

BUSINESS EXCELLENCE AND KNOWLEDGE MANAGEMENT IN SUCCESSFUL COMPANIES

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ABSTRACT

Due to the global excess of supply over demand and due to rapid development and continuous changes the importance of business quality has grown intensively in the last years in Slovenia. The need for improving business quality has raised from market demands, fierce competition and rapid development. When supply exceeds demand the main question is how to assure profit and long-term company growth. It has been proven that merely product quality is not enough for business success, although it is a prerequisite for it. This is why the quality of business in successful companies is a part of business strategy. The available knowledge base and monitoring of customer satisfaction are of great importance in order to achieve business excellence.

This paper presents some guidelines that can help companies with introducing business excellence by considering their own intellectual capital.

Keywords: business excellence, quality management, knowledge management, employee

1. BUSINESS EXCELLENCE IS BECOMING MORE AND MORE IMPORTANT ELEMENT FOR BUSINESS SUCESSS

The most successful managers are done with fictitious problems of quality assurance that are mostly the result of organisational and human ineffectiveness and the lack of dynamic changes introduction. The managers are dealing nowadays with the right problems of improving the quality of the whole business process, focusing their energy towards all business areas, knowing that the chain is as strong as it is its weakest link. E. Goldratt's theory [4] of constraints describes simple procedures of bottleneck control and it focuses primarily on improving production flow and low production assets.

The most successful managers have also recognised the need to put people in the centre point of improving quality and therefore successful business. Total Quality Management (TQM) is not just a system, narrowly focused on quality; it is also a system that considers changes in the entire production system. This system considers product quality, after-sales activities, education and at the end the system considers the complete management including local community, supplier's satisfaction and other success criteria.

Revaluation of business organisation parameters is based on the new role of the people, which are capable to create innovative products and services. People should be the ones who will foster the process in which the companies will transfer from passive into active role in improving business quality. Collective capability should be achieved with more cooperative role of the managers and all employees. But this brings out an important question: is business quality improvement related to the company life cycle? If it is, what do we do in different company periods?

A huge role with including business excellence as a company business success factor has all employees and the learning process in the learning organisation. This is why we are presenting some basics from these two areas.

2. THE ROLE OF EMPLOYEE

A closer look at the links between these two forms of knowledge management reveals that differences in corporate and personal goals make different knowledge relevant (Fig. 1). Where corporate and individual knowledge interests overlap, there is no immediate conflict of interests. However, from a knowledge perspective, there are often no clear boundaries between personal and work-related interests. The amount of effort a person is prepared to invest in knowledge that is important for the organisation, yet of no personal interest, is primarily a question of motivation, and can thus only be influenced indirectly. On the other hand, the extent to which a person can utilise their time at work to further their own knowledge interests (not necessarily relevant to the company) depends greatly on the amount of autonomy their employer is willing to grant. Both these factors can also influence a shift in boundaries (Fig. 1). Greater autonomy boosts motivation. Motivated employees are generally more productive and can be given more autonomy. Whilst there is no denying that greater autonomy might also result in a slight reduction in capacity, this should be more than compensated for by the benefits that come with increased motivation [1].

