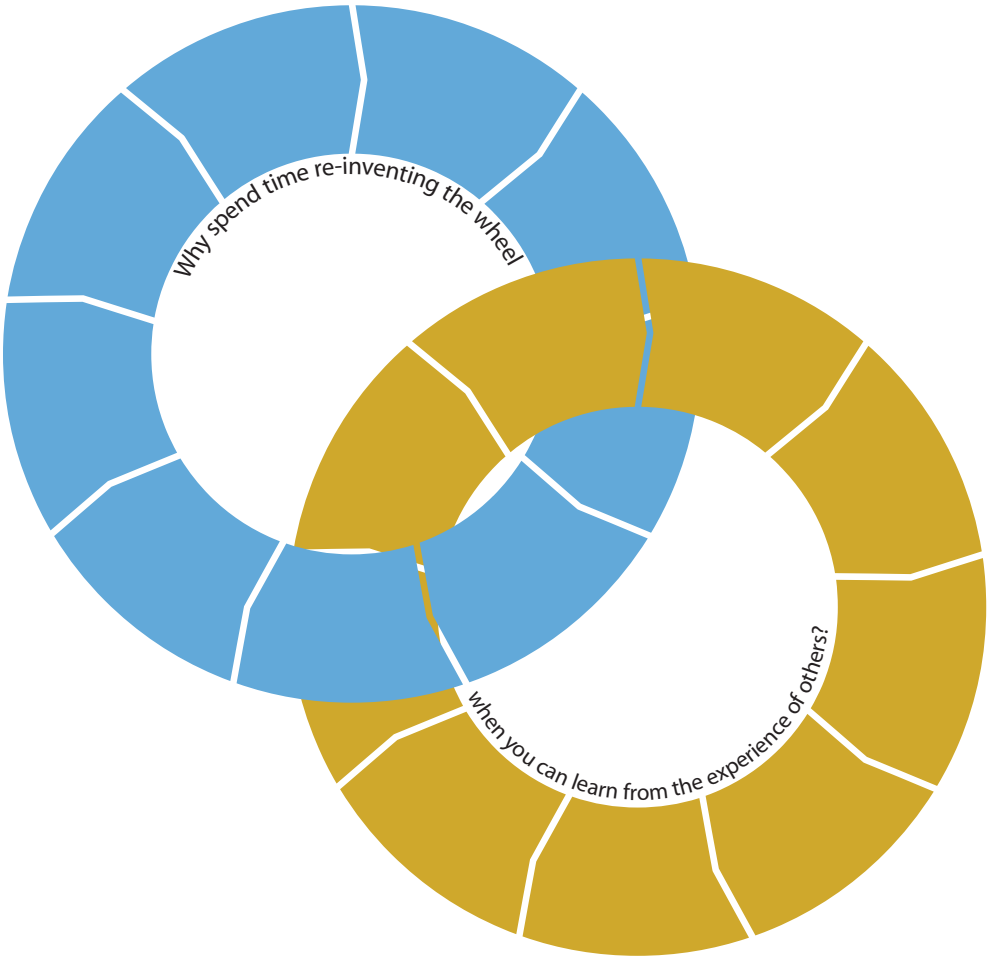
BPIR Management Brief - Volume 4, Issue 6

Business Excellence



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Business Performance Improvement Resource

The BPIR Improvement Cycle

- *Identify/Select an Area for Improvement*
- *Measure Performance*
- *Benchmark Performance*
- *Identify a Relevant Improvement Approach or Strategy*
- *Learn How to Implement*
- *Identify Best Practice Organisations*
- *Research Further Information*
- *Implement a Best Practice Approach*
- *Review and Calibrate*

Welcome to Volume 4, Issue 6, of the BPIR.com Management Brief series

BPIR.com Management Briefs provide short, easily digestible research summaries based on specific topics or tools. These summaries include comments from experts, case examples and survey analyses. Most of the topics for the Management Briefs are chosen by our members, who submit their suggestions through the members' Research Request Service. Read and absorb, and then please pass on to your staff and/or colleagues so they can do the same.

Business Excellence: The Definition

Business Excellence is "excellence" in strategies, business practices, and stakeholder-related performance results that have been validated by assessments using proven business excellence models. Business excellence models guide organisations towards sustainable world-class business results, and are based on business principles that have been proven to work. These business principles—or core concepts—are similar for most business excellence models; they are presented in the Expert Opinion section of this issue of the BPIR.com Management Brief series.

The Stage

The first business excellence models were developed in the mid-1980s and came about as a result of the quality movement in the West, which in turn was a response to the advancements in quality and competitiveness in Japan. The models themselves began as quality award or Total Quality Management (TQM) models, as TQM had emerged in the mid-1980s as the new philosophy and panacea for businesses. Over time, the term "Business Excellence" started to replace the terms "Quality" and "TQM", partly as a result of the considerable confusion as to the meaning of TQM, since all types of business improvement programmes were being called TQM[1]. Today, many countries view business excellence models as a key mechanism for improving the performance of organisations, as well as national competitiveness.

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[1]For a discussion on the name change from TQM to business excellence refer to the paper by Dale, Zairi, Van der Weile and Williams [1]

Expert Opinion

Business Excellence Models

Several business excellence models are in use today. The models are designed to guide and help organisations to improve their performance and achieve world-class performance levels. In addition, national bodies use business excellence models as a basis for award programmes, which serve to identify and recognise role model organisations. However, for most national bodies, the awards themselves are secondary in importance to their desire to achieve widespread take up of the business excellence concepts by organisations, since it is this that leads to improved national economic performance. For example, in 2001, Link and Scott [2] made a conservative estimate of the net social benefits associated with the Malcolm Baldrige National Quality Award programme. They found that the ratio of economy-wide benefits to US federal government costs in supporting the programme exceeded 207:1.

The vast majority of organisations use business excellence self-assessments to identify opportunities for improvement—as well as their areas of strength—and put in place actions to move forward. When used as a basis for an organisation's improvement culture, the business excellence model criteria broadly channel and encourage the use of best practices into areas where their effect will be most beneficial to performance. Conti [3] recommends that organisations undertake regular self-assessments and occasional award-style assessments. Research by Mann and Grigg [4] identified at least 82 countries with national business excellence awards. Miguel [5] stated that award programmes had the following objectives:

- Communication, publication and sharing of best practices
- Fostering of continuous management, organisational quality, and process improvement
- Promotion of an awareness of quality management
- Promotion, support, strengthening and enhancement of competitiveness
- Recognition of performance excellence, best practices and benchmarks
- Understanding the requirements for performance excellence.

The best-known business excellence models are the Baldrige Criteria for Performance Excellence [6] and the EFQM Excellence Model [7]. These models are described below, as is the Deming Prize [8]. The Deming Prize was created in 1951 and played an instrumental role in Japan's quality movement and economic success. It is viewed by many as the precursor to the current business excellence models and awards, and still operates today.

