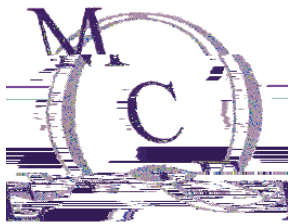


# Mayberry Newsletter

The W. E. Mayberry Center for Quality and Performance Excellence

Tennessee Technological University • College of Business • Fall 2016



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## INTEGRATING QUALITY AND INNOVATION IN BUSINESS EDUCATION

by Curt Reimann

For over three decades, U.S. businesses have been undergoing varieties of change initiatives. The changes are not just reactions to profit pressures, but have become transitions of enduring importance to strategy and to how businesses and other organizations operate. Those succeeding enjoy much improved quality and productivity performance and greater product and service variety, despite ever-faster cycles of new offerings. Moreover, these transitions, started mainly by traded-goods firms, are spreading across sectors, producing spillovers and adaptations that enrich learning from the major changes underway.

Since early in this period, initiatives have been called “quality”, “quality management”, or packaged derivatives, such as “Six Sigma.” Previous newsletters discussed such changes as “quality evolution.” Later in the period, innovation initiatives emerged with similar vitality and variety, and also spread rapidly. It is now clear that these changes, driven by intense and diverse competition, and enabled by technology, have profound and lasting impact on strategy, leadership, management, and job-skill requirements.

Along with these developments, we also see “side effects.”

fits-all” prescriptions. Critics often cite faddish adoption and mixed results. Adding to confusion, quality and innovation are often portrayed as alternatives, rather than as dual requirements that need to be well integrated. Such integration, however, faces a variety of barriers—conceptual, strategic, and operational—that receive little analysis. Regrettably, there has been more “dueling

Our context focus then led us to seek context criteria. Accordingly, we drafted the following: Authenticity; Experiential; Systems Orientation; Broad Applicability; Open and Dynamic; Meaningful Body of Knowledge; and Adaptation to Business Education. Applying these context criteria, we found that two contexts--performance and strategy-- fit well, consistent with current and potential capstone offerings. Based on this analysis, we noted especially:

- \* in both these contexts (performance and strategy) all business disciplines arise, but do so as means, not as ends;
- \* performance requirements are needed not only to rationalize discipline linkages, but also to making strategy itself more complete, experiential, and intuitive; and
- \* explicit inclusion of performance in strategy makes disciplines and their linkages seen, more clearly, as driven by needs and opportunities. We see this as important for modern job preparation.

In our ongoing PM work, we also observed: (1) growing overlap (and some tension) between two foundational performance areas, quality and innovation; and (2) increasing business school (and university) interest in innovation and experiential learning. These developments encouraged us to take a closer look at PM in detail, and, especially, the importance of both areas, their relationships and integration, and their overall roles in experiential learning.

We emphasize that even though the PM framework integrates overall performance, it does not itself define the larger (and evolving) body of knowledge of the PM discipline. Nor does it seek to differentiate between quality and innovation. In this sense, the framework is "open" to learning via key parallels in basic concepts that transcend sectors and organizations. Importantly, from the point of view of education and employment, understanding the cross-sector parallels is critical. For example, in healthcare, PM incorporates a sector-specific body of knowledge, often called evidence-based practice. Conceptually, then, PM's a core discipline accommodating "families" of specialized, but parallel, bodies of knowledge, ones that facilitate sharing and learning across sectors and organizations.

In this article, we further pursue PM and business education, with focus on integrating quality and innovation concepts, relationships, and practices. In doing so, we acknowledge perspectives gained and reinforced by an AACSB Report on innovation.

#### **AACSB Report on Innovation**

AACSB (2010) published an authoritative and timely report: "Business Schools on an Innovation Mission." The Report: highlights the importance of innovation to business school constituencies; describes, via a framework, roles business schools play in innovation; and recommends ways to strengthen business school contributions.

