

## Project Reports: Industry and Services

### APO STUDY MEETING ON THE ESTABLISHMENT OF A BEST PRACTICE NETWORK

24-27 April 2001, Singapore

#### BACKGROUND

1. At the 40th APO Workshop Meeting of the Heads of NPO's in February 2000, it was suggested that a project be implemented to form a Best Practice Network amongst APO countries. The network will focus on generating and transferring knowledge on best practices. This knowledge could be used to help organizations in APO member countries improve their competitiveness.
2. Knowledge on best practices will provide a key competitive advantage for organizations in the knowledge-based economy. Organizations, whether in manufacturing or services, have to benchmark themselves against the best standards or practices worldwide in order to achieve competitive advantage and business excellence. The best practice journey embraces the concept of organizations looking outwards to see what can create value for their stakeholders. The knowledge gained could be used to innovate on the best practices, and thus, introduce methods that are better than the best.
3. However, organizations, on their own, often face difficulties in using best practice knowledge for performance improvement. They might not be familiar with relevant sources for best practices, or might not be able to get other organizations to share their knowledge on best practices with them. Moreover, they might find the cost of gaining best practice knowledge prohibitive, and not have the know-how to use the knowledge gained to improve their operations. The NPO's could help to overcome these barriers by collecting, organizing and sharing knowledge on local and international best practices efficiently, and facilitating its use by organizations for performance improvement. A key initiative that can be introduced to support the NPO's in undertaking this role is the formation of a best practice network among the APO members.

#### ROLE OF APO BEST PRACTICE NETWORK

4. At the APO study meeting on the establishment of a Best Practice Network held in Singapore on 24-27 April 2001, the participants from 13 APO member countries agreed that a best practice network could be set up among the NPO's. The list of participants and resource persons at the study meeting is attached as Annex 1.
5. The best practice network will generate knowledge on global best practices that will be useful for NPO's in helping their customer organizations achieve best practice performance standards. It will support the transfer of best practice



## **SUMMARY OF ISSUES AND RECOMMENDATIONS**

9. Based on the presentations by the resource persons and participants, the study meeting discussed and agreed upon several key issues affecting the formation of the APO Best Practice Network. The conclusions reached on these issues and the key recommendations are described below.

### **Participation of NPO's**

10. There is a high degree of excitement and willingness from NPO's represented at the meeting to consider participation in the Best Practice Network.

### **Participation of Customer Organizations of NPO's**

11. There is a need to actively involve NPO customer organizations in the best practice projects to be done by the Best Practice Network so as to maximize the transfer of knowledge to them and increase ownership amongst them to implement leading practices to improve performance.

### **Benchmarking Competence**

12. There are varying levels of knowledge and skills amongst the NPO's and their customer organizations about how to undertake benchmarking, especially benchmarking in a consortium or network, and thus training is required to achieve a consistent standard.

### **Marketing the Benefits of Best Practice Benchmarking**

13. There needs to be a concerted effort by NPO's to market to their customer organizations the benefits that best practice benchmarking will achieve for them and to instil in customers a full understanding that benchmarking is all about knowledge transfer to facilitate accelerated improvement. It is not merely a process for the comparison of metrics (The metrics are only a way to identify performance gaps and at the same time identify leaders with best practices from whom one can learn). Other factors such as benefits to be derived from generic benchmarking across industry sectors (both public and private sectors) and the use of a code of conduct to facilitate proper knowledge transfer also needs to be "sold". This will require the development of a consistent marketing strategy and materials for NPO's to use in supporting the work of the APO Best Practice Network.

### **Participation of Process Owners**

14. One of the key issues that have to be addressed in the marketing is how to gain access to business process owners in customer organizations to generate desirable topic areas for best practice benchmarking, and to participate in best practice projects on these topic areas. This issue also need be addressed in the marketing and promotional strategy.