The Baldrige Criteria for Performance Excellence

The Malcolm Baldrige National Quality Award was created in the USA in 1987. Its key aim was to improve competitiveness in US companies, particularly by promoting the development of quality in response to strong competition from Japanese companies. The award model and its criteria are based on the following core values and concepts:

- Visionary leadership
- Customer-driven excellence
- Organisational and personal learning
- Valuing employees and partners
- Agility
- Focus on the future
- Managing for innovation
- Management by fact
- Social responsibility
- Focus on results and creating value, and
- Systems perspective. [6]

These values and concepts underpin the model's seven criteria, which are shown in Figure 1. Table 1 provides a comparison of the criteria used in the Baldrige and EFQM models.

The EFQM Excellence Model

Joe Goasdoué [9], chief executive of the British Quality Foundation, wrote that the EFQM Excellence model is based on the premise that the fundamentals of running a successful organisation in the public, private or voluntary sector are the same, irrespective of type or size of organisation to which they are applied. The model is based on the following core principles:

- Results orientation
- Customer focus
- Leadership and constancy of purpose
- Management by processes and facts
- People development and involvement
- Continuous learning
- Innovation and improvement
- Partnership development, and
- Corporate social responsibility. [7]

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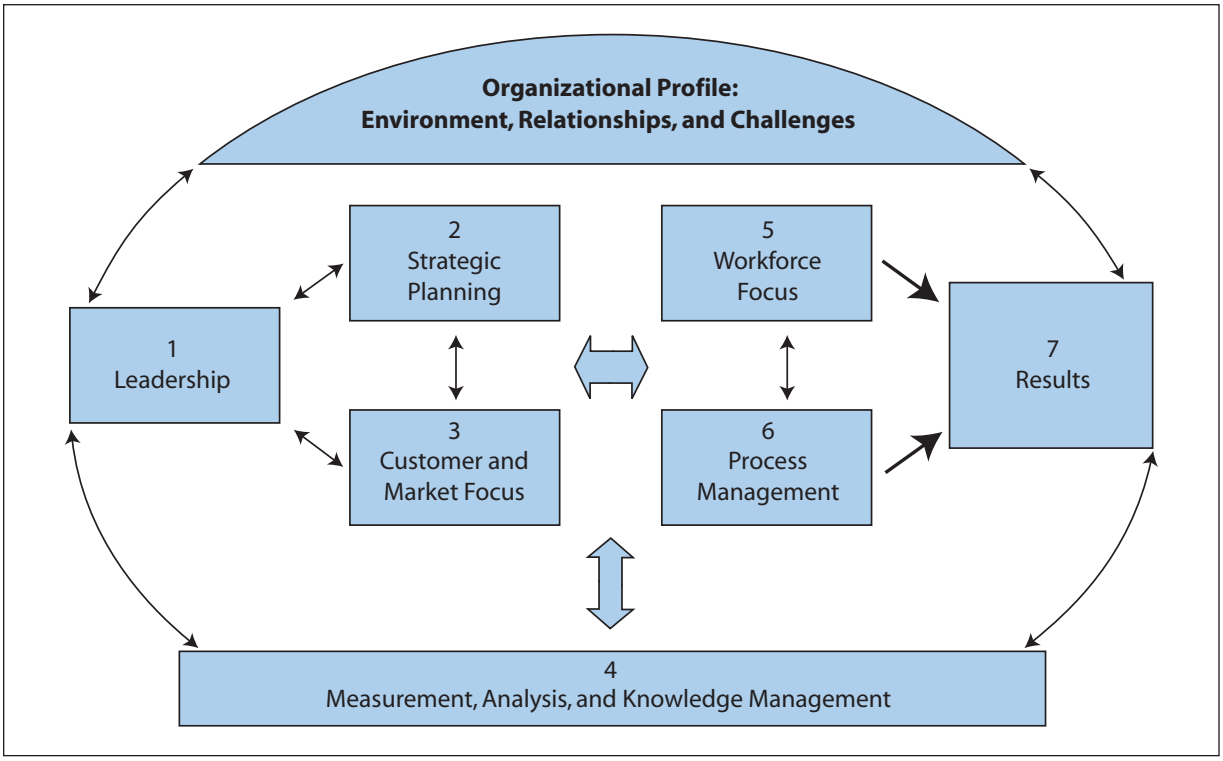

Figure 1 – Baldrige Criteria for Performance Excellence

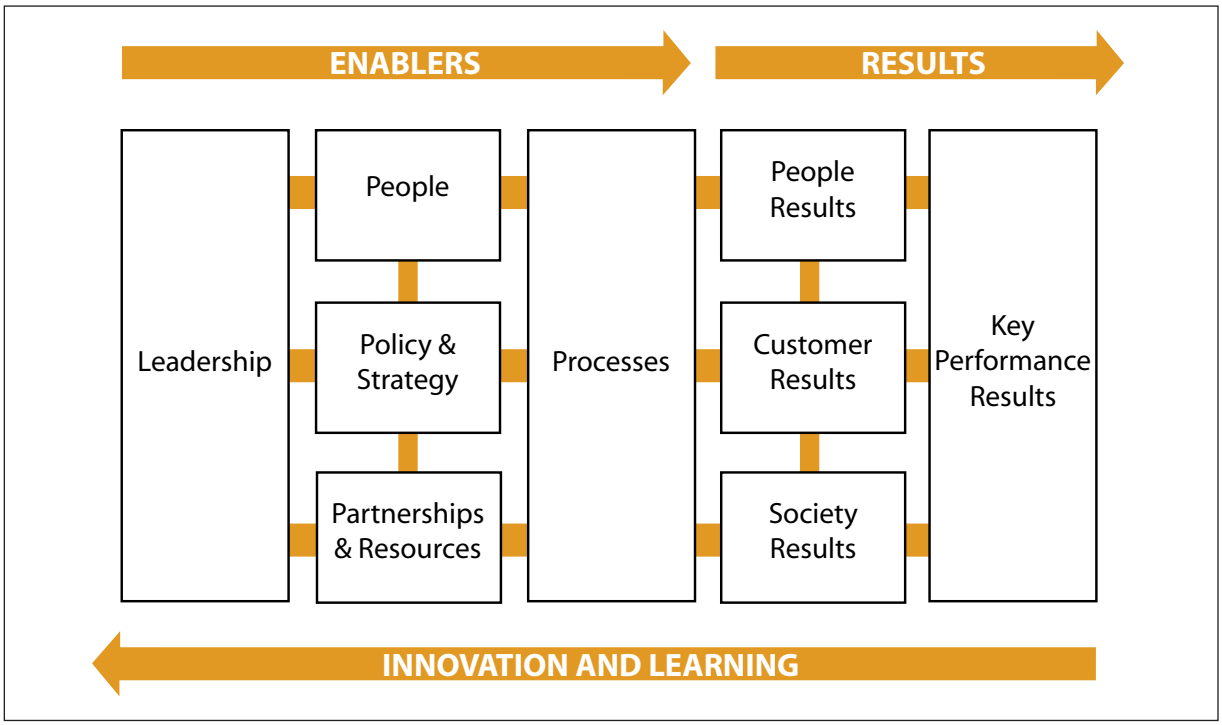

Figure 2 – EFQM Excellence Model

The nine criteria that emerge from these are represented in Figure 2. These criteria are divided into two categories: enablers and results. The first five criteria are the enablers and represent the activities of the organisation, while the results represent the level of performance achieved. Table 1 provides a comparison of the criteria used in the Baldrige and EFQM models.

