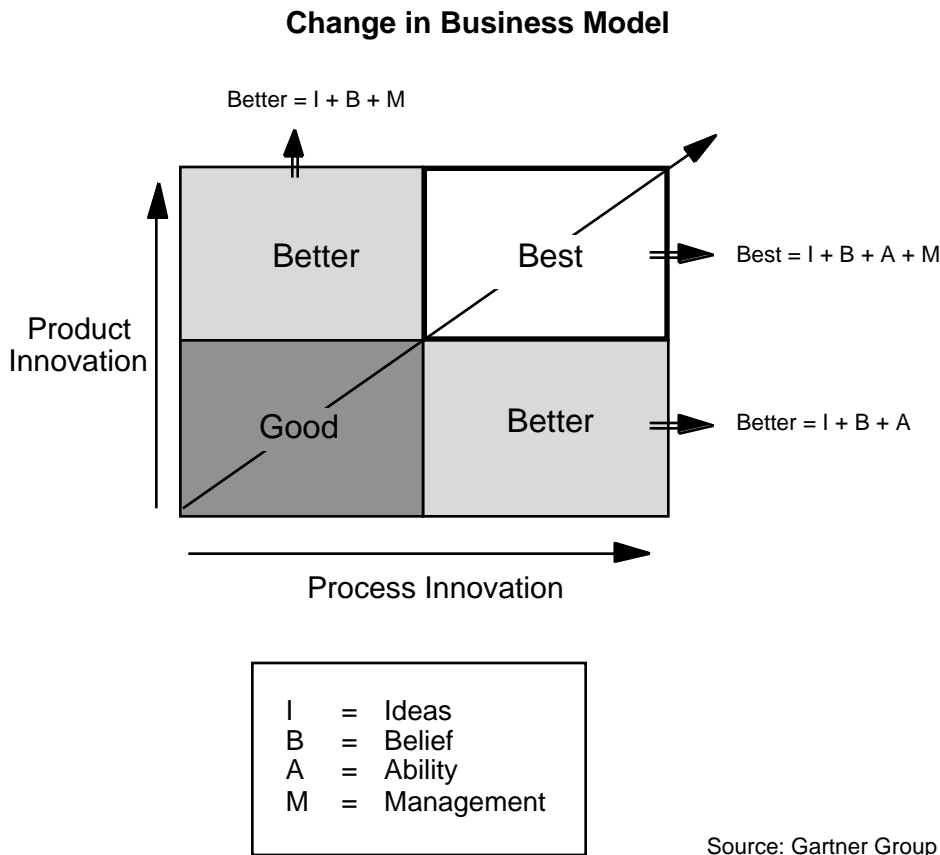• Lack of foresight

Time

Source: Gartner Group

In today's business climate of fierce competition and rapid innovation, particularly in information technology, companies survive by striving continuously to develop and implement best practices. By definition, in a free-market economy, only the best survive. Competition — the ability to enter new markets relatively freely — forces all businesses to continuously innovate. Today, these innovations are accelerating as the life cycle curves become shorter and faster. The speed of these curves makes it extremely challenging for companies to keep up with the competition. Every company in a free-market economy must have best practices or it would immediately be driven out of business. The most innovative competitors, however, will ride one life cycle curve after another, applying a variety of best practices as the moment requires.

How will successful companies change their business models to discover best practices?

Change in Business Model

Better = I + B + M

Better	Best
Good	Better

Best = I + B + A + M

Better = I + B + A

Product Innovation

Process Innovation

I	=	Ideas
B	=	Belief
A	=	Ability
M	=	Management

Source: Gartner Group

Good Practices — **These are defined as current processes and products that are working (i.e., not broken). Everything is "OK."**

Better Practices — **These are used to improve upon existing processes or products to increase "goodness," e.g., achieve efficiencies in current operations.**

Best Practices — **These consist of innovation that moves a company from good to best in the shortest time frame possible.**

Best practices are completely new ideas or concepts that move a company into a different environment.

- Marketing department/survey by phone

- Survey > 5 percent

- Open-ended questions

- Tie compensation to results

A group of companies got together to discuss customer satisfaction. Everyone in the group agreed that it was a "good" practice to survey end users. Companies began talking about how frequently to conduct the surveys, what format the surveys should be in (paper or electronic), and how to handle the results. The "better" practices that came out of this conversation were: surveying 30 percent of the users on a random basis, conducting the surveys electronically, and having regularly scheduled meetings to review results. Finally, someone in the room looked around and said the "best" practice was to use the corporate marketing department, which is trained to conduct customer surveys. This allows for open-ended questions and can produce actionable items. Having actionable items enables IT to seek improvements in a measurable way, and therefore compensation can be tied to the results.