### **Appropriate Benchmarking Methodology**



19. The proposed high-level steps of the methodology, as agreed at the study meeting, are shown at Annex 2.
20. The methodology adopted for the APO Best Practice Network should have the following features:
  - a. It should be common, consistent and global, covering cultural differences (between countries and organizations), but flexible enough to be adapted to local needs. It should take into account cultural variations from country to country and from customer organisation to customer organisation. The benchmarking methodology could include methods for adaptation of leading practices across different cultures;
  - b. The methodology could make provision for the use of subject matter experts (e.g. peak bodies), if necessary, in the topic area. In some cases. these experts would come from the NPO's themselves. Also, it should be recognised that the process owners from customer organizations are themselves experts on their topic. On the other hand there is advantage in aligning with peak bodies to enhance creditability of the benchmarking project;
  - c. The methodology needs to be standard and consistent only where necessary for comparison and sharing between countries. Beyond this however, the methodology should be flexible to enable tailoring to suit local needs;
  - d. The standard methodology could be modified for each group of participating customers and NPO's to suit their needs, while still maintaining the core structure;
  - e. The methodology should be able to help participating organizations translate strategy to practice in the topic area based on learning from best practices;
  - f. The methodology must allow for self-sustainability in the long term by constantly evaluating and improving the approach adopted and by tracking the improvements made by participating customer organizations. It should also be sustainable in its transfer of benchmarking skills to customer organizations and NPO's so that they can be self - sufficient in future; and
  - g. The methodology would require a framework and definitions; common process classification (this could be done later); standard elements and methods for validating leading practices, e.g. peer review; code of conduct; measures (standard pre-defined methods and structures for comparing performance); and a database and assessment tools to identify performance status and gaps.

### **The Funnelling Process**

21. The APO Best Practice Network could adopt a funnelling process for learning new knowledge in areas of interest. This means that comparison and knowledge exchange starts broadly and then specific leading practices are identified for



26. The role of participating NPO customer organizations should be to:
- a. participate actively in the APO Best Practice Network projects;
  - b. identify and share their best practices;
  - c. ensure that they have senior management commitment for participation in the projects;
  - d. make improvements based on best practice knowledge acquired;
  - e. abide by the Code of Conduct;
  - f. share what they have learned with others and become role models on the best practices adopted and on how to do benchmarking;
  - g. be responsible for minimal funding obligations (to be determined by each NPO). Some customers (e.g. global firms) may be potential sponsors of projects;
  - h. co-operate with NPO's; and
  - i. self-sustain themselves in benchmarking
27. The role of the APO Best Practice Network should be to:
- a. harmonize the framework, methodology tools, and guidelines for benchmarking across countries;
  - b. select topics for the best practice benchmarking projects;
  - c. monitor and review progress of projects;
  - d. facilitate inter-country knowledge transfer;
  - e. adopt a *Code of Conduct* for best practice benchmarking;
  - f. serve as catalyst and think-tank for knowledge generation and transfer on best practices;
  - g. provide regular feedback on progress made to APO and NPO's;
  - h. set-up a 'helpdesk' to provide advice to NPO's on matters relating to best practice benchmarking manage participation by different parts of global organizations to ensure that their involvement is seamless review and improve the benchmarking methodology; and
  - i. maintain the database of the Network
28. The role of the APO Secretariat should be to:
- a. provide assistance through experts;
  - b. receive feedback from the APO Best Practice Network and respond;
  - c. organize knowledge sharing sessions on best practices on a needs basis;
  - d. publish best practice reports;
  - e. establish a link for the database of the APO Best Practice Network at the

APO Website;

- f. publish materials on the methodology for best practice benchmarking across countries; and
  - g. facilitate resolution of intellectual property transfer from Australia, USA, and other countries
29. The role of Peak Bodies (e.g. professional and industry associations, tertiary institutions, and reputable consultancy bodies) should be to:
- a. provide subject matter expertise and help to identify best practice partner organizations for projects;
  - b. provide sponsorship e.g. software houses like SAP, BAAN, Oracle might be willing to sponsor studies; and
  - c. lend creditability to benchmarking projects through their involvement
30. The role of benchmarking experts (e.g. from APQC and from Australia) should be to:
- a. provide expertise to conduct the APO Best Practice Network project(s) e.g. training, development of methodology, etc;
  - b. provide information to augment the benchmarking process;
  - c. encourage participation by their customer organizations in the projects of the APO Best Practice Network;
  - d. exchange best practice information and access to databases with the APO Best Practice Network;
  - e. coordinate local site visits to their countries undertaken for projects of the APO Best Practice Network; and
  - f. facilitate resolution of intellectual property transfer between their countries (e.g. Australia and USA) and the APO/NPO's