Excerpts from the AACSB Report important for our work include:

- (1) The concept of innovation is deceptively complex and often misunderstood. A com-

mon definition of innovation has not yet emerged. However, the Report relies upon the Oslo Manual Definition: "The implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations." The essence of innovation, reflecting economists' view, is that it creates economic value to the consumer and/or the producer.

- (2) Innovation has a higher purpose than profits and competitiveness. The Oslo Manual definition does not restrict the purpose and context of innovation. Today, larger and larger amounts of talent and energy are dedicated to solving social problems when there is no clear underlying financial motivation.
- (3) Innovation successes have not been built solely on science and technology. Innovation is as much about leadership and management as it is about science and technology. Innovation happens only when the technological and managerial aspects work together, which is itself a significant management challenge.
- (4) Excellence in the performance of core management tasks has significant impact on innovation success. Maintaining the proper balance is a role for management and one that academic institutions should prepare their students to perform. And, we note, especially:
- (5) Innovation requires more integrative thinking and integrated curricula. Currently integrative thinking is viewed in different ways, and although everyone seems certain that requiring an integrative "capstone" course or experience is no longer enough, there is not a generally-accepted way to approach integration in management curricula.

#### **COMPETITIVE INTENSITY: DRIVERS OF QUALITY AND INNOVATION**

Global competition has impelled two major types of performance initiatives--broadly, quality and innovation--attracting industry and media attention, and often heralded as remedies for "declining national competitiveness." Parallel problems and needs across firms tend to induce creation of communities of service providers. Also, the visibility of these performance areas offers insights to their motivation, methods, characteristics, relationships, evolution, and results. Below, we outline the 3-decade period in terms of two "eras" that now overlap.

##### *Quality Era (1980s-->)*

In the 1980s, US quality "gaps" relative to Japan, mainly in manufacturing, became visible through consumer experiences and national media. US efforts were launched to copy Japanese quality methods, such as working in teams ("quality circles"). Although defect-quality improved, better gains in quality and cost reduction occurred via broader, problem-prevention approaches, often called quality management. Important to such approaches were enterprise-wide ("systemic") applications, and creation of quality units, often led by senior executives, rather than by quality control specialists. During this early period, the US created the Baldrige Award (1987) to accelerate sharing of "best practices." The Award led to design of a framework that integrates overall enterprise performance requirements, within an assessment system. Also during this period, quality standards, such as ISO 9000, came into wide use around the World.

Major observations from this continuing era include: successful organizations achieve significant improvement in enterprise-level quality, productivity, response times, and flexibility; practices still spread, not only among manufacturing companies, but also to other sectors such as healthcare; quality is more market-driven, not just defect-focused; systems-oriented packages of tools, such as "Lean" and "Six Sigma," accelerate improvement and spread; and process focus is critical to improving quality, productivity, flexibility, and responsiveness. The pace of change, coupled with greater product customization, market segmentation, and outsourcing, are changing how work is defined, managed, and performed. Cycles of improvement became more open to change, beyond correcting defects and problems.