This is an example of a "best" practice because, instead of conforming the thought process to improving what had already been done, this company moved outside the box and began to look at all the resources at hand.

There is no one best practice, but rather a process for discovering them.

Reader Notes
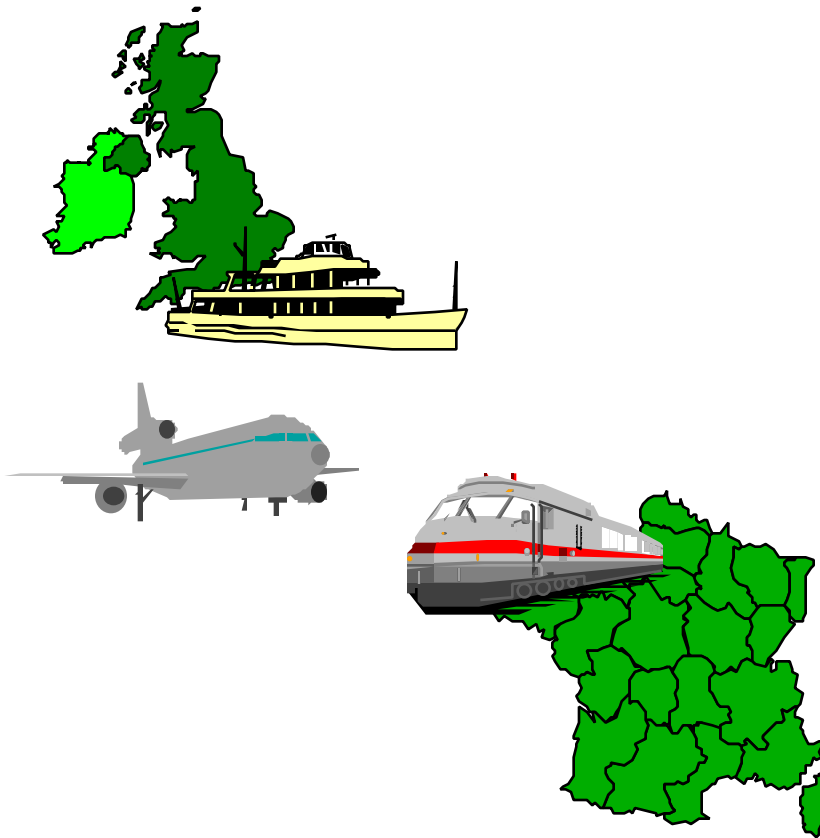
What is a best practice for one person or company is not necessarily a best practice for another. People often have misconceptions about the whole idea of best practices. Usually someone is expecting a categorically correct answer that can be applied in every situation. This is not the case, as the following example illustrates: If you want to cross the English Channel, you can fly across, swim across, go by boat, or go through the "chunnel." If your goal is to get exercise, you may choose to swim. If your goal is to get there the fastest way, you may choose the "chunnel" or to fly. The best way for you depends on your objectives, environment and needs.

This concept is the same in an organization. The best way to do something depends on that organization's objectives, environment and requirements. Each company's unique culture means, by definition, that it will need unique best practices to solve its problems. What is common is the process for discovering best practices.

What are the key ingredients for creating a best practices environment? 1. Catalyst 2. People 3. Measurement

1. Catalyst

Catalyst

Significant event = Advent of new competition

Catalyst
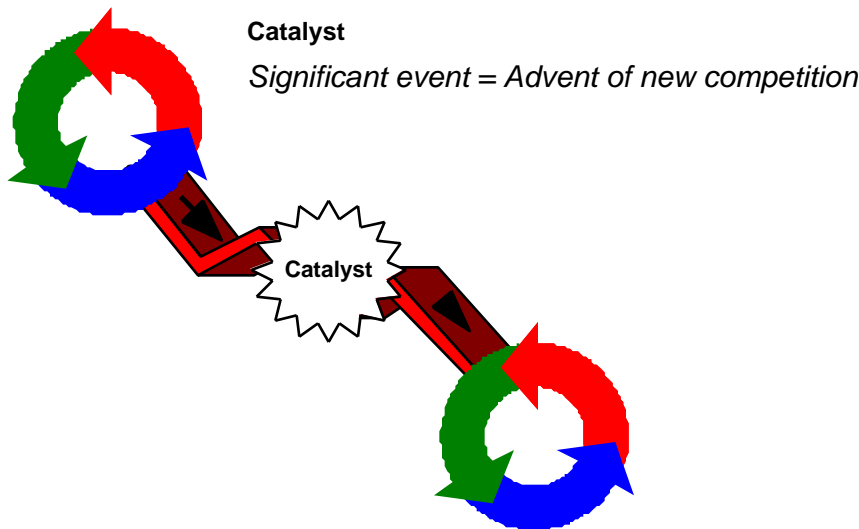
Possibilities

See it coming/invent new ways to compete = new opportunities

Wait until it comes/invent new ways to compete = new opportunities

Wait until it comes/do nothing, hope they do not succeed

Source: Gartner Group

Breakthroughs are what make best practices radically different from good or better practices. Crossing over from a current decision-making model into a totally new one indicates recognition that a new set of rules and premises exists. Yesterday's formula for success has become obsolete, and those companies that look for a few critical telltale signs of this will make the leap to the new environment.