The Deming Prize

In July 1950, the Union of Japanese Scientists and Engineers (JUSE) invited Dr. W. E. Deming (1900 - 1993), one of the foremost experts of quality control in the United States, to deliver a number of courses on quality control and, in particular, statistical quality control. The late Dr. Deming's

teachings had an impact on the Japanese quality movement and, consequently, the Deming Prize was established in his honour in 1951. The prize has two categories:

- The Deming Prize for Individuals: An annual award is given to individuals that have made outstanding contributions to the study of TQM or statistical methods used for TQM, or to individuals that have made outstanding contributions in the dissemination of TQM;
- The Deming Application Prize: An annual award is presented to an organisation that has achieved distinctive performance improvements through the application of TQM. The prize is open to organisations in all sectors - public or private, large or small, or domestic or overseas. Furthermore, a division of a company that manages its business autonomously may apply for the prize separately from the company.

Unlike the previous two models, the Deming Prize does not specify set criteria for examination during the award process, and therefore is not used for self-assessment. The applicant organisation is expected to show an understanding of its current situation, establish its own themes and objectives, and improve and transform itself company-wide. The award process examines not only the current results that have been achieved, but also the effectiveness that is expected in the future. The examiners assess whether the themes established by the organisation were commensurate to its situation,

Baldrige Criteria for Performance Excellence	EFQM Excellence Model Criteria
Leadership: How do an organisation's senior leaders guide and sustain that organisation? The criterion also examines the organisation's governance structures and looks at how it addresses its ethical, legal and community responsibilities. **Strategic Planning:** How does an organisation develop strategic objectives and action plans? The criterion examines how they are deployed and changed (when circumstances dictate) and looks at how progress is measured. **Customer and Market Focus:** How does an organisation determine the requirements, needs, expectations and preferences of its customers and the market? This criterion examines how the organisation builds relationships with the customers and determines the key factors that lead to customer acquisition, satisfaction, loyalty and retention, as well as to business expansion and sustainability. **Measurement, Analysis, and Knowledge Management:** How does an organisation select, gather, analyse, manage and improve its data, information and knowledge assets, and how does it manage its information technology? This criterion also looks at how an organisation reviews—and uses reviews—to improve its performance. **Workforce Focus:** How does an organisation engage, manage and develop the workforce to utilise its full potential in alignment with its overall mission, strategy and action plans? This criterion also examines the ability to assess workforce capability and capacity needs, as well as to build a workforce environment that is conducive to high performance. **Process Management:** How does an organisation determine its core competencies and work systems to deliver customer value and achieve organisational success and sustainability? This criterion also examines emergency preparedness. **Results:** This criterion examines an organisation's performance and improvement in all key areas: product and service outcomes, customer-focused outcomes, financial and market outcomes, workforce-focused outcomes, process effectiveness outcomes and leadership outcomes. Performance levels are examined in relation to those of competitors and other organisations that provide similar products and services.	**Leadership:** Excellent Leaders develop and facilitate the achievement of an organisation's mission and vision. They develop organisational values and systems required for sustainable success, and implement these via their actions and behaviours. During periods of change they retain a constancy of purpose. Where required, such leaders are able to change direction of the organisation's direction and inspire others to follow **People:** Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and organisational level. They promote fairness and equality and involve and empower their people. They care for, communicate, reward and recognise, in a way that motivates staff and builds commitment to using their skills and knowledge for the benefit of the organisation **Policy and Strategy:** Excellent organisations implement their mission and vision by developing a stakeholder-focused strategy that takes into account the market and sector in which it operates. Policies, plans, objectives and processes are developed and deployed to deliver strategy. **Partnerships and Resources:** Excellent organisations plan to manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective operation of processes. During planning (and whilst managing partnerships and resources), they balance the current and future needs of the organisation, the community, and the environment. **Processes:** Excellent organisations design, manage and improve processes in order to fully satisfy—and generate increasing value for—their customers and other stakeholders. **People Results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to their people. **Customer Results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to their customers. **Society Results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to society. **Key Performance Results:** Excellent organisations comprehensively measure and achieve outstanding results with respect to the key element of their policy and strategy.

Table 1 – Comparison of the Baldrige and EFQM criteria.

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whether its activities were suitable to its circumstances, and whether or not its activities are likely to lead it to achieving its future objectives. The Prize Committee views the examination process as an opportunity for "mutual-development" rather than "examination." [8]

In recent years in Japan, the Japan Quality Award has become more popular than the Deming Prize [10]. The Japan Quality Award was established in 1995 and is based on the Baldrige Criteria for Performance Excellence.

Adopting Business Excellence Models

Business excellence models are used by organisations of different sizes and sectors from all over the world. They are used in different ways to facilitate organisational development:

- Kennedy, Kelleher and Quigley [11] presented a case study in which the EFQM Excellence model was used to identify key business areas for improvement.
- Weggeman and Groeneveld [12] described the conversion of the EFQM Excellence model to a research-specific application that identified a set of recommendations to facilitate research management.
- Farrar [13] described how the EFQM Excellence model could be used as an umbrella for different initiatives in an organisation.
- Saraiva, Rosa and d'Orey [14], as well as Wilson and McFarlane [15], have indicated how the EFQM Excellence model was adopted for use in schools and the public sector.
- Johnson [16] described how a small company was able to apply the Baldrige model successfully
- Daniels [17], Leonard [18] and Nelsen [19] discussed the application of the Baldrige model to organisations in the education, construction and healthcare industries.

For organisations that wish to embark on the journey to business excellence, there are many training courses that enable a better understanding of the models and how they can be used to support organisational development. In addition, there are many independent organisations that offer consultancy services to support the development of business excellence.

BPIR itself has extensive resources to support the journey towards business excellence. In particular, BPIR showcases the best practices and business improvement tools that are related to the specific criteria of the EFQM Excellence Model, the Singapore Quality Award Model, and the Baldrige Criteria for Performance Excellence. BPIR also provides self-assessment tools so that organisations can measure their progress along the way.

The Business Tools used by Companies at Different Stages of Business Excellence Maturity

A large number of business tools can be used to assist the improvement process during the business excellence journey. By understanding the scope and limits of the techniques and tools, managers can select those that are appropriate for their business context and apply them successfully in a business excellence program.