### **Competency Development Requirements**

31. The study meeting agreed that NPO's would also have to develop competencies to support the work of the APO Best Practice Network. In particular, the NPO's would require knowledge, skills and/or abilities to:
- a. understand, apply and use the best practice benchmarking methodology;
  - b. support benchmarking activities (e.g. facilitation skills, presentation skills, database management, managing diversity, train the trainer, etc);
  - c. document Best Practices;
  - d. transfer competencies to customer organizations;
  - e. convince customer organizations to participate in best practice projects;



- f. stay up-to-date on the current business practices;
  - g. network with other companies, organizations, and partners;
  - h. protect intellectual property; and
  - i. undertake marketing and promotion
32. The customer organizations of NPO's would require knowledge, skills and/or abilities to:
- a. recognize best practices;
  - b. measure the impact of using best practices; and
  - c. do the same as the NPO's (customer organizations should eventually be self-sustaining)

### **Resources Required**

33. The study meeting agreed that the key types of resources required to support the work of the Best Practice Network include:
- a. Man-hours of staff from the NPO's and their customer organizations involved in the work of the network;
  - b. Information system (including database) for the APO Best Practice Network to co-ordinate work of Network and facilitate knowledge transfer on best practices;
  - c. Benchmarking and best practice subject matter experts;
  - d. Subscription to other databases, and information resources of organizations like APQC, Australian Quality Council (AQC), The Benchmarking Exchange (TBE) and Proquest;;
  - e. Printing/publishing of best practice benchmarking materials and reports; and
  - f. Community resources, e.g. government, supporting peak bodies, industry associations, etc, that can be leveraged by the Network

### **Further Development**

34. The study meeting agreed that the APO Best Practice Network would need to draw on the skills and experience of Ron Webb of APQC and Bruce Searles, an AQC Delivery Partner, in order to develop the best practice benchmarking methodology of the network further and to develop and deliver the training related to the methodology. Ideally, organizations in USA and Australia should also be involved in the benchmarking with the Network to maximize knowledge transfer.

### **FOLLOW-UP ACTIONS**

## Getting Started

35. The APO Best Practice Network, comprising of interested NPO's from member countries, would, as a start, conduct demonstration best practice projects in key topic areas of interest to customer organizations of NPO's. Demonstration projects should commence by focusing on a few topics only. It is important not to try to cover too many topics at once as this would spread resources too thinly and dilute the efforts. Hence, it was recommended that the demonstration project commence with one topic only. Then phasing in of other topics could occur as the first demonstration project builds confidence. The phasing in of other topics could occur before completion of the first topic. However, it was recognized that a balance between this approach and possible exclusion of some member countries from participation should be kept. Hence, the recommended approach is to choose a first topic that would maximize participation of member countries.
36. The demonstration project topics should be linked to the criteria of the business excellence frameworks promoted by member countries and the needs of customer organizations. The business excellence frameworks have a high degree of commonality between countries and form the ultimate balanced scorecard for ease of comparability.
37. It would be ideal to commence with a topic that would engage key promoters of benchmarking within customer organizations, such as the topic on "Leading and Managing Change". The process owners for such a topic would be relatively easy to contact and these people would be those responsible for the utilisation of the business excellence frameworks in their organizations. The advantage of the "Leading and Managing Change" topic is that the USA and Australia have experience with them. This will expedite the first benchmarking process and enhance knowledge transfer. However, any proposed topic would need to be market tested.
38. A business case should be developed to ensure that the viability of the demonstration project based on the factors of time, cost, and quality. The demonstration project would:
  - a. be one across countries;
  - b. provide interaction between customer organizations ;
  - c. involve more than one customer organization in each country;
  - d. provide for benchmarking of a common topic area between customer organizations in different countries;
  - e. focus on global best practices; and
  - f. provide networking opportunities for customer organizations so as to help them to gain access to tacit knowledge and not only explicit knowledge
39. Another recommendation is not to focus at this stage on details like the development of a process classification framework or a database, as this approach would delay the commencement of the first demonstration project.

These "back end" details are resource intensive and can be worked on later. The aim should be to embark on the demonstration project as soon as possible.