A major change in the foundation of a business model must be identified early and acted on effectively, particularly in successful companies which, in essence, need to protect the company from itself. Success, or "goodness," is ultimately a recipe for failure when a company becomes complacent, and forgets that the accelerating pace of change is actually a competitive opportunity that requires the company to learn to change as well.

Companies that proactively seek "catalysts" that institutionalize a breakthrough mentality throughout the organization have designed a road map to ensure continuous success.

2. People

Challengers   Leaders

**Ability to
Execute**

Followers   Visionaries

Completeness of Vision
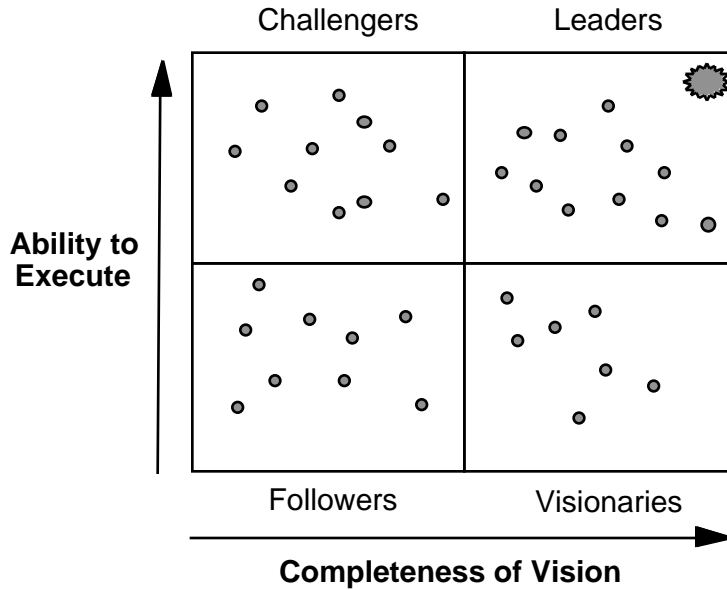
Successful companies will employ leaders who have the
vision and ability to accept the challenge to carry through
the execution of innovative ideas.

Source: Gartner Group

Complacency in people is a recipe for failure in business today. The ability to think beyond
what we have always known to be true and the fortitude to push those ideas through are
absolutely critical for business success. Managers should not wait for a catalyst to occur before
seeking a breakthrough approach to running their operations. In fact, companies that
experience true breakthroughs actively seek new knowledge. In addition, they build and
provide access to new knowledge through a variety of vehicles, such as industry conferences,
reading, training and peer groups.

Best practices managers have the ability to think beyond what they have always known to be
true, and have the fortitude to push those ideas through. These skills are critical. There is no
halfway solution for the implementation of radically new ideas. At the same time, the brightest
idea or innovation can become a disaster if the right talent and business sense are not in place
to ensure its success; it is never innovation just for the sake of innovation. The people that
make up a best practices environment will seize new opportunities and execute them
successfully.

3. Measurement

• Fourfold increase in market share

• 100 percent improvement in margins

• 50 percent improvement in "time to market"
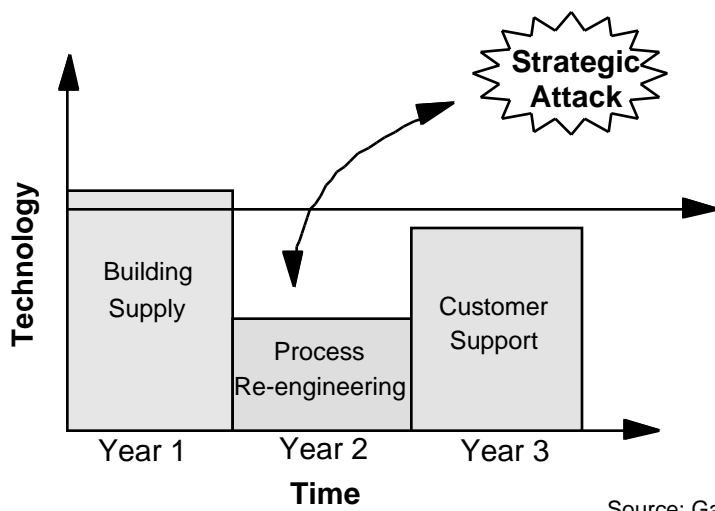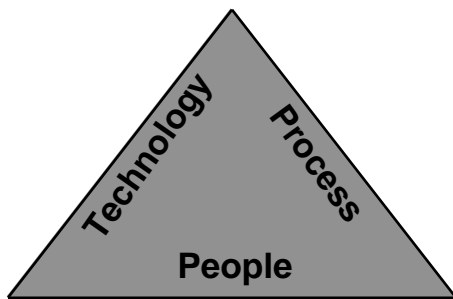
• 30 percent increase in net income