Saunders and Mann[20] developed a maturity diagram (see Figure 3) to indicate which business tool to use at different stages of business excellence maturity (using the Baldrige Criteria for Performance Excellence as the model). The location of the tool on the diagram provides an indication of the sophistication of the tool and the resources needed to use it. Note that a tool listed at the bottom of the diagram under the 'Starting' or 'Progressing' phases of business excellence maturity is not restricted to these categories. It is also likely to be used by the most highly performing organisations, ones that would be rated 'Excellent' in terms of business excellence maturity. It should be noted that a tool listed in the 'Excellent' category should not be discounted by organisations that are just starting the business excellence journey. All organisations can benefit from learning about the tools in advance of their implementation; the more sophisticated tools may provide an efficient route to performance improvement if they can be resourced and implemented effectively.

For information on all the improvement tools shown in Figure 3, as well as on when and how to apply more than 900 improvement tools, refer to the BPIR.com members' area.

Assessing Business Excellence

There are several ways in which the level of business excellence development in an organisation can be assessed, including the following [21]:

1. An award approach. This approach involves writing a full submission document along the lines described by national business excellence award bodies. Based on the evidence within the

submission document and supporting evidence from a site visit, internal or external assessors score the organisation.

2. A pro forma approach. This involves a pro forma (a partially completed form) being designed for each of the business excellence model criteria. Each pro forma requires the organisation to record how it addresses a particular criterion, indicating what its strengths and weaknesses are, and what actions are being taken for improvement.
3. A workshop approach. This approach usually involves a senior management team gathering data and evidence to present to peers at a workshop. At the workshop, performance against the model is scored and action plans are agreed upon.
4. A matrix chart approach. This involves the creation of a company-specific achievement matrix within the framework of a business excellence model. It typically consists of a series of statements of achievement for each criterion using a scale of 1-10 points. Individuals or teams use the matrix to score their business processes/organisation.
5. A questionnaire approach. This consists of a set of questions designed to assess the organisation's performance for each criterion.
6. A software approach. This usually involves an independent organisation managing a programme in which many companies complete a questionnaire and have their scores logged on a central database. Organisations are then able to compare their scores against those of other organisations with similar profiles, and compare themselves against best practices.
7. A peer involvement approach. This approach has many similarities to the award approach but allows the Business Unit complete freedom in putting together its "submission," which may, at one extreme, be a set of existing documents, reports or graphs and, at the other extreme, be something very similar to an award application document.

In addition, many organisations have developed bespoke self-assessment methodologies. For example, Dahlgaard and Nilsson [22] discussed the development of a 'focused self-assessment' questionnaire based on the EFQM model for a large service company in Denmark.

Global Developments in Business Excellence Models

In recent years, Business Excellence Model custodians (the national bodies that promote and administer business excellence awards) have increasingly recognised the need to pool resources and learn from each other, in order to maximise the impact of their models and grow interest in business excellence worldwide.

This new focus on collaboration and networking is demonstrated by the work of the Global Excellence Model (GEM) Council, which was formed in 2000 [23]. This network brings together the key custodians of unique business excellence models that cover a continent or large geographic area. Member countries and regions include Europe (EFQM), Australia, the USA, Japan, South Africa, Singapore, India and Iberoamerica.

The group meets each year to discuss how it can improve its models and supporting systems. These meetings serve as useful inputs to strategic planning processes, especially when major reviews of models are taking place. Most award custodians undertake minor reviews of their models on a yearly basis with major reviews taking place every three to five years.

Examples of major reviews include the following: the European Above the Clouds project, which was a major review of the design of the EFQM Excellence Model; Australia's Beneath the Surface project in 2005, a major review of the design of the Australian Business Excellence Framework; the Japan Quality Program undertook a review in 2004 to mark 10 years of its existence; Mexico's 2004-05 review of the Mexican National Quality Award; and NIST's 2003 review of the Baldrige National Quality Program, which included the commissioning of the "Booz Hamilton" leadership attitude survey [24]. By sharing this information, Business Excellence Model custodians keep up-to-date with worldwide initiatives and improve both their systems and the design of the models. This has also led to—particularly with the awards process—a greater standardisation of approach, since the custodians have all learned from each other's better practices.

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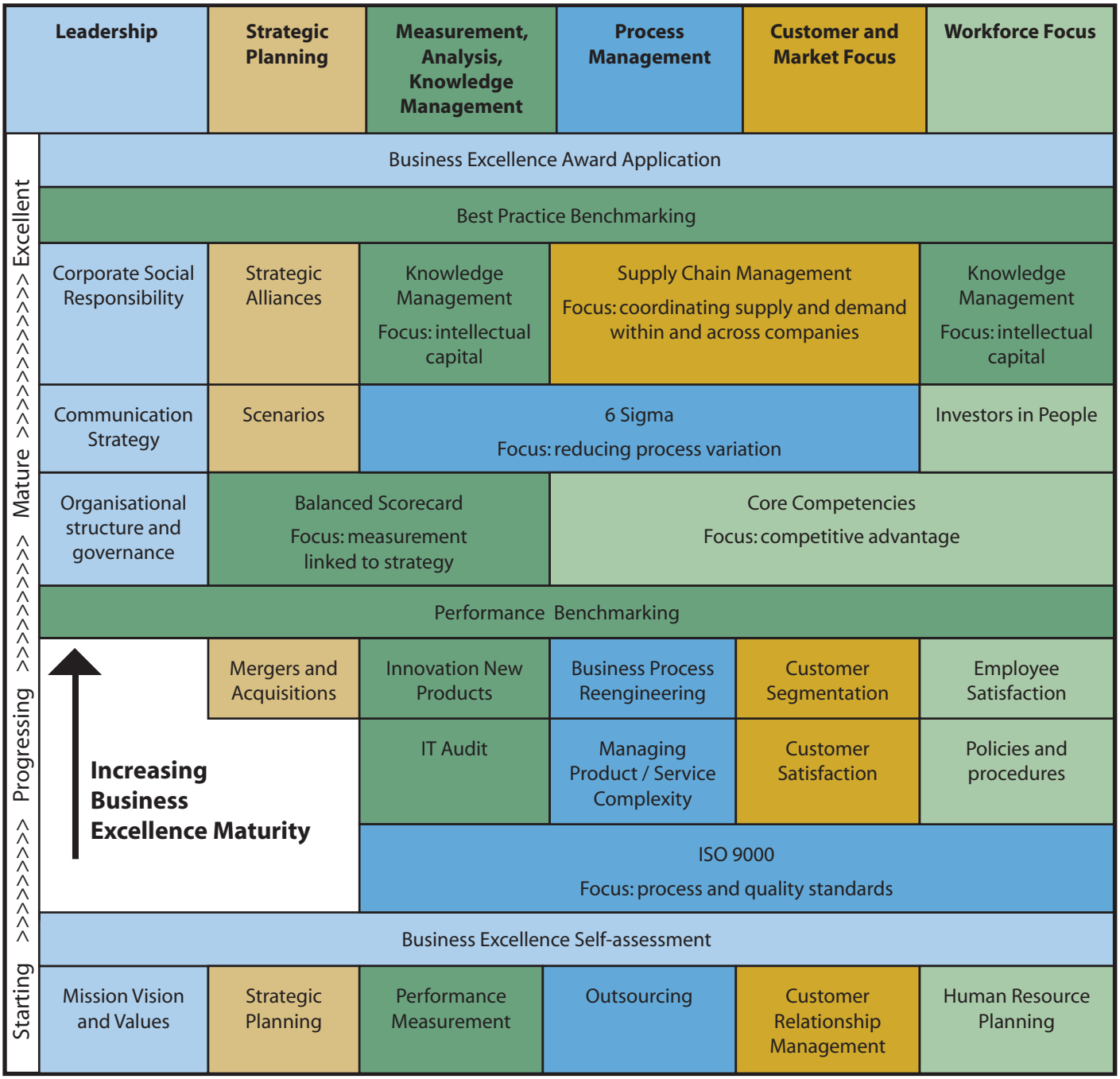
Leadership
Strategic Planning
Measurement, Analysis, Knowledge Management
Process Management
Customer and Market Focus
Workforce Focus
Starting >>>>