### **Preparatory Work**

40. Before commencing the demonstration project(s), some key steps will have to be taken. A task force has been formed to administer these preliminary steps. This taskforce, comprising members from India, Philippines, Thailand, Malaysia, and Sri Lanka, will be led by Singapore.
41. The Task Force is to undertake the following preparatory work:
  - a. develop proposal to assist study meeting participants secure buy-in from their NPO's and other stakeholders for participation in the APO Best Practice Network;
  - b. develop a Marketing Kit - The kit is an early requirement, as it is needed to gain customer input into topics. Another factor is that it can take three months or more to finalize firm benchmarking partners for any one topic area. The marketing kit should cover:
    - an introduction to Benchmarking (features/benefits)
    - case studies (or success stories);
    - an introduction to concept of demonstration project - Project objectives, credibility of projects (e.g. use of proven, standardised methodology, countries involved etc), benefits of participation, etc.
    - project timing and duration (when the first demonstration project is planned to occur, timing of the major phases of the project, etc)
    - mechanisms to gauge level of knowledge in benchmarking and to gauge interest of customer organizations in specific topics
    - sponsorship benefits, if required
    - costs and deliverables / benefits for participants
    - specifics on how this project is different from the earlier APO project where:
      - i. the aim was to help member countries appreciate basic benchmarking methodology
      - ii. each participating NPO did a benchmarking project for one customer organization only
      - iii. there was no inter-country benchmarking
      - iv. there were different topics for each country
      - v. the focus was not necessarily on global best practices;
  - c. develop the framework, methodology and supporting materials for inter-country benchmarking; and

- d. develop the design for the training module to develop competencies on the methodology for both NPO's and their customer organizations.
42. The members, terms of reference, and action plan of the task force is shown at Annex 3.
43. The "non-task force" participating NPO's need to revert to the APO Secretariat on whether they would like to participate in the APO Best Practice Network. These NPO's include those that were represented at the study meeting, namely CPC (ROC), MPCD (Mongolia), VPC (Vietnam), FNTC (Fiji), NIPO (Iran) and NPEDC (Nepal) as well as those that were not at the study meeting such as from Japan and South Korea.
44. After confirming their participation in the APO Best Practice Network, the "non-task force" NPO's should:
  - a. interest their customer organizations to participate in the demonstration project(s) of the Network;
  - b. identify why their customers are not participating in benchmarking and use this to build up interest and support in their country; and
  - c. provide a link to their country for the project(s)
45. All the participating NPO's in the APO Best Practice Network should identify, in conjunction with their customer organizations, appropriate topics for the demonstration project(s). The NPO's should submit a prioritized list of topics before the first Workshop meeting of the Network scheduled on 26-28 November 2001 in Singapore.
46. The first workshop meeting of the Network would cover the following areas:
  - a. Prioritisation of topics for the demonstration projects and selection of topic for first project;
  - b. Timetable and actions for first demonstration project;
  - c. Timetable for projects on other topics;
  - d. Content of best practice benchmarking methodology for demonstration projects;
  - e. Design of training program on methodology;
  - f. Target groups and timelines for training;
  - g. Marketing and promotional plan for the demonstration project(s); and
  - h. Identification of needs in different countries for expert assistance in best practice benchmarking and discussion on how such assistance could be provided

# PROGRAM

## APO Study Meeting on the Establishment of a Best Practice Network 24-27 April 2001, Singapore

### Day 1 - TUESDAY, 24 April 2001

9.00am - 10.15am	Orientation and Introduction <ul style="list-style-type: none"><li>• Photo-taking</li><li>• Welcome by PSB</li><li>• Welcome address by APO</li><li>• Introduction of Participants and Resource Persons</li><li>• Presentation on the Objectives, Focus and Program for Study Meeting</li></ul>
10.15am - 10.45am	Tea Break
10.45am - 11.15am	Presentation on Best Practice Program in Singapore Facilitator: PSB
11.15am - 12.30pm	Country Paper Presentations Facilitator: PSB
12.30pm - 1.45pm	Lunch Facilitator: PSB
1.45pm - 3.30pm	Presentation by Mr. Ron Webb, Director, Collaborative Learning and Information Services Groups, American Productivity and Quality Centre (APQC) <ul style="list-style-type: none"><li>• Overview of APQC and its benchmarking/best practice services</li><li>• Objectives, Approach and Methodology of APQC's group benchmarking studies</li><li>• Role/obligations of participating organizations, and deliverables of the studies</li><li>• Successful examples of studies done</li><li>• Challenges/Problems faced and Actions taken to address them</li><li>• Lessons learnt</li><li>• Preliminary ideas on how APO (through a Best Practice Network) and its member countries can work with APQC on group benchmarking projects.</li></ul>