In a best practices environment, measurement of success is essential to the continuous flow of innovation. Contributions must be measured and recognized for two reasons:

• to demonstrate the connection between innovation and business success, and

• to provide feedback and/or new knowledge to the business itself.

Breakthrough companies that implement innovation must achieve significant improvement in business results. Companies that do not measure change "before and after" will not recognize the success of a breakthrough.

The greatest idea in the world is useless if it does not result in demonstrable benefits to the company.

Are there any best practices success stories?

```
        Technology    Process

              People
```

```
Technology

        Building
        Supply          Strategic
                        Attack

                Process      Customer
             Re-engineering   Support

        Year 1    Year 2    Year 3
              Time
```

Source: Gartner Group

Only companies that appropriately balance a best practices implementation will meet the business challenges of the future.

When technology, people and process are balanced, companies can make best practices happen. If they are not in balance, companies leave themselves wide open to a strategic attack from new companies or current competitors.

Problem:

IT people were being pushed by the business units to embrace client/server.

The business units were taking control of what was being thought of as infrastructure operations (e.g., maintaining servers in storage closets).

Each business unit made individual decisions on how to implement client/server applications.

Companies wanted to talk to others from different industries to gain ideas on how to improve what they were doing.

Group Information:

A group of companies decided they wanted to network with others of similar size and philosophy, and with the same technology management challenge.

The group formed was cross-industry and cross-geography, and contained the following types of companies:

- 1 aerospace
- 2 financial
- 2 oil
- 1 telecommunications
- 3 consumer goods
- 1 electronic
- 1 chemical

Group Operation

With companies assembled, this group began in 1994.

At the first meeting, they defined their mode of operation: when meetings and audioconferences for sharing would be held, for how long, and where. They also defined codes of conduct and selected topics:

- Software Asset Management
- End-to-End Availability
- Automation
- Cost Reduction Strategies
- Infrastructure Architecture
- Distributed Systems Standardization
- Storage Strategies – X Platform Capacity Planning

- Distributed Computing
- Help Desk
- Outsourcing
- Organizational Process
- Network Management

Examples of Benefits:

1. Storage: One company reduced storage costs by more than 50 percent in two and one-half years.

2. Sharing of processes for hardware purchases: This discussion has facilitated the group's ability to negotiate with vendors. For example, one company thought it was leaning on its vendors as hard as it could, but learned from the group that "good" in terms of price was not "good enough." It is negotiating to a much larger extent now. It also shortened the purchase cycle and is getting better bids from vendors. All this saved this company $1.1 million.

3. Based on the experience of other group members, one company has delayed moving to Sysplex for two years and CMOS for three years. The strategy resulted in cost avoidance for two reasons: 1) There is a steep learning curve and cost associated with these technologies, and 2) by delaying the purchase, the company can wait until the technology is more mature and the implementation costs are lower.

1. Exposes people to new ideas and approaches

2. Identifies performance

3. Leads to lower costs, and improved speed and quality

4. Identifies what needs to change

5. Creates openness to new ideas and change

6. Ensures rigor of operating targets

7. Raises level of maximum performance

- **How do successful companies learn best practices and execute them?**

- **How will successful companies change their business models to discover best practices?**

- **What are the key ingredients for creating a best practices environment?**

- **Are there any best practices success stories?**

With technological advances occurring at an alarming rate, companies need to spend less time theorizing and more time developing and implementing. In addition, there may not be a second chance for success. As a result, over the past several years there has been a move away from the traditional, company-specific "group think" forums to more-open groups like quality circles, "Birds of a Feather" and best practices forums, in hopes of shortening the learning curves that companies experience when implementing any new product/system. Best practices are concepts that may result in new processes, better performance, new products or increased service levels. Best practices are the result of innovation and ingenuity. The key to this innovation is having an environment that both fosters new ideas and nurtures them. The picture at the beginning of this presentation can convey a couple of messages, all pertaining to life in our marketplace. Companies must consistently shoot for the "bull's-eye" or near perfection in today's market in order to survive, let alone get by. If a company is learning in a vacuum rather than utilizing all of the information out there on the successes and failures of its peers, then it might as well be shooting darts with a blindfold on. Unfortunately for them, without the proper input, such companies may end up with no more darts to throw.