even greater increases (see Figure 6). When judged against the comparison companies, the award-winning companies experienced higher growth in sales by an average of 77%, higher increases in operating income by an average of 18%, higher increases in capital expenditure over assets by an average of 28% and capital expenditure over sales by an average of 30%, higher growth in assets by an average of 44%, and a further decrease in costs over sales by 4.5%.

Business Excellece Produces Superior Results – United States Research

A study of 600 worldwide quality award-winning organisations (using the Baldrige Criteria for Performance Excellence) was conducted over five years and published in 1999 by Singhal and Hendricks [26]. The results were compared to a control group of companies (of similar size and industrial sectors) and revealed a marked positive difference for the award-winning companies in every key measure against the control companies (see Figure 6).

Strong Relationship Between "Customer-Focused Results" and "Financial and Market Results"

The New Zealand Benchmarking Club aimed to help its member organisations improve by providing them with best practice benchmarking and business excellence services. From 2001-2002, improvements in business excellence scores against the Baldrige Criteria for Performance Excellence (CPE) were monitored and showed an average score improvement of 75 points across fifteen organisations.

The self-assessment data identified 57 strong relationships between different CPE categories and items. The strongest correlation identified (0.94) among CPE items was between "customer-focused results" and "financial and market results". One of the strongest relationships between CPE categories was between CPE "enablers" and "business results" (see Figure 7).

Although scatter graphs do not identify causal relationships, it is clear from Figure 7 that organisations with excellent approaches to leadership, strategic planning, customer and market focus, information and analysis, human resource focus and process management—i.e., the business excellence enablers—are more likely to achieve excellent business results (composed of customer satisfaction results, financial and market results, human resource results, and organisational effectiveness results) [27].

Best Practice Shared by Baldrige Award Winners

A 2002 report presented findings on common best practice themes, benefits obtained and weaknesses observed as a result of the application process of Baldrige Award recipients in the USA.

The common lessons learned by award recipients included the following:

1. Need to gain the commitment of senior leadership
2. Having a strategic plan that tied all of the criteria together
3. Using multiple, different customer listening posts (methods designed to gather ongoing customer feedback to shape, guide and improve marketing communications)

