



QUALITY TOOLS

8 Dimensions Of Excellence

by **Robin Lawton**

You wouldn't knowingly drive your car if only two or three of its eight cylinders were working. Yet when the "car" is your enterprise or a key strategic project, you may focus improvement efforts with an unintended and limiting bias. My objective here is to help you get all eight cylinders working as you never thought possible.

In 50 Words Or Less

- **The 8 Dimensions align values, measures and customer priorities.**
- **Most recent change initiatives have focused on process, sometimes leaving the customer out of the picture.**
- **Reframe the definition of service and knowledge work as measurable products.**
- **Achieve excellence starting with outcomes and ending with process.**

Let's do a quick assessment first with just one question. Referring to Figure 1 (p. 56), consider the number of meetings held, projects conducted, training hours dedicated, performance measures reported and new improvement initiatives started. Which of the three topics in the figure—process, product or outcome—gets the most attention?

If you answered process, you are among the majority of managers and professionals across all industries. You'll notice a similar theme in the names of popular change initiatives of the last 20 years:

- Business process improvement.
- Cycle time reduction.
- Total quality management.
- Reengineering.
- Lean.
- Supply management.
- Continuous quality improvement.
- Statistical process control.
- Six Sigma.
- Teamwork or employee involvement.
- Just-in-time manufacturing.
- ISO 9000.

Process improvement is good. It is the eighth of the 8 Dimensions shown in Figure 2 (p. 56). But it is merely one of the eight cylinders of the enterprise engine we seek to manage well. We can create stable, fast production processes that produce low

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cost, reliable products no one wants.

Which of the three topics would customers say is most important and the primary reason they come to your enterprise? Yes, it's all about outcomes. To paraphrase Peter Drucker, customers are not loyal to products; they're loyal to results.¹

We tend to measure process performance much more intensively than the outcomes customers experience. Despite our stated desire to be customer focused, what we truly value gets measured. The pursuit of excellence makes change possible.

Redefining Success

Expand and balance the definition of success, and the measures will follow. Figure 2 shows the same three icons we saw in Figure 1. This is the customer's part of the excellence equation and where the improvement opportunity is greatest.

The numbering of the 8 Dimensions is intentional. So let's start with the end in mind. Our challenge is to balance the top and bottom dimensions. Let's consider each dimension four ways:

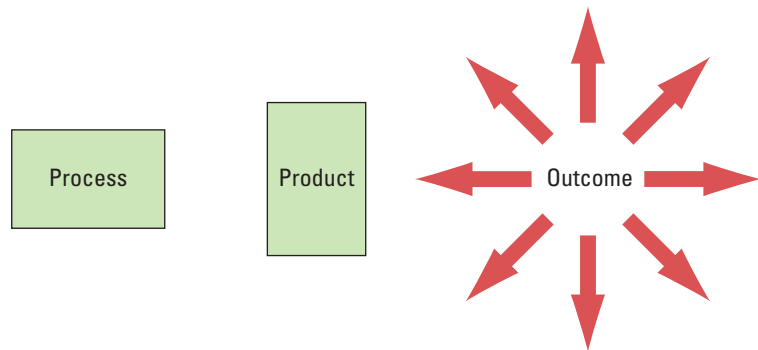
1. What excellence means.
2. The degree to which it gets measured.
3. Enterprises that exemplify excellence or the absence of it.
4. The implications for your organization.

Dimension 1—Customer Desired Outcomes

Customer desired outcomes are the intended purposes customers have in coming to suppliers—the ultimate results they want to achieve.

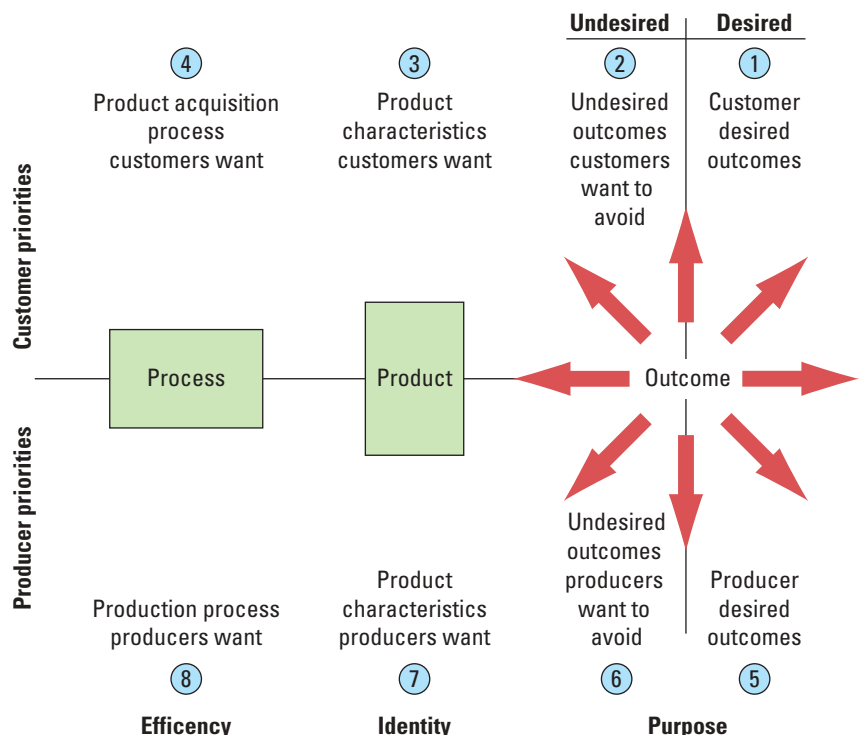
An example can illustrate what changes can enable—or constrain—excellence in dimension 1. We are all customers—or will be eventually—of the healthcare industry. Thinking of

