

Best Practices Aren't Always Best

Just because something's popular doesn't mean it should be adopted out of hand. So-called best practices often have systemic limitations that inhibit business success.

January 26, 2017
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Best practice knowledge research from within and outside an industry plays an important part in organizational learning. It provides an understanding of approaches and processes that have been validated to produce optimal results and established as standards suitable for widespread adoption. On the other hand, a best practices approach can hinder learning, derail organizations and have a negative impact on business success, particularly when those who are responsible don't pay attention to the associated dynamics. This makes it important to look at the limitations that come with using the best practices concept in business. Here are four:



1. **Best practices can dilute an organization's strategic differentiation.** Any decision to differentiate in the marketplace requires an investment decision — one that may be at odds with industry best practices. If everyone followed industry best practices, all businesses would look the same to the customer. For example, in the banking industry, it is customary to charge usage fees for some customer services to boost income. Some financial services institutions, particularly some

credit unions, have broken the mold and eliminated such fees to strengthen their strategic marketplace differentiation. Inside these credit unions, this can cause ongoing dialogue and tension, since some executives may argue for a best practice approach. Maintaining a strategic differentiation takes courage and, if this position is not a deliberate one, dilution will happen over time.

2. **Best practices may enforce a limiting industry paradigm.** Consider the movie theater industry. Twenty years ago, few if any U.S. theaters offered reserved seating. Now it's become common practice, but gaining acceptance was not easy. The concept was first proposed as a result of best practices research from Europe. At the time, several industry executives laughed out loud and completely rejected the notion. Somehow, in the movie theatre industry paradigm the movie studio or distributor was treated as the customer and economic buyer since auditoriums were technically rented to the studios. Further, due to archaic industry practices, once a movie theater occupied a location, others were discouraged by film allocation practices from opening nearby. In this way, movie theater chains were not entirely competing for the movie-going customer. Arclight Cinemas, a movie theater chain in Los Angeles, decided to put the moviegoer at the center of its paradigm to set a new top standard for the movie experience. The company asked a question that seems obvious in retrospect: "How do we remove obstacles for the moviegoer?" That question changed an industry paradigm.
3. **Best practices can expose underlying worldviews.** On a personal as well as on a shared cultural level, a worldview mindset can be limiting. For example, some individuals and organizations are very rules-based. In other words, they follow or establish a new procedure to solve every problem. Others are primarily results-based, with a competitive behavior and a notion that the end often justifies the means. Still others are humanistic-based, placing a high value on people and learning. This generalization does not imply that one cannot embody more than one worldview, but typically individual executives and shared cultures gravitate toward one of these perspectives. Obviously, an organization where procedures and the "rulebook" take precedence will select different best practices than a humanistic perspective organization where people and learning come first. Best practices vary significantly based on the businessperson's perspective and worldview.
4. **Best practices can preserve functional area power.** Best practice understanding can be a great starting point to think about a company's practices, or it can be used as a defensive maneuver by executives who seek control and power. Using the ominous words "functional area best practices" in team meetings can limit innovative thinking, and shut down

cross-functional dialogue. When used defensively from a functional silo outlook, best practices represent a roadblock that can appear difficult to challenge. This makes it important for leaders to listen actively, and use skillful means to confront defensiveness when appropriate.

To overcome the negative aspects of best practice knowledge and research, learning leaders should recognize that a clear and communicated understanding of the company's strategic differentiation that highlights important elements will limit dilution over time. Cataloging industry paradigms that influence organizational thinking and decision-making make it easier to challenge them when appropriate.

Be mindful of the dominant worldviews in leadership circles and the impact they have in creating the corporate culture so they don't hold the business back. Continue to challenge leaders who misuse functional power by using best practice defensive excuses to integrate and innovate cross-functionally. Most importantly, be aware of the dynamics to avoid the slippery slope of best practices approaches that limit opportunities for new learning and growth.

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