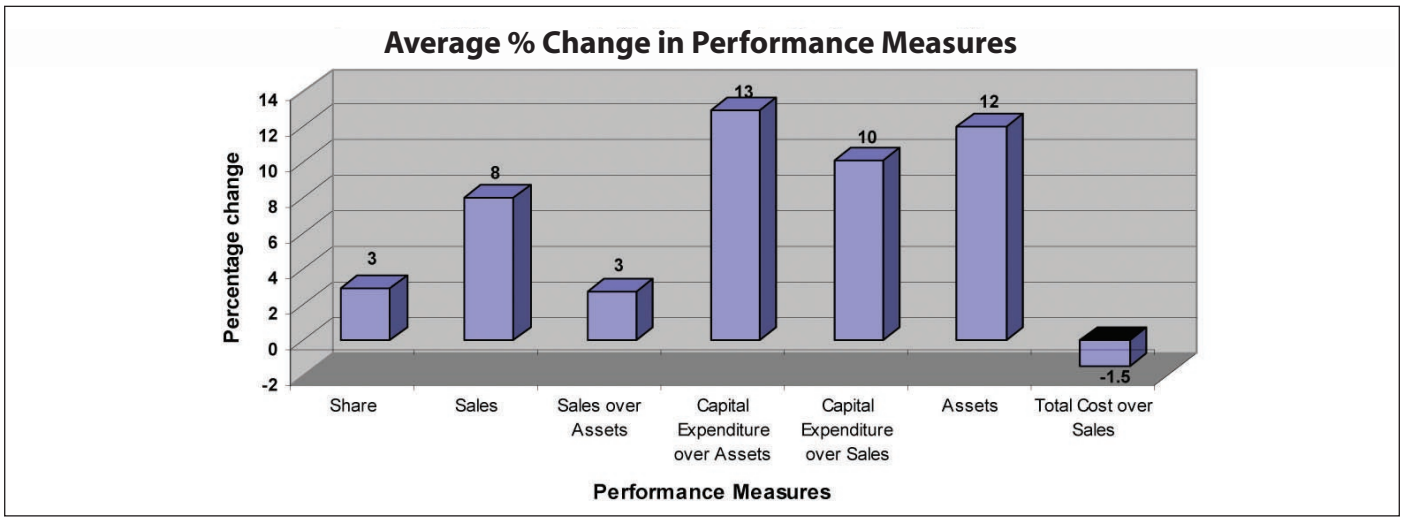

Figure 4 – Award winners: one-year improvements in financial performance

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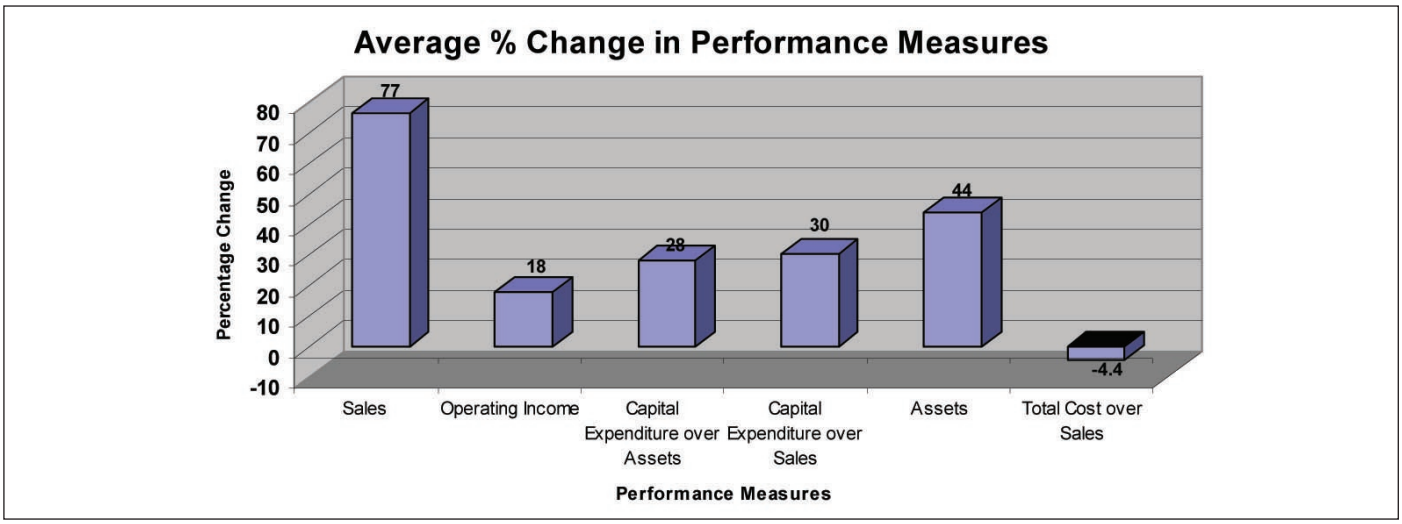

Figure 5 – Award winners: five-year improvements in financial performance

4. Selectively segmenting, analysing and using data
5. Motivating, involving and empowering employees
6. Seeing all work as a process
7. Building long-lasting systems.

The benefits included:

1. Increased pace of improvement
2. Value gained from self-assessment and feedback
3. Improved morale and cooperation
4. Improved communications
5. Quality accepted as a strategic issue.

The common weaknesses included:

1. Weak information systems
2. Partial quality system
3. Poor quality definition [28].

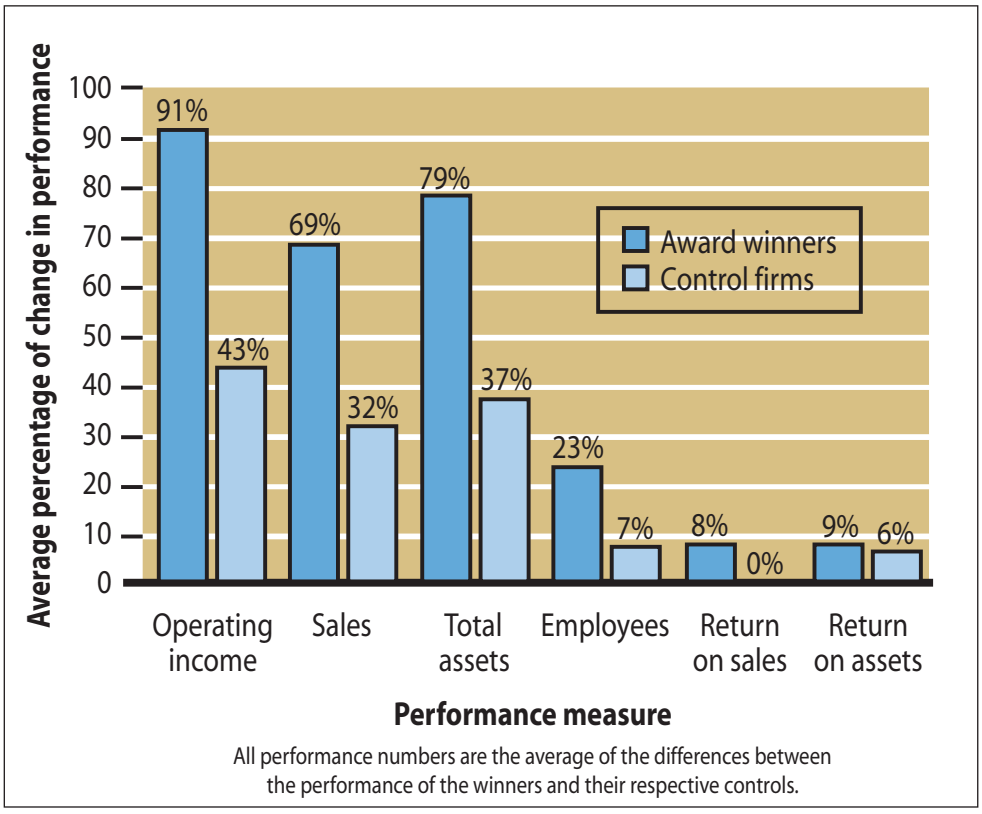

Figure 6. Comparison of award-winning firms and control firms for post implementation period

Awareness of EFQM Excellence Model in UK Companies

In 2003, a survey was sent to 500 British companies to investigate what happened to quality management after an organisation had achieved ISO 9000. Eighty companies with ISO 9000 certification responded: 4% were micro (less than ten employees), 32% were mini (10-50 employees), 40% were medium (50-200 employees) and 24% were large (more than 200 employees).

Results

1. 56% of respondents had heard of the EFQM excellence model. Of these, 20% had started to assess themselves against the model's criteria, 65% had done nothing, and 22% planned to begin assessment in the future.
2. 79% of large companies were aware of the EFQM model, compared to 69% of medium-sized companies, and only 29% of micro/mini companies.
3. The 37 respondents who had heard of the EFQM model reported that training was overwhelmingly the most important factor for perceived success.
4. Overall the companies reported that success was achieved through a combination of ISO 9000, EFQM, statistical methods, and training. [29]

National Strategies for Business Excellence

A study carried out between 2004 and 2005 examined the approaches to business excellence across 16 countries. Key findings were as follows:

1. 78% of Australian Business Excellence Framework users reported being either "very confident" or "extremely confident" that the design of the framework was based on sound principles and facilitated a reasonable assessment of business excellence.
2. 12 out of 16 business excellence model custodians believed that awareness of business excellence in their countries over the past three years had increased slightly or substantially (see Figure 8, the flags represent the different countries).
3. The following were identified as the five most important activities with respect to encouraging organisations to adopt a business excellence approach:
   - Tours of good or best practice organisations
   - Publications on business excellence
   - On-line service/database of business excellence information
   - Provisions of workshops/training in business excellence
   - Provisions of seminars/conferences in business excellence. [3]