FIGURE 1 What Is Valued?




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FIGURE 2 8 Dimensions of Excellence



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any enterprise in that industry, what is the ultimate reason you, as a customer, would want to do business with it? Most say “good health.” Seems like common sense. Good luck finding a provider that actually has defined good health in writing.

The World Health Organization has defined health this way: “A dynamic state of complete physical, mental, spiritual and social well-being and not merely the absence of disease or infirmity.”² Seen any measures describing the degree to which these outcomes have been achieved by a provider?

One of the reasons often given for not asking about outcomes is, “Well, we can’t control that.” I call reasons like this “vital lies.” They are all the reasons—excuses, assumptions, rationalizations, unproven myths and self-deception—offered for not changing. If healthcare providers are not in the good health business, what exactly is their purpose?

Dimension 2—Undesired Outcomes Customers Want To Avoid or Eliminate

We often define and measure undesired outcomes such as death and new ailments contracted by exposure to the health system. The assumption must be we are healthy if we don’t die or get sicker. That’s comforting.

Debt, discomfort, wasted time, frustration and exclusion are outcomes customers want to avoid. For legal clients accused of a criminal offense, staying out of jail is viewed as success. Being able to live an exonerated, productive, debt-free life after legal expenses is considered excellence.

There is great temptation to view absence or reduction in the frequency of catastrophe as success. Guard against that assumption—often a vital lie—unless you are in the bulletproof vest business.

Dimension 3—Product and Service Characteristics Customers Want

It is not so easy to talk about dimension 3 for those who don’t make widgets. The industrial age peaked around 1960 in the United States. At its zenith, about 55% of the workforce was personally engaged in manufacturing products. We’re now in what has variously been called the knowledge or service age. Less than 12% of us personally make widgets. Our work seems unplanned and unique.

Just as the 8 Dimensions are expanding our idea of excellence, we need to expand how we think of

the term “product.” Let’s first address “service.” With more than 85% of us doing some kind of service work, we ought to know what service means, but unfortunately we don’t.

If you asked any 10 employees what three plus four is, you would expect to hear the same answer: seven. You would never tolerate any other answer. Ask those same 10 people to define service with one word. Expect 10 different answers. It’s tough to manage and measure what isn’t consistently defined or understood. The ambiguity of the term service is legendary and problematic, and we tolerate it. Ditto for the term knowledge. Sloppy language constrains excellence.

Excellence in dimension 3 starts with eliminating the term “service” altogether because you can’t define it with one word. Replace the word service (and knowledge) with “product.”

Service has no obvious units of measure. It suggests activity with verbs such as help, assist, provide and support. Products intuitively suggest things (nouns) that can be counted. Anything we call a product must meet these few criteria:


- You can make it plural.
- It is a deliverable you can give to someone.
- It occurs in countable units.

FedEx has pursued excellence by defining its externally consumed products as deliveries. It succeeded in taking a major portion of the delivery business away from the dominant player at the time, the U.S. Postal Service (USPS).

The irony for the USPS is that many consumers complained for years there was precious little service provided, despite it being in its name. FedEx differentiated the deliveries offered in terms of speed, predictability and price. The company was not hampered by the vital lie that low price wins customers. In the final analysis, an excellent product is one that can be easily used by customers to predictably create their desired outcome.

Products suggest things exchanged for money. Not all products are sold. One example that offers tremendous opportunity for improvement is “answers.” One measure of website excellence is the number of clicks required to find the answer you seek.

Perhaps one of the biggest market successes of the early 21st century is Google. While reporters may refer to Google as a search firm, most users value



Google for being in the answer business. Google's excellence will continue as long as it provides fast, accurate and free answers better than anyone else.

Most managers and professionals personally create products such as plans, policies, reports, procedures designs, courses, manuals, presentations, job descriptions, brochures and specifications. They are used by others within the enterprise. These products are considered excellent from the user's


perspective when they are easy to understand, complete, timely, accurate, simple and relevant. How well are these characteristics measured for products created for use within your enterprise?

