Overview of Business Excellence models

1. What are business excellence models?

Business excellence models are frameworks that, when applied within an organization can help to focus thought and action in a more systematic and structured way that should lead to increased performance. All the formal models presented here are best practice models i.e. thorough and consistent use of the model can lead to world class performance levels in the area related to the model.

The models presented are holistic in that they focus upon all areas and dimensions of an organization, and in particular, factors that drive performance. These models are internationally recognized as both providing a framework to assist the adoption of business excellence principles, and an effective way of measuring how thoroughly this adoption has been incorporated.

2. What is business excellence?

Business Excellence, as described by the European Foundation for Quality Management, refers to “Outstanding practices in managing the organization and achieving results, all based on a set of eight fundamental concepts”, these being, “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”. This definition serves as a typical example of those put forward today.

In general, business excellence models have been developed by national bodies as a basis for award programs. For most of these bodies, the awards themselves are secondary in importance to the wide-spread take up of the concepts of business excellence, which ultimately lead to improved national economic performance. By far the majority of organizations that use these models do so for self-assessment, by which they can identify improvement opportunities, areas of strength, and use the model as a framework for future organizational development.
When used as a basis for an organization’s improvement culture, the business excellence ‘criteria’ within the models broadly channel and encourage the use of best practices into areas where their effect will be most beneficial to performance. When used simply for self-assessment the 'criteria' can clearly identify strong and weak areas of management practice so that tools such as benchmarking can be used to identify best-practice to enable the gaps to be closed. These critical links between business excellence models, best practice, and benchmarking are fundamental to the success of the models as tools of continuous improvement.

The most popular and influential model in the western world is the one launched by the US government called the Malcolm Baldrige Award Model (also commonly known as the Baldrige model, the Baldrige criteria, or The Criteria for Performance Excellence). More than 60 national and state/regional awards base their frameworks upon the Baldrige criteria.

3 Who uses business excellence models?

Organizations across the world are using these models as a basis for continuous performance improvement. In the US nearly two million copies of the Malcolm Baldrige Model have been distributed since the award’s launch in 1988, and this does not include copies that are available in books, state and local award programs, or those downloaded from the web. It was recently estimated that there are at least 76 countries operating a national BE award and in Europe alone the European Foundation for Quality Management believes that at least 30,000 organizations are using the EFQM model. The EFQM figure was based on the number of EFQM members, the members of its national partners, and those organizations that they know are utilizing the model in their business.

There are no rules on how an organization may use the models,

- some use them continually to self-assess, as the driver of continuous improvement;
- some use only the results sections as a basis for designing and managing a performance measurement system;
- some use the resulting scores from an assessment against the model to benchmark against other like-minded organizations, allowing an easy method of identifying organizations that can potentially be learned from;
- some base the whole culture of the organization around the concepts.

from Business Performance Improvement Resource (BPIR.com Limited, New Zealand), http://www.bpir.com
4 What are the common challenges associated with a business excellence approach?

There are two main challenges that are faced by those using business excellence models:

The first challenge encountered involves the fact that the criteria in the models contain hundreds of questions requiring responses on how or what is done in particular areas of focus. These questions are designed to apply to a generic organization (although there are three versions of the Baldrige Model which are specific to Business, Education, and Health industries), as such they can be difficult to interpret to specific circumstances without spending a reasonably large amount of time reading around the model – something that many organizations with a short term focus find hard to justify. This challenge has given rise to much work for consultants on the subject.

The second and main challenge encountered when using business excellence models is that none of the models provide solutions. Although understanding the criteria and responding with the organization’s practices or results should bring enlightenment relating to what the organization should be considering, there is no specific advice given on how to improve performance. It is left up to the user to find ways to improve in the areas identified.

5 Most common models

The models are underpinned by the latest research in total quality management, business excellence, best practices and benchmarking. These models are used by 100,000’s of organizations worldwide as a basis for organizational improvement.

- Baldrige Criteria for Performance Excellence
- EFQM Excellence Model 2010
- Singapore Quality Award Framework
- Canadian Framework for Business Excellence
- Australian Business Excellence Framework

6 Baldrige Criteria for Performance Excellence

This is the model behind the US Malcolm Baldrige National Quality Award, an award process administered by the American Society for Quality and managed by the National Institute of Science and Technology, an agency of the US department of Commerce. This framework is used as the basis for over 70 other national Business Excellence/Quality awards around the world.