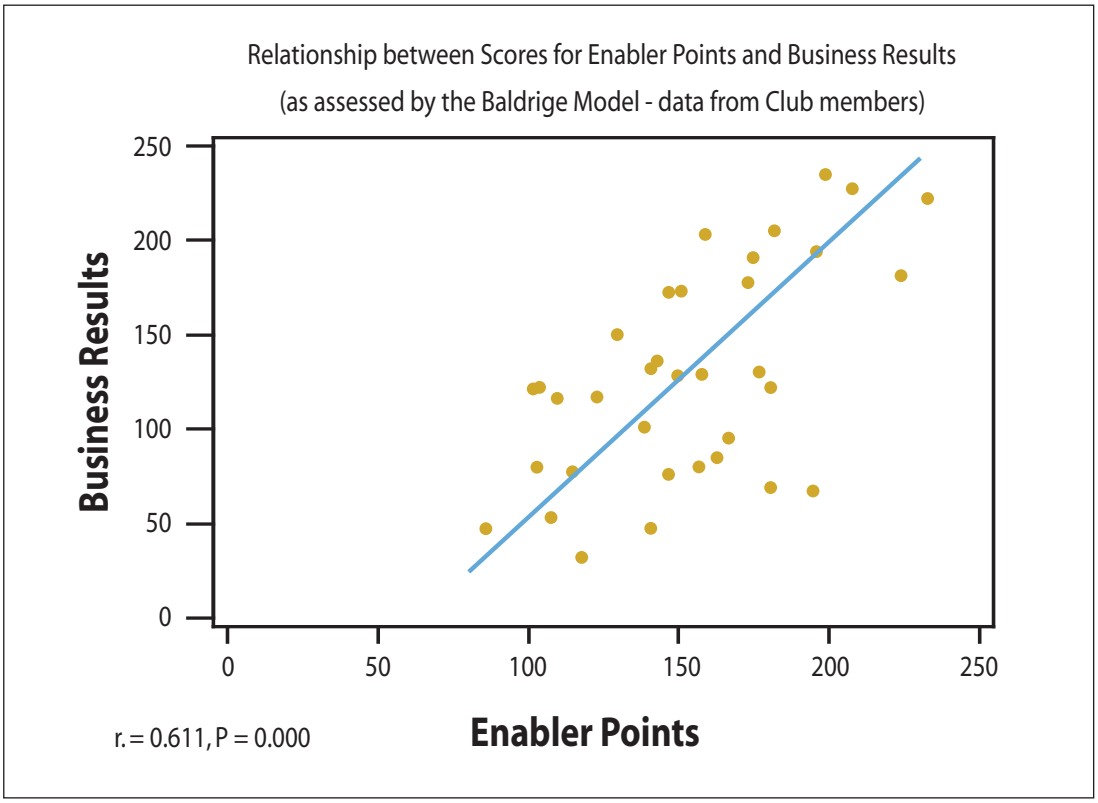

Figure 7. Relationship between Scores for Business Excellence Enablers and Business Results

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Example Cases

Valuable lessons can be learned from the following organisations:

West Lothian Council Housing Services, UK

Excellence leads to award

In 2003, with the aim of further improving the delivery of service excellence to its community through robust partnership working and a dedicated workforce, the West Lothian Council Housing Services (WLCHS) in Scotland, a local government housing manager, developed a tailor-made self-assessment tool. The tool was developed by amalgamating criteria from several business improvement models and standards, including the EFQM Excellence Model, Charter Mark and the Investors in People Standard. All staff took part in annual assessments and the process was introduced throughout the organisation as a whole. To complement the self-assessment, a successful Tenant Participation Strategy was launched in 2005. These initiatives built a reputation of excellence, created a culture of assessment and review within Housing Services, and instilled the principle of continuous improvement throughout the organisation. WLCHS was subsequently recognised in national performance leagues as one of the best housing providers in Scotland, and won the Scottish Awards for Business Excellence in 2006. [30]

Kenneth W. Monfort College of Business (MCB), USA

Baldrige Award winner achieves excellent results

In 2004, the Kenneth W. Monfort College of Business (MCB) at the University of Colorado, in the United States, won the Malcolm Baldrige National Quality Award. MCB`s mission was to deliver excellent undergraduate business programmes in keeping with its values, which focused on the pursuit of excellence and a philosophy of continuous improvement. MCB decided to build excellence into one undergraduate program rather than mediocrity into many. MCB used a high-touch programme (faculty to student interaction with small class sizes), wide-tech strategy (investment in the latest technology), and professional depth criteria (hiring instructors with proven business experience and doctoral level degrees). The college had a student-centric model and encouraged organisational collaboration in line with its mission and goals. MCB continually improved student academic performance scores; after earning the National Quality Award, the faculty and students achieved their best performance ever, attaining its highest overall Educational Testing Service (ETS) score in the 2004-2005 year at nearly the 95th percentile [31]

Key

Increased substantially:
Brazil, Canada

Increased slightly:
US, Turkey, Singapore, Scotland, New Zealand, Mexico, Japan, India, Europe (EFQM), Czech Republic

Constant: UK

Decreased slightly:
Sweden, Ireland, Australia

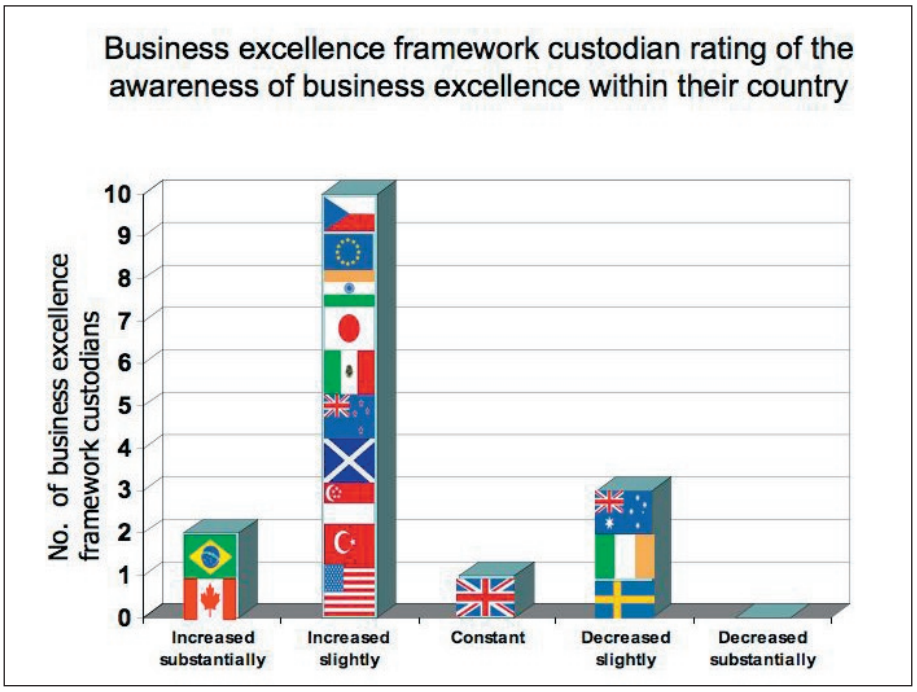

Figure 8. Business excellence model custodian rating of the awareness of business excellence within their country

Stoner Inc, USA

Applying Baldrige model leads to 400% sales increase

In 2003, Stoner Inc., in Quarryville, Pennsylvania, won the Baldrige National Quality Award in the small business category. Stoner's activities included the following:

1) Leadership: Communication with all team members was achieved using the Stoner excellence system.

2) Strategic plans were created and continuously improved by assessing data from business results, stakeholders, and benchmarking sources.