An e-mail message is a product. Hundreds of hours are spent annually by every professional and manager producing these products. Countless more hours are spent reading them. Yet, where is the design for a quality e-mail? A fastener compa-

9 Facts About Products

In today's knowledge age, nine facts about products will help organizations adapt product (service) characteristics to what customers want:

1. Work products created by employees at the lowest levels in an organization are much better identified, characterized, measured and managed than work products created by employees at higher levels.
2. Minimally acceptable management practices require the measurement of at least volume, units cost, timeliness and quality of products. Little of this information is captured regarding work products created by nonwidget makers in the enterprise, yet they consume more than 70% of an enterprise's total compensation budget. Who, for example, measures the volume, unit cost and quality of e-mails?
3. Knowledge products, such as policies, plans, specifications, designs and proposals, are very high in cost, produced with very little process consistency, have high error rates and have great impact on the final sold products. Yet they are generally not the focus of traditional improvement initiatives. Manufactured products are always dependent on—and frequently constrained by—such knowledge products.
4. Causes of operational constraints and customer dissatisfaction can almost always be traced to specific knowledge and service products. But this principle is not widely recognized or fully utilized.
5. The product category that has made the biggest contribution to the U.S. gross domestic product and exports in 2003 was entertainment.¹ This includes movies, songs and games. Think iPod. Entertainment, including games, has increasingly become an embedded and integral part of many manufactured products. Cars are not vehicles; they're mobile entertainment centers.
6. Knowledge products, such as those identified in point 3, lag significantly behind widgets in entertainment value. The incorporation of entertainment into all kinds of products and services (from for-profit and not-for-profit organizations alike) clearly has been shown to offer a competitive advan-



ny will measure the unit cost, quality, customer reject rate, yield and cycle time to produce thumbtacks. If those variables are appropriate to achieve thumbtack excellence, they are applicable to far more costly e-mails.

A brief note about customers is in order. Ask any diverse group of employees who the customer is and you are likely to hear multiple and competing answers. It is impossible to determine who the cus-

tomers are without first identifying the product for which they are customers. The solution begins with clarity about dimension 3. When there is confusion about the product, there is guaranteed confusion about who the customer is. Customers can play three roles:

1. End users who personally use the product to achieve a desired outcome.
2. Brokers who pass the product—literally or

tage that is hard to copy. Yet this secret weapon is not yet widely recognized as a cause for success. Southwest Airlines' enviable growth and profitability, for example, is rarely attributed to its pervasive use of humor and entertainment in its flights, on-board announcements and automated phone systems.


7. The quality and customer satisfaction of knowledge and service products is well documented to be much lower than for manufactured products.²
8. Research has found end user satisfaction with virtually all kinds of products is driven by these key priorities, listed in descending rank:
 - Outcomes achieved by using the product (results and purpose that may or may not be the same as the producer's intended outcomes).
 - Perception of the product (subjective views of the product's ease of use and appeal).
 - Product acquisition process (ease and speed of obtaining it).
 - Performance of the product (unambiguous characteristics that can be observed to be present in it).

Organizations almost always measure performance best, outcomes least. Thus, they measure best what customers care least about.

9. Failure to adequately define nonmanufacturing work as products, to consciously and consistently enhance ease of use and differentiation with entertainment or to measure the performance and quality of this work is not due to management stupidity. Management does the best it can with the archaic systems and management models available to it. The results achieved by addressing this area of opportunity with the 8 Dimensions can be enormous.

REFERENCES

1. *Newsweek*, Nov. 22, 2004.
2. American Customer Satisfaction Index, www.theacsi.org.



figuratively—to end users. Brokers may represent the interests of end users, the interests of producers or their own interests. The brokers' interests may easily be in conflict with those of end users, producers or both. A good broker is bilingual—fluent in the language of both the end user and producer—facilitating improved understanding between the two.

3. Fixers who modify, correct or change the product during its life cycle for the end user.

We are in the middle of a sea of change from the industrial age to the knowledge age. The 8 Dimensions provide a framework for adapting. On dimension 3 alone, there are many things to know about products (see “Nine Facts About Products”).

Dimension 4—Product Acquisition Processes Customers Want

Excellence in this dimension includes customers' time and cost—both actual expense and lost opportunity—to acquire the product and make it produce the desired result. One government example of excellence is the Missouri Department of Revenue (MODOR) even though it's the type of agency taxpayers love to hate.

One important product delivered to many taxpayer is a refund. The timeliness of the refunds is dependent on the excellence of another product—the tax preparation booklet.