The core concepts of the Baldrige Criteria for Performance Excellence are:

- Visionary leadership
- Customer-driven excellence
- Organizational and personal learning
- Valuing employees and partners
- Agility
- Focus on the future
Overview of Business Models

- Managing for innovation
- Management by fact
- Social responsibility
- Focus on results and creating value
- Systems perspective

The model consists of seven categories:
1. Leadership
2. Strategic Planning
3. Customer & Market Focus
4. Measurement, Analysis & Knowledge Management
5. Workforce Focus
6. Process Management
7. Business Results

7 EFQM Excellence Model 2010

This is the model behind the European Business Excellence Award, an award process run by the European Foundation for Quality Management (EFQM). This framework is used as the basis for national business excellence and quality awards across Europe.

The fundamental concepts that underpin the new EFQM Excellence Model 2010 are:
- Achieving Balanced Results
- Adding Value for Customers
- Leading with Vision, Inspiration & Integrity
- Managing by Processes
- Succeeding through People
- Nurturing Creation & Innovation
- Building Partnerships
- Taking Responsibility for a Sustainable Future

The model consists of nine criteria, split into Enablers and Results:

Enablers (50%):
1. Leadership (10%)
2. Strategy (10%)
3. People (10%)
4. Partnership & Resources (10%)
5. Processes, Products & Services (10%)

Results (50%):
6. Customer Results (15%)
7. People Results (10%)
8. Society Results (10%)
9. Key Results (15%)
8 Singapore Quality Award Framework

The Singapore Quality Award framework is used as a basis for assessing Singapore’s organizations to the highest standards of quality and business excellence. The award aims to establish Singapore as a country committed to world-class business excellence. The framework and award is administered by SPRING Singapore.

The framework is built upon the following core values and concepts:

- Visionary leadership
- Customer-driven quality
- Innovation focus
- Valuing people and partners
- Agility
- Knowledge driven system
- Societal responsibility
- Results orientation
- Systems perspective

The framework consists of seven categories:

1. Leadership
2. Planning
3. Information
4. People
5. Processes
6. Customers
7. Results

9 Canadian Framework for Business Excellence

The Canadian Framework for Business Excellence is used by Canadian organizations as a management model for organizational excellence and also as the basis for adjudication of the Canada Awards for Excellence. The framework is administered by the National Quality Institute.

The following Framework Principles form the foundation for long-term improvement and excellence and permeate the Canadian Framework for Business Excellence:

- Leadership through involvement
- Primary focus on stakeholders/customers and the market place
- Cooperation and teamwork
- Prevention-based process management
- Factual approach to decision-making
- Continuous learning and people involvement
- Focus on continuous improvement and breakthrough thinking
- Fulfill obligations to all stakeholders and society
The framework consists of seven categories:
1. Leadership
2. Planning
3. Customer Focus
4. People Focus
5. Process Management
6. Supplier Partner Focus
7. Business Performance

10 **Australian Business Excellence Framework**

The Australian Business Excellence Framework is the premier framework for business excellence in Australia and provides the criteria for the Australian Business Excellence Awards. The framework is administered by SAI Global.

The framework is built around eight business excellence principles:
- Lead by example, provide clear direction, build organizational alignment and focus on sustainable achievement of goals.
- Understand what markets and customers value, now and into the future, and use this to drive organizational design, strategy, products and services.
- Continuously improve the system.
- Develop and value people’s capability and release their skills, resourcefulness and creativity to change and improve the organization.
- Develop agility, adaptability and responsiveness based on a culture of continual improvement, innovation and learning.
- Improve performance through the use of data, information and knowledge to understand variability and to improve strategic and operational decision-making.
- Behave in an ethically, socially and environmentally responsible manner.

The model is based on seven criteria:
1. Focus on sustainable results, value and outcomes. Leadership
2. Customer and Market Focus
3. Strategy and Planning
4. People
5. Information and Knowledge
6. Process Management, Improvement and Innovation
7. Success and Sustainability