3) Customer and Market Focus: Extensive customer research was carried out and all levels of the company had frequent contact with customers.

4) Measurement, Analysis, and Knowledge Management: Some 100 measures were collected and 15 world-class companies were benchmarked to provide competitive data/fresh ideas for new products.

5) Human Resource Focus: Comprehensive training, open communications, personal feedback, and a bonus incentive program kept staff motivated.

6) Process Management: Core business processes were continuously improved.

7) Business results included:

- 400% growth in sales from 1990
- Twice the revenue per year per team member compared to similar small businesses. [32]

Clarke American Checks, USA

Business Excellence leads to turnaround in business fortune

Clarke American, a large US manufacturing company, had a major business crisis in the 1993-1994 fiscal year. Since then, as a result of the successful implementation of quality management using the Malcolm Baldrige National Quality Award principles, Clarke American has received the Texas Award for Performance Excellence, the Baldrige Award in the manufacturing category in 2001, and an annual sales growth from $5.8 million US to $270 million US. A new leadership model has been created to include:

1. Developing a First in Service (FIS) business strategy.
2. Defining a vision and strategy for growth.
3. Deploying FIS tools, process management and a balanced business plan.
4. Redesigning its approach to the market with a partner and customer focus.
5. Creating a team based learning organisation.
6. Making strategic investments to expand its offerings.

Clarke American through using the Baldrige model created a focus on developing a balanced business plan and value pricing for growth with an emphasis on customer and market focus.[33]

Pick Salami and Meat Processing Company, Hungary

Focus on TQM leads to multiple excellence award wins

In 1993, the management at Pick Meat, a Hungarian salami and meat processing company, embarked on a three-year project to implement ISO 9001, as well as Hazard Analysis and Critical Control Point (HACCP), and Quality Analysis and Critical Control Point (QACCP). Management also wanted to put in place essential elements of TQM, including teams, an idea system, and structured documentation of processes that were accessible by intranet. A permanent team was made responsible for the whole TQM effort, and other teams formed that encompassed procurement, production, sales and marketing, management systems, IT and human resources. A process of gathering customer and stakeholder comments and integrating them into the system was initiated. A plan-do-check-act (PDCA) cycle, considered essential to business management, was designed and included a company-organised customer club, made up of frequent users of Pick products, to provide structured feedback. Feedback was facilitated through surveys and pools, two-way communication, a toll-free customer service line, a three-language Internet site and feedback related to quality awards. In its quality drive Pick paid special attention to the protection of the environment, the reduction of any nuisances associated with its operations and initiated good manufacturing and hygiene practices (GMP and GHP), well-developed plant processes, well-organised technology, and detailed documentation of the processes, products and means of production. The company's ISO 9001 system was registered in 1995, and later improved and audited to ISO 9001:2000. Pick achieved improved financial performance, improved market performance and good feedback from customers, consumers, employees and society. Pick won the Hungarian National Quality Award in 1999 and was recognised for excellence by the European Foundation for Quality Management in 2001 and 2002. [34]

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Measure and Evaluate Business Excellence

In order to evaluate the impact of Business Excellence, the following performance measures can be used:

Organisational Excellence Performance: i.e., organisational excellence score. This is a measure of organisational excellence and is typically based on assessment through a Quality Award model such as the Baldrige Model or the EFQM Excellence Model.

Individual Business Excellence Criterion Performance: i.e., organisational excellence score for an individual criterion. This is based on the performance of any criterion of a Business Excellence/Quality Award model.

Business Excellence Model Impact on KPI: i.e., increase in performance as reflected in organisational key performance indicators (for example, sales, customer satisfaction, employee satisfaction) as a result of adopting business excellence (or after adopting business excellence).

Self-Assessments

Self-assessments can be used to find out how effective organisations are at implementing various strategies, tools or techniques. The insert on the following page shows examples of two questions from a business excellence self-assessment questionnaire. Within BPIR's member's area, self-assessment questionnaires are provided for both the Baldrige and EFQM Excellence models.

Summary

Business excellence models are used in more than 80 countries. Although the most prominent models are the EFQM Excellence Model and the Baldrige Criteria for Performance Excellence, several other models have been developed by national quality bodies and other organisations. Business Excellence models encourage organisations to improve in all aspects of their operations by enabling them to identify strengths and the areas that need improvement. The flexibility of the models means that they can be used by any organisation regardless of size, sector, products, culture or location. The models also encourage adopters to embrace self-assessment on a continuous basis, thereby ensuring that improvements and gains are measured.

While some organisations adopt business excellence to both improve and seek recognition/validation via awards, the majority of companies implement business excellence simply to improve performance and competitive positioning. There is evidence to indicate that organisations that have implemented business excellence successfully have outperformed their peers. For organisations that wish to adopt business excellence, several organisations or resources (including BPIR) are able to provide the necessary training or facilitation to underpin success.

Example Questions on "Organisational Leadership"

		Criteria: 1.1a.1
Area to be assessed:	Stakeholder input to future direction	
1.2	When our senior leaders set the direction for the organisation, do they have information or input from all stakeholders (shareholders, customers, employees, suppliers, partners and the community) to ensure that all their needs are considered?	
Evidence:	• Do we know who our key stakeholders are? • How do we find out what each stakeholder wants us to achieve? • How are our stakeholders' needs considered and included when formulating our strategic direction?	
☐	1	Never
☐	2	Input from one stakeholder
☐	3	Input from two or three stakeholders
☐	4	Input from all stakeholders
☐	5	Fully involve all stakeholders and use competitive/benchmarking data for setting direction
☐	6	Fully involve all stakeholders and use competitive/benchmarking data for setting direction and approach reviewed for effectiveness
Refer to the Glossary of Terms for an explanation of: *Senior leaders.*		
Strengths		Opportunities for Improvement

		Criteria: 1.1a.1
Area to be assessed:	Communication of vision, strategic direction, and performance objectives	
1.1	Are our vision, mission, strategic direction and performance expectations communicated and known by all employees?	
Evidence:	• Do we have a vision, mission statement and/or a clear strategic direction? • Do we have a system for communicating our organisation's strategic direction (e.g., via meetings, newsletters, the Internet, posters and videos)? • Do we have a system for monitoring how our organisation's strategic direction is understood (e.g., via team meetings, talking to staff, and employee surveys)? • Do we communicate our present performance and future performance expectations? • How often is it communicated and how effectively is it communicated?	
☐	1	Not communicated or known, or no vision, mission, strategic direction, or performance expectations
☐	2	Rarely communicated, known by only one or two people
☐	3	Sometimes communicated, known by all the management team
☐	4	Frequently communicated, known by most employees
☐	5	Always communicated, known by all employees
☐	6	Always communicated, known by all employees, and methods of communication are regularly reviewed.
Refer to the Glossary of Terms for an explanation of: *Vision, mission, strategic direction, or performance expectations.*		
Strengths		Opportunities for Improvement

(N.B., the full questionnaire is shown in the Self-Assessment area of BPIR.com.)

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