When MODOR used the customer centered principles supporting the 8 Dimensions framework, it shortened the refund process from an average of 45 days to less than five days using no added automation. Customers were ecstatic. It also saved MODOR a few million dollars in the first year (refunded to customers), moved it to No. 1 out of 50 states for refund speed³ and made it the first public agency in Missouri to win the state's version of the Baldrige Award. Those are measures of excellence.

Amazon.com is an industry example of dimension 4 excellence. Every step of the customer's acquisition process is streamlined and measured. The customer order is confirmed within seconds of purchase, with updates on delivery status at key intervals. All this is possible despite the razor thin margins of the products typically sold by Amazon.com.

Contrast this with what customers of large industrial products worth hundreds of thousands or mil-

lions of dollars can sometimes experience. You may not get any acknowledgment at all on placing an order. If you inquire about delivery status, you may get little or no information. Listen for the vital lies defending these practices. How does your enterprise compare?

The fastest growing businesses and those with highest market capitalization have shown special strength in addressing dimensions 1 to 4. Include Southwest Airlines, Google, Dell, Amazon.com and MODOR in this group. Those who do well in dimensions 1 to 4 also tend to do well in dimensions 5 to 8. The reverse is not necessarily true.

Dimension 5—Producer Desired Outcomes

Senior management and strategic plans focus on dimension 5. That is the purpose of a strategic plan. It is what senior management is paid to look after. They do a much better job articulating and measuring these outcomes than those in dimension 1.


Producer desired outcomes include market share, profitability, competitiveness (such as the number of new patents won) and share price. Microsoft is a good example of excellence in this dimension.

Dimensions 5, 7 and 8 (in that order) generally receive the most management attention when performance slips. Operational attention on improvement is commonly put on the same areas but in the reverse order. These are the three cylinders of the eight cylinder enterprise engine that are tinkered with the most.

Check out your enterprise strategic plan and how well it is aligned with customers. How many of their desired outcomes and related performance measures are described there?

Dimension 6—Undesired Outcomes Producers Want To Avoid or Eliminate

The absence of undesired employee turnover, customer defection, lawsuits, financial loss and market erosion can be signs of excellence. As indicated in the discussion about dimension 2, excellence here does not necessarily ensure excellence in dimension 5. Your organization may have a monopoly position that artificially protects it from seeing the pent-up



pressures for defection that become immediately apparent when a competitor emerges.

Undesired outcomes are often defined and measured. You can be sure your local fire department measures the number of extinguished fires per month and possibly the dollar value of damage sustained. Contrast that with the desired outcome—fire-free days—and the likelihood that statistic is measured.

Dimension 7—Product Characteristics Producers Want

Excellence here includes products that are easy to build, cheap to produce, cost free to maintain and easy to distribute. Our fondest desire is to build one size that really fits all and can't be copied easily by a competitor.

Dimension 8—Process Characteristics Producers Want

Dell Computer is a paragon when managing its supply chain and every other aspect of its production process. Process characteristics in this dimension include low process variation, high productivity, short cycle time, high flexibility and low unit cost.

Identify the Critical Few

The 8 Dimensions framework is particularly well suited to those who produce or manage the production of nonmanufactured products. It also applies to internal functions such as engineering, marketing, quality, logistics, IT, customer service, finance, supply management and HR.

These 8 Dimensions are a succinct but powerful way to identify the critical few areas in which to pursue excellence, including the following:

- Leadership (all 8).
- Goal setting (all 8).
- Innovation (all 8).
- Balanced scorecard/measures of success (all 8).
- Alignment of our values with those of our customers (all 8).
- Transformation initiatives (all 8).
- Strategic planning and direction (1, 2, 5 and 6).
- Customer satisfaction and success (1 to 4).
- Product design (1 to 3 and 7).
- Supply management (4 and 8).
- Operational success (7 and 8).

- Teamwork (8).

Long-term enterprise viability is dependent on success in dimension 1 most, in dimension 8 least. Yet short-term success can be achieved quickly in dimension 8, creating the illusion of sustainability. Focus on all 8 Dimensions and excellence will be noticed by both you and your customers.

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2. World Health Organization, definition proposed at its executive board session in Geneva, Switzerland, January 1998, www.who.int/about/definition/en.
3. MODOR press release, www.mqa.org/pdf/2000-MO%20Dept.%20of%20Revenue.pdf (case sensitive).

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ROBIN LAWTON is president of *International Management Technologies Inc.*, Bradenton, FL. Clients who have won state quality awards using the 8 Dimensions concepts include MODOR and the Lawrence Livermore National Laboratory. Other clients include Malcolm Baldrige National Quality Award winners such as Motorola and AT&T. Lawton is author of *Creating a Customer-Centered Culture: Leadership in Quality, Innovation and Speed*, published by ASQ Quality Press, and will be conducting a two-day workshop on the 8 Dimensions at the 2006 World Conference on Quality and Improvement in Milwaukee, May 1-3.

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