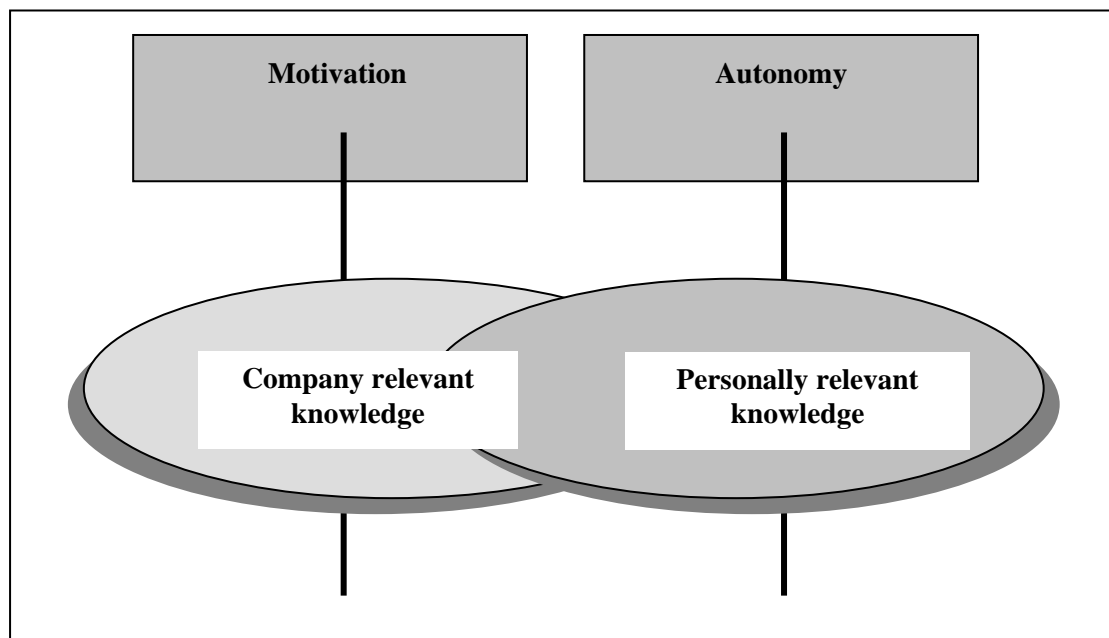


Figure 1: Dealing with company and personally relevant knowledge

3. ORGANISATIONAL LEARNING PROCEDURE

A general, three-step (analysis, design and development) sequential model (Fig. 2) can be applied to organisational learning [11]. Once the impetus for organisational learning has been given, i.e. a need for organisational change recognised in reactions from the environment, the analysis phase can begin. In this phase, goals should be defined and the actual situation (structure and/or culture) established and processed.

Any research methods used will depend strongly on the resources available and should consider content, human resources and economic factors. Questionnaires are a quick and easy way of establishing a general picture of the current climate, whilst semi-standardised interviews take a more detailed look at the interviewee's individual situation. Observation methods are used primarily to support and/or verify other research methods.

The next stage in the design process is to define a desired target situation, compare this with the actual situation and derive appropriate interventions from the results of this comparison. An appropriate

strategy should now be defined to address these shortfalls. This will depend on the degree of deviation between the target and actual situations and the urgency of any identified issues.

The process then moves into the development stage, where any proposed interventions are implemented, i.e. suitable measures are developed, introduced and evaluated to ascertain how effective they have been for the goals set.

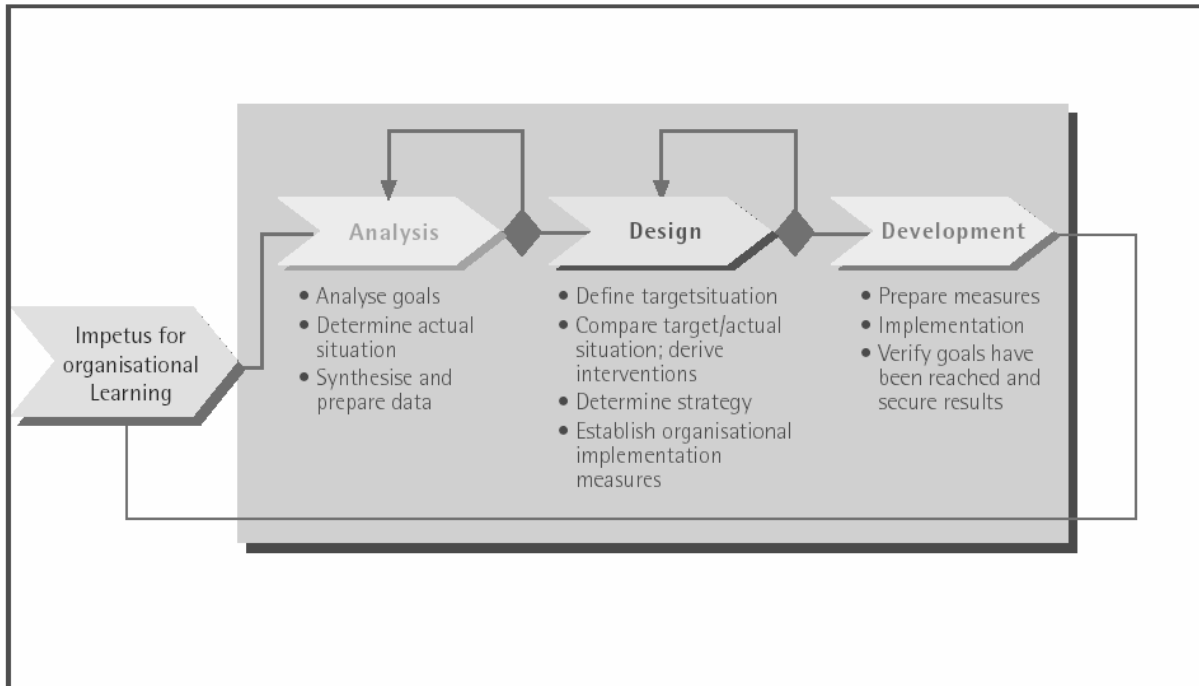


Figure 2: Towards organisational learning [11]