3.30pm - 3.45pm	Tea Break
3.45pm - 5.00pm	Country Paper Presentations Facilitator: PSB

## Day 2 , WEDNESDAY, 25 April 2001

9.00am - 10.45am	<p>Presentation by Mr. Bruce Searles, Accredited Delivery Partner, Australian Quality Council (AQC)</p> <ul style="list-style-type: none"> <li>• Overview of AQC and its benchmarking services</li> <li>• Objectives, Approach and Methodology adopted for AQC's Benchmarking Networks</li> <li>• Role/Obligations of Participating organizations, and deliverables of the Networks</li> <li>• Successful examples of network projects done</li> <li>• Challenges/Problems faced and Actions taken to address them</li> <li>• Lessons learnt</li> </ul>
10.45am - 11.00am	Tea Break
11.00am - 12.30pm	Country Paper Presentations Facilitator: PSB
12.30pm - 1.30pm	Lunch
1.30pm - 2.45pm	<p>Presentation on Best Practice Networks formed among Singapore organizations</p> <ul style="list-style-type: none"> <li>• Objective, Role and Structure</li> <li>• Approach and Methodology</li> <li>• Deliverables</li> <li>• Challenges faced and Lessons learnt</li> </ul> <p>Facilitator: PSB</p>
2.45pm - 3.30pm	<p>Presentation by a Best Practice Network Project Group among Singapore organizations</p> <p>Facilitator: PSB</p>
3.30pm - 3.45pm	Tea Break
3.45pm - 5.00pm	Country Paper Presentations Facilitator: PSB

### Day 3 , THURSDAY, 26 April 2001

9.00am - 10.00am	<p>Presentation by Mr. Ron Webb, Director, Collaborative Learning and Information Services Groups, APQC</p> <ul style="list-style-type: none"><li>• APQC's Benchmarking/Best Practice Information Services</li></ul>
10.00am - 10.15am	Tea Break
10.15am - 12.00pm	<p>Discussion Session among participant groups on the establishment of APO Best Practice Network, followed by presentation</p> <ul style="list-style-type: none"><li>• Rationale for Network</li><li>• Objective of Network</li><li>• Target Participants of Network</li><li>• Who are the customers of the Network, and what are their requirements?</li><li>• Role of Network</li></ul> <p>Facilitator: PSB, Mr. Webb, and Mr. Searles</p>
12.00pm - 1.00pm	Lunch
1.00pm - 3.15pm	<p>Discussion Session among participant groups on the Establishment of APO Best Practice Network, followed by presentations</p> <ul style="list-style-type: none"><li>• Proposed approach to be adopted by the network</li><li>• Proposed methodology to be adopted for network projects</li></ul> <p>Facilitator: PSB, Mr. Webb, and Mr. Searles</p>
3.15pm - 3.30pm	Tea Break
3.30pm - 5.00pm	<p>Discussion Session among participant groups on the Establishment of APO Best Practice Network, followed by presentations</p> <ul style="list-style-type: none"><li>• Deliverables of the Network</li><li>• Responsibilities/Obligations of network members</li><li>• Opportunities for collaboration between the network and other benchmarking organizations such as APQC, AQC, etc.</li></ul> <p>Facilitator: PSB, Mr. Webb, and Mr. Searles</p>

### Day 4 , FRIDAY, 27 April 2001

9.00am - 10.30am	Summary Session - Review and Confirmation of Key Recommendations on the Establishment of the APO Best Practice Network
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Facilitator: PSB, Mr. Webb, and Mr. Searles

10.30am - 10.45am

Tea Break

10.45am - 12.00pm

Summary Session (Cont'd) - Proposed Action Plan on the Formation of Network

Facilitator: PSB, Mr. Webb, and Mr. Searles

12.00pm - 12.15pm

Program Evaluation

Facilitator: APO

12.15pm - 2.00pm

Closing Session

Facilitator: APO/PSB