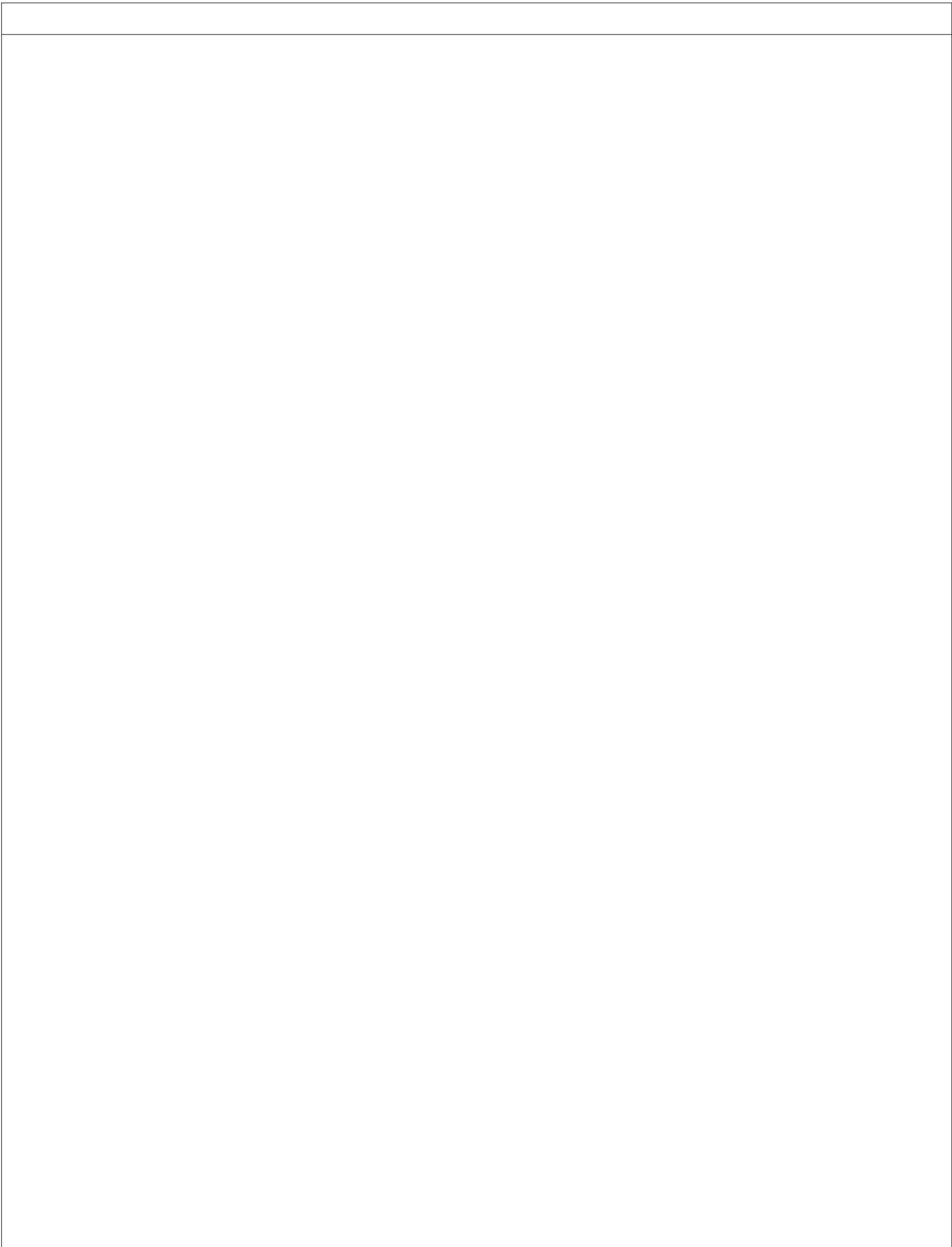
##### *Innovation Era (1990s-->)*

In the 1990s, many organizations, especially those with quality parity and improved cost positions, but now under increasing pressure from low-wage competitors, placed more emphasis on innovation as the best route to long-term growth and survival. Such recognition is now widespread, not only in companies, but also in high-wage nations. Interest in innovation is also pervasive in US state economic development units, drawing them closer to universities' sources of innovation, and promoting university outreach.

Observations from this continuing era include: rapid spread of innovation practices within and across sectors, and, like the spread of quality, innovation is broadening beyond focus on new products, to enterprise-wide work innovation, that affects all jobs. This opens more types of innovation, such as business model changes, and sources of innovation, such as learning from leading customers and via so-called "open sources."

##### *Current Situation*

After early periods of "fad-like" adoption, both areas continue to evolve, spread, and increasingly overlap. Some organizations, and units of larger



# Achieving Performance Excellence in Software and Technology Companies

Mayberry Lecture  
by Steven F. Hodlin

Steven Hodlin began his lecture with a brief overview of Blackbaud, noting that Blackbaud serves the needs of non-profi



employees, managers and leaders that have significant affection for their new workplace. Organizational energy is the manifestation of the passion that organizational members show for a new venture because of its novelty and the challenges of simply being “the new kid on the block.” Stakeholders, such as potential customers, suppliers and employees, are often attracted to ventures that fit their personal values, and ventures that fulfill their need for working with and supporting something new. Therefore, organizational energy must be demonstrated. Personally, I cannot stay out of the newest ice cream shop in the local shopping mall if the employees are enthusiastic about the way the ice cream is different than other shops. And I will always consider a return visit to the newest “one off” local restaurant if I am left with the impression that everyone working there is excited about the new dining establishment.

