

ABRN AMRO Craigs Wanganui Business Awards

Judges' Overview

Business Awards: An introduction

The process of business awards in New Zealand fell into disrepute in the mid 1990s-when Fortex, heralded across the country as an exemplary organisation, was promptly bankrupted and some of its executives subsequently charged with fraud. However, the real tragedy about this particular incidence is the lack of understanding over what can and cannot be achieved through a process of regional or national business awards. Invariably that confusion stems from the array of award schemes that exist. Business awards range from the relatively simple service engagement – ‘mystery shopper’ type experiences - that are found in most provincial towns and cities in New Zealand on the one hand through awards requiring the robust and objective analysis of business performance – typically supported by 2-5 years historical data and several years of expected performance – on the other. Our understanding of the Chamber’s intention was to position the ABRN AMRO Craigs Wanganui Business Awards about mid-point along this spectrum. Somewhere beyond the ‘Mainstreet’ style award, yet short of the quantitative processes explicit in others. With this in mind we sought to be as objective as was practicable, although invariably some subjective judgements were made: a function of the positioning of the awards along this spectrum. Therefore, the process we used involved us understanding the purpose of the organisation, the consistency of information provided to support that purpose, and an assessment of the levels of performance achieved.

The spectrum of business awards is accompanied by a similar range of information requirements. ‘Mainstreet’ style awards do not typically require an in depth assessment of respective businesses and their performance. However, objective analysis, the other end, is totally dependent on information. Had Fortex been judged with the detail expected of a ‘national’ award their lack of ability to sell all lamb cuts would have been readily apparent. Note that this concern does not extend to forensic accounting but the fundamental ability of the organisation to meet its stated objectives ought to have been called into account.

Judging Criteria

The businesses were judged against predetermined criteria designed to learn of their capacity for strategic management, governance capability, and organisational performance. In preparation for judging each entrant was required to complete a four page questionnaire. The questionnaire sought from entrants an explanation of the business’s history and a clear statement of the business vision. We were trying to develop an understanding of exactly what the business was trying to achieve. The processes used for managing the organisation, key performance measures and levels of performance achieved when then expected to be reported. Most, but not all, businesses provided good clarity in terms of vision and how they actually measured performance (market share, turnover etc...). However, the lack of financial data, and

other performance measurements, often reduced our ability to make effective comparisons. In such cases we had to rely on relatively gross measures of performance such as turnover, or annual increases in turnover.

The organisation's internal capabilities were then explored to learn of the processes undertaken to achieve the various strategies. These internally related processes were then expected to complement the organisation's stated external focus, notably through marketing, and customer service. So in summary we were looking for consistency between what was reported as the business's vision (or purpose), the strategies used to achieve that vision, and how performance measurement reflected the various objectives set. Our intentions were to be able to make a preliminary assessment on the basis of the entry form – which became increasingly necessary as the number of entries grew. To summarise, having interpreted the organisation's purpose/objectives we then sought to learn how the organisation set out to achieve that purpose/objectives. The essential piece here was how well aligned the strategy was with achieving the stated purpose.

The last two criteria used in the awards were the contribution being made to the Wanganui community and the organisation's adherence to compliance requirements. On the basis of the entry form, and other supporting material supplied, more than a dozen businesses were selected as candidates for further examination by way of Judges' visits. Businesses were identified for visits generally for one of two reasons. First, if businesses had conveyed a degree of excellence via their entry form we then sought confirmation or second, when we felt a business deserved the benefit of doubt we also took the opportunity for additional clarification via a Judges' visit.

Award's Categories

At this stage we were still endeavouring to take into account categories within which businesses sought to be judged. In effect, we short-listed businesses across the range of categories. Given the 'first time' nature of the awards many entrants appeared to be feeling their way in terms of which category they entered.

Let us explain.

We took those categories nominated by entrants at face value, and *then* identified other categories that they may have either overlooked or that may have been more appropriate for their particular business. Therefore, we identified the entire range of categories for which we considered an entrant eligible. For example, each entrant in the Telecom Innovation Award was also potentially entered in primary industry, manufacturing, exporting or service. Similarly, most entrants in the Genesis Energy Best Emerging Business Award were also potentially entered in retail, service, and manufacturing. In this way each category had many entrants. Furthermore, we then had the ability to allocate awards to two exemplary organisations had they been listed in the same category as stated on the entry form. In this way we endeavoured to identify Wanganui's best businesses, and to a certain extent, regardless of the category within which they sought to be judged.