The following dimensions and their characteristics can be used as the basis for the analysis and design of the organisational structure [2]:

- Specialisation (specialised – generalised)
- Coordination (impersonal – personal)
- Configuration (hierarchical – heterarchical)
- Delegation of decisions (centralised – decentralised)
- Formalisation (bureaucratic – unbureaucratic)

The analysis and design of the organisational culture can be based on the basic elements of corporate culture according to Edgar Schein. These include views on and attitudes to:

- Environment (threat – opportunity)
- Reality (facts – creativity)
- Human nature (independent – dependent)
- Human action (control – trust)
- Interpersonal relationships (competition – cooperation)

Graphical representations are an excellent way of presenting the results of the situational analysis and/or a target/actual comparison (Fig. 2) since managers often think and act “in numbers” and show greater interest in dealing with any shortfalls presented to them in this form. Due to their more (active) communication and more knowledge, managers were given the role of opinion leaders and upholders of the organisational culture, which is essential for an effective and efficient change in the organization.

4. BUSINESS EXCELLENCE MODEL

The system of assigning points for the best companies in Slovenia and Europe, consisted of factors and results, presents the essence and importance of business excellence model and at the same time

how different areas are distributed according to their importance. Figure 3 presents the pointing system model of Slovenian business excellence recognition [3].

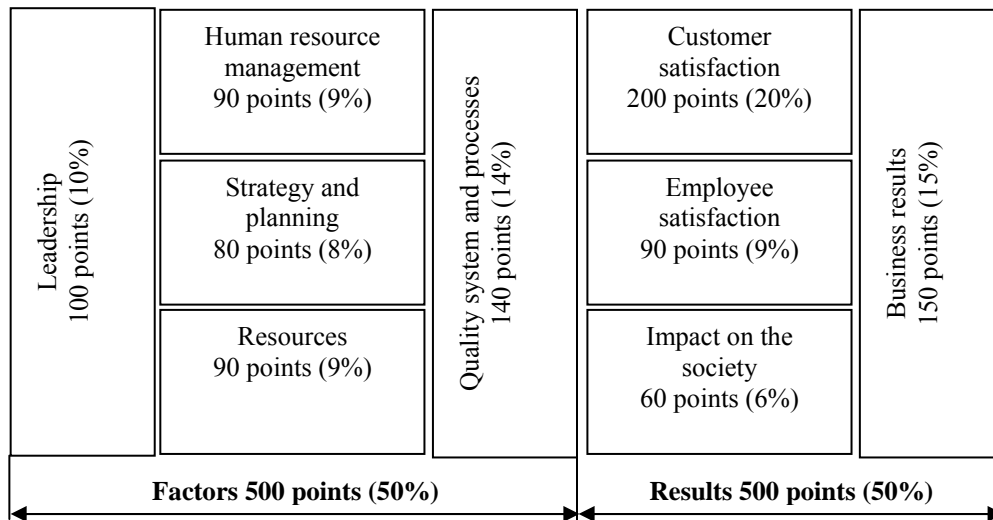


Figure 3: Pointing system of business excellence model

As seen from figure 3, the company can achieve the most points with customer satisfaction.

5. CONCLUSION

With the pointing system we have to keep in mind, that within customer satisfaction area we will have prove whether we have fulfil their expectations. If the answer is YES, we have to analyse if the same customer will buy our product again. Our products must continuously help with conquering new market shares and preserving existent markets. If the achieved quality level in the company does not change, the marketing position is able to change it. Customer satisfaction will be achieved by the highest possible harmony between product or service expectations and experience.

Nowadays knowledge and innovation management, as the elements of business excellence, are indispensable requirements for company's competitiveness. In the knowledge society presents intellectual capital (besides standard production factors, such as machines, equipment, finance and real assets) a vital part of the company. The statements If the companies knew, what they know does not reflect only experiences, gained through dealing with knowledge, but also the importance of knowledge management. No company can allow itself on a long term to leave active knowledge and potentials unused. Those companies that can gain and utilise the best from their knowledge, qualifications and education, will be most successful on global markets. Employees' knowledge hides inexhaustible reserves for company's success.

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