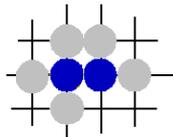


Best Practice ***Versus*** ***Good Practice***



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Best Practice

Introduction

In March 2001, Michael Porter, writing about the use of “best practice” as a strategic option, had this to say:

“...simply improving operational effectiveness does not provide a competitive advantage. Companies only gain advantages if they are able to achieve and sustain higher levels of operational effectiveness than (their) competitors. That is an exceedingly difficult proposition even in the best of circumstances. Once a company establishes a new best practice, its rivals tend to copy it quickly. Best practice competition eventually leads to competitive convergence, with many companies doing the same things in the same ways. Customers end up making decisions based on price, undermining industry profitability.” (Emphasis is ours not Michael Porter’s)¹

From a strategic point of view, competition based upon practices (or processes) where there is widespread adoption of the same practices, is doomed to deliver an undifferentiated (everyone behaves the same) and unprofitable industry.

So why are we continually being bombarded with “best practice” this and “World’s best practice” that? It seems as if every IT supplier and/or consultant (sometimes its hard to tell the difference between the two) wants to tell you that their products/services are “compliant with World’s best practice”. Failing that they can teach you all about World’s best practice so that you too can implement compliant practices and thus become like everyone else.

“Best Practice” – what is it?

Our placement of the term “best practice” in inverted commas is deliberate. We have found it extremely difficult to pin down “best practice” – different organisations have different views about what it is. Furthermore, the darn thing seems to be a moving target – as soon as you think that you’ve got it well and truly fixed someone comes out with a new improved version!

Embedded in software

Talk to software vendors and “best practice” is embedded in their software – the inference of course is that if your processes differ from the processes embedded in their software - then you should change to match their “best practice”. The fact that many organisations have found the cost of changing the software to be prohibitive has made it easier to make the decision to change your organisation to match the software. Now we all know (or should know) that this is contrary to strategic “best practice” but that gets overlooked in the push to implement process “best practice”.

Consultants

Talk to consultants and suppliers and “best practice” is anything you are currently not doing but, for a cost, they can help you do. They will surely know some organisation somewhere in the World doing something better, or more cost effectively than you. The problem is that many of these practices are not portable in isolation. Further, the majority of these “best practices” have no basis in proven theories or in longitudinal studies – ask for the background research and see what you get! To be even halfway acceptable the research should come from a variety of backgrounds and organisations – if it just comes from their own people then it often hasn’t been subjected to the rigours of academic or practical challenge. However, there are some organisations doing some extremely interesting

research work which may not be widespread – in this case ask to see the documented case studies. If they don't have them then be cautious – its probably a solution looking for a problem! Take it on board by all means – but as a pilot project. Once its proven itself then you can decide what you want to do.

Organisational management

Talk to organisational management and “best practice” is what they want to ensure their organisation is adopting so that any future failures (if they happen) cannot be because their processes weren't up to scratch. This is the really big “oh dear” in the “best practice” conundrum. There are all sorts of reasons why an organisation attempts to implement practices imported from another organisation – not all of them are flattering. Sometimes it's a genuine desire to copy another organisation's success, however, more often than is comfortable it is due to fear, lack of time, expediency, the “grass is greener” syndrome etc.

Standards bodies

Talk to any standards body (and their associates, affiliates and various hangers-on) and “best practice” is defined by their standards. Where “best practice” is based upon standards it is wise to remember that most standards, by necessity, are generic. They need to be adapted to suit specific situations. Further, as we saw so often with ISO standards, adopting a standard doesn't mean that you are doing the right thing – just that you are doing something according to the standards. Often we have seen completely inappropriate processes being beautifully performed according to accepted and documented practices. Our experience has been that standards-based “best practice” usually needs to be tweaked here and there for each organisation.