Feedback

On occasions it was difficult to identify the actual purpose of the firm and the strategy employed to achieve that purpose. Fortunately those incidences were rare. However, there were several firms that we struggled with. This is not to say that they lack purpose or highly effective strategies, it may be that they simply failed to convey that excellence through this process.

The majority of entrants were able to share their vision, and support that vision with easily understood and implemented strategy. Two deficiencies were relatively common across entrants. The first was the lack of objective data. This shortcoming is likely to improve as the level of trust/rapport is established with the awards process, through both the Chamber of Commerce and Massey University. The second common deficiency was the lack of understanding of effective governance. The roles and responsibility for governance were often misplaced. We cannot over-estimate the need for trust in this process. It is essential for the success of the competition, especially if it is the Chamber's intention to advance it more towards the objective end of the spectrum, for confidentiality to be maintained between entrants and judges. Surety of confidentiality requires refinement of some of the processes and in this respect we have made several recommendations to the organising committee for 2005.

Judges' Visits

One of the more enjoyable aspects of academic life is the opportunity to meet with and contribute to businesses across all sectors, and from many countries – without having to tout for business! Within the context of the business awards we met with a remarkable range of local businesses. Given the first time nature of the competition we were largely guided by the forthcoming nature of the businesses we met – as opposed to imposing on them a battery of pre-selected questions. Invariably we learnt a lot that could not be easily expressed within the confines of the entry form, and in several cases we again shifted categories to better reflect organisational capability. For instance, numerous participants sought to be judged on the basis of innovation yet not all of these organisations were structured to exploit their innovative capacity. Similarly, many organisations elected to be judged in the emerging business category. Yet several of these businesses had well and truly emerged.

Business Models: Franchises, subsidiaries and branches

There were many business models represented among those organisations entering the competition. These included several franchises, especially in the Coull Batell Ltd Retail Excellence Award, and subsidiaries in the Wanganui UCOL Service Business Excellence Award. In the case of these business models we were specifically looking for the direct contribution from local management and/or ownership, as opposed to the support provided by the parent or franchisor. For example, franchises could rightly be expected to report on how their business performance is better than other franchises, in doing so attributing this performance to local management. Similarly, with subsidiaries a distinction need to be made between management undertaken

locally and that from the parent. Again we have made some recommendations to the organising committee that ought to clarify Judges' requirements in the future.

Benchmarking

There has been some discussion on trying to conduct a benchmarking exercise via the Wanganui Business Awards. Such an approach is to be commended. However, it will require considerable resourcing on behalf of the judging panel, and considerable quantitative/financial data to be presented by entrants. That resourcing would include a full time analyst to be employed for at least two months for the duration from the time of entry to presentation of the awards. As a minimum we could expect two or three years' financial data, the current year's budget, and key elements of a strategic plan through a further three years or more. We would also require accurate valuations of all the capital employed in the business. This model shifts the awards to the far end of the awards' spectrum, and has been demonstrated worldwide to have lasting impact on those businesses who contribute to the process. The difficulty that has arisen this year is that some degree of expectation has been created in the comparative absence of data.

Summary

Wanganui is well endowed with enthusiastic and passionate business men and women who take considerable pride in their respective businesses. The rates of growth being achieved by many participants is a credit to them, and should an atmosphere of regional support prevail, those growth rates can only further improve.

It was a pleasure to contribute to the Wanganui Chamber of Commerce's inaugural Business Awards. Many more companies entered the competition across nine categories, than were initially expected. Those businesses represented a range of businesses from the public sector, locally-owned and operated franchise holders, recently established small businesses, and well established medium sized enterprises exporting products around the globe. Several Wanganui businesses were identified with world-class performance in their respective industries and are a credit to New Zealand. Their challenge is to continue on their projected paths for sustained growth. Others were identified as comparative newcomers to their respective industries and almost universally exhibit an overwhelming desire for excellence.