Organizational



- Publications

“Comparative Performance of Banks in India, World Finance and Banking Symposium, (with Ravi Jain) Hanoi, Vietnam, December 17-18, 2015 Published in conference proceedings. He also served as a discussant for a paper in the same conference

“Relationship between Operational Efficiency and Financial Performance of Indian Banks,” (with Ravi Jain, and Bhinmaraya Metri). 46th National Annual Meeting of the Decision Sciences Institute (DSI), November 21-24, 2015 Published in the conference proceedings.

“Efficiency of Airlines in India,”(with Ravi Jain), Invited chapter in Best Thinking in Business Analy7re” fo financial ith RabyTw[-1m C

ance committee for Southern Association of Colleges and Schools (SACS) accreditation reaffirmation.

- Served on the team that organized the symposium “Global Issues in Healthcare” for the 2016 Window on the World international festival, April 8, 2016. Physicians from Cookeville and Faculty from TTU’s Whitson-Hester School of Nursing served as panelists.

- Served as the VP of Beta Gamma Sigma, assisting in organizing the induction ceremony and the banquet.

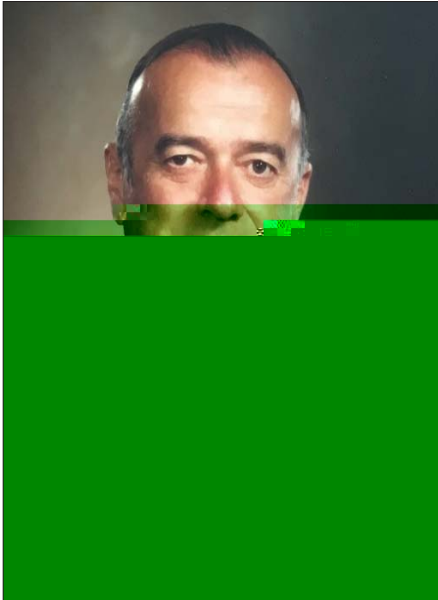
- Serves as VP for Planning for the Indian Subcontinent Region of Decision Sciences Institute.

- Serves on the Boards of the Upper Cumberland Chapter of APICS and the Tennessee Rehabilitation Center.

*Anna Mote - Mayberry Graduate Assistant*

- Served on the 2015 Board of Examiners of the Tennessee Center for Performance Excellence (TNCPE). In April 2015, she attended the Quest for Excellence conference in Washington D.C

## Remembering Dr. William E. Mayberry



Our Mayberry Center team mourns the passing of Dr. Mayberry.

Dr. Mayberry was a distinguished physician, research scientist, and administrator. He served as President, CEO, and Chair of the Board of Governors of the World renowned Mayo Clinic. In these roles, he led Mayo Clinic through a period of significant growth, establishing Mayo Clinic sites in Florida and Arizona, and other developments. Prior to these roles, Dr. Mayberry was chair of Mayo's Department of Laboratory Medicine and Professor of Laboratory Medicine at the Mayo Medical School.

Dr. Mayberry served in the U.S. Navy, Underwater Demolition Team.

Dr. Mayberry was a graduate of TTU in 1947 and of the University of Tennessee School of Medicine in 1953.

Those of us who have been part of the Mayberry Center services since 1996 are truly honored to have served in his name. We share the sorrow of the Mayberry family and extend our best wishes.

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Newsletter prepared by Ramachandran Natarajan and Curt Reimann. It is also available on the Mayberry website: [www.tntech.edu/mayberry](http://www.tntech.edu/mayberry) Your comments are welcome.

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