

Key Business Factors

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In the world of business, firms are typically measured by the level of success they have achieved in the market place. Every firm desires to attain success, thus surpassing the competition and planting a profitable foothold into their industry of choice. All too often, the means that the successful firms have used to gain this competitive advantage becomes blurred by the focus on the end-result, success. Key Business Factors, also known as KBF's, can be found within the elusive means to this end. KBF's, the foundation upon which a given firm's formula for success is enacted, can be likened to the way-signs chosen to direct a firm throughout its arduous road to success. Specifically, KBF's are measures or indicators that are significantly related to the business success of a particular firm.

If KBF's are so easily defined, why is it that firms fail to successfully incorporate them into their infrastructure? Typically, firms tend to forget their own self-declared motivations behind the actions they choose to execute on a daily basis. Due to the ever-increasing size and multiplying divisions within the average firm, the core elements intended to guide the firm's decisions, often become lost in the multi-directional atmosphere. KBF's, as declared core elements which glue the firm's actions together through specified indicators, act as the prerequisite focus designed to guide a firm's actions. The business criteria for the Malcolm Baldrige National Quality Award states, *"The measures or indicators you select should best represent the factors that lead to improved customer, operational, and financial performance. A comprehensive set of measures or indicators tied to customer and/or organizational performance requirements*

represents a clear basis for aligning all activities with your organization's goals."

Through understanding, identifying, integrating, and synthesizing KBF's into core business practices, the critical gap between product/service provisions and customer, operational, and financial needs can be bridged.

KBF's, found within customer, operational, and financial needs, can be identified by the means of active & passive data gathering. For customers, active data gathering can include things such as focus groups and surveys. Passive data gathering is also an effective tool, and can be carried out via comment cards and internet response databases. On the operational end, active data gathering may include quality teams, whereas passive data gathering might incorporate statistical process control measures and their resulting data. Financially, a firm may choose an active data gathering method such as the formation of a marketing survey team. Passive data gathering techniques such as reporting off of financial results statements may also be opted. Regardless of the tools utilized, firms should strive to build feedback loops and data gathering methodologies into their system structure in order to facilitate continuous improvements. The business criteria for the MBNQA (Malcolm Baldrige National Quality Award) declares, *"Through the analysis of data from the tracking processes, the measures or indicators themselves may be evaluated and changed to better support such goals."*

Integration of Key Business Factors becomes the next step after the identification process. The integration process is more objective, and can be outlined through what the MBNQA calls the *Areas to Address*, or the *"Where"* of the KBF implementation process. The areas of integration include Organizational Environment, Organizational Relationships, Competitive Environment, Strategic Challenges, and Performance

Improvement Systems. If for example, one of your identified KBF's happened to be "maintaining short cycle times", you could address the category of Organizational Relationships through working with your suppliers toward the implementation of a JIT (Just in Time) operations system. The selected KBF should then be integrated into the other four *Areas to Address* as well.

The Malcolm Baldrige National Quality Award outlines three *Evaluation Dimensions* within the *Areas to Address*. The *Evaluation Dimensions* act as the means of measurement for KBF animation, answering the "What & How" of the KBF integration process. The first two *Evaluation Dimensions* are *Approach & Deployment*. They pose the following questions; What do you do? How do you do it? How repeatable is it? How do you measure it? And how do you improve upon what you do? The third aspect of the *Evaluation Dimensions* is the *Results* category, which asks; How are you doing? How are you improving over time? And how is your performance relative to the competition and industry standards? When these questions have been answered and satisfied within the *Areas to Address*, the integration process can be considered complete. Ultimately, any firm seeking to properly integrate KBF's, will end up with a company that plans, measures, trains, controls, processes, and leads by means of it's KBF's.

Finally, you have a business that has successfully identified and integrated its Key Business Factors into the backbone of its company. But how do you retain it, infusing it permanently and continuously? Synthesizing, a firms Key Business Factors can be critical for tying together the loose ends that have a tendency to untie over time. Two key steps should be taken when seeking to synthesize the results. Pervasive alignment of KBF's and pervasive focus on KBF's. Ensuring that a firms KBF's are aligned and

focused throughout the areas of Leadership, Strategic Planning, Customer and Market Focus, Information and Analysis, Human Resource Focus, and Process Management, will, as the MBNQA points out, bear fruit in the firm's Business Results. From such results, the firm can begin to learn how to anticipate how its KBF's will impact and drive customer, operational, and financial results. From there, it becomes a repetitive cycle of planning, aligning and focusing accordingly.

In summary, Key Business Factors must be clearly defined as the focus behind the firm's decisions, permeating every action therein. Through proper and thorough integration and synthesis, Key Business Factors can, and will, become the way-signs which direct your firm down the road to success.

Bibliography

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