Let us know your experiences

The above is by no means exhaustive – we are sure that many of you out there have been manipulated in some way by the “best practice” syndrome (and we would like to hear about your experiences – good, bad and indifferent). What we are trying to say is that “best practice” is hard to define, it means different things to different people at different times and according to differing sets of variables. Thus it is almost impossible to disprove a claim to best practice. The closest thing to an unbiased form of “best practice” would be standards developed by completely independent standards bodies that receive no income from the implementation of such standards.

Don't slavishly adopt someone else's practices

We are not averse to standards – far from it. But we are averse to organisations slavishly adopting someone else's practices because “it worked for them” or because some organisation has told them that it is “best practice”. Adopt such practices only after you have done the analysis to determine if their “best practice” will work for you in your environment and with your business culture.

Work out how much it will cost and whether the benefits outweigh the costs

Also, do your sums. Work out the real cost of implementation which may include some or all of the following:

- Analysis – working out how you will fit the “best practice” into your environment, an approximate cost, what benefits you expect to achieve from implementing the new practice, what risks are involved and what methods for monitoring and measuring success will be used. Also in this phase you should identify all dependent or related processes and determine how any new process will affect them.
- Planning – you need a good plan with clearly defined deliverables otherwise it just ends up being one more of those things that only gets half-adopted and which gets dropped as soon as any pressure gets

applied (to time, budget, skills). It's then been a complete waste of money. Your plan really does need to have some go/no-go decision points along the way to stop you from spending more money than you should. Having a plan is no good unless you work the plan and this infers that someone needs to be tasked with the job of managing the project – there's more time and expense. Even if you use an internal person for this role, they still need to be allocated sufficient time to manage the project properly – and that may mean taking them off other projects.

- Training – management and staff in the new practices – this can get quite costly in terms of time and training fees. Remember when you are working out the cost of training that you should also include the cost of participants' time and any additional costs incurred through having to hire additional help to fill trainees' roles whilst they are undergoing training.
- Change Management – and here we are talking about both enterprise and technical change. Sometimes the project manager has sufficient skills to undertake this job so you won't have to pay for additional skills.
- Implementation – this may include costs for time, design, development and documentation of new processes, configuration or customisation of existing systems, purchase of new systems.

Hopefully we have alerted you to the fact that adopting new practices can be expensive with much of the cost being hidden. It's easy when you are buying hardware or software to see what you are getting for your money. It's a completely different thing to justify the costs involved in changing the way that things are done – there may be no new hardware or software – just a new practice which may take some time for the benefits to become apparent.

Turning “best practice” into good practice

Changing your business environment and culture to match “best practice” standards is no mean feat. We assisted one organisation to implement “best practice” management by projects. It took them upwards of 18 months. The problem wasn't with the standards or the technology to enable management by projects. The problem was with the inherent culture of the organisation and the types of people employed. Yes, they succeeded – but we did it through a series of “tweaks” to both best practice and organisational culture until an acceptable level of process quality and cultural comfort had been achieved. In this way good practice for their organisation was implemented.

Other organisations may be able to copy certain aspects of what they did – but copying it verbatim will lead to problems. The “best practice” was tweaked to take into account variables such as:

- Skill levels of staff
- Corporate culture
- Ability to focus on projects as opposed to day-to-day operations
- Management practices and levels of support
- Internal reporting requirements (business, legal, accounting etc)
- Reward and Remuneration structures.

Each of the above variables demanded a certain level of change effort to accommodate good practice based upon “best practice”. For example – just ensuring that skill levels were adequate resulted in major training efforts (whilst everybody thinks they can do project management, when

they actually have to do it for real is when you find huge gaps in their training). The necessity to ensure that there was sufficient time to focus on projects as opposed to day-to-day operations resulted in the organisation outsourcing support work but not people. That little exercise took them nine months! If they had tried to implement management by projects “best practice” without doing the spade work first they would have failed.

There are no short cuts to turning “best practice” into good practice for your organisation. You have to do what we call the S³ analysis (analysing Strategy, Structure and Systems) to determine what’s missing in your current operation, what could help and, just as important – **what you don’t need.**

¹ Michael E Porter, “Strategy and the Internet”, *Harvard Business Review*, Vol 79, No.3, March 2001