

Self-assessing for Excellence

A brief introduction to understanding your organisation with
the EFQM Excellence Model*

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"All models are wrong. Some models are useful." [George E P Box]

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The quotation shown on the front page by George E P Box, the eminent statistician, was not made about the EFQM Excellence Model. However, in this short document we outline why we think that it is one of the useful management models in use today.

Acknowledgement:

This article was first written for David Howard of Management-NewStyle. M-NS specialises in helping organisations to use systemic thinking to improve their way of managing. We were invited to outline, for an introductory 'primer' booklet that he is producing, how using the EFQM Excellence Model can develop and reinforce the management of organisations as systems. We hope this article starts to accomplish this aim, and to give a broad overview of how the Model can help to get a clearer understanding of how your organisation works.

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"What is 'excellence'?"

The word 'excellence' is now part of the language of business - and even the not-for-profit and public sectors. It can seem that anyone making a claim about their products or services feels they should use it. While many claims are no doubt fully justified, is there a danger of 'excellence' becoming just another advertising strapline? But what is excellence?

The Oxford English Dictionary defines '**excellence**' as:

"The state or fact of excelling; the possession chiefly of good qualities in an eminent or unusual degree; surpassing merit, skill, virtue, worth etc.; dignity, eminence."

and it defines the verb '**excel**' as:

"To be superior or pre-eminent in the possession of some quality, or in the performance of some action, usually in a good sense; to surpass others"

So it is about superiority in a good way, having an unusual degree of good qualities, having virtues, worth etc.

"Yes, but what about 'excellence' in an organisation?"

There are some 'fundamental concepts' that broadly underpin excellence nowadays. These are shown in the following table, with some comments about them. If you follow the views of any business 'gurus' some ideas will be familiar. If you keep up with what's generally recommended in modern management, there will be few surprises, although the concepts may not often be shown grouped together as here.

<i>Fundamental Concept' & meaning</i>	<i>Additional Comments</i>
Customer Focus The customer is the real judge of the organisation's outputs, and ultimately decides the organisation's fate. Success is best achieved through clearly focusing on customer needs - both current and future	It is certainly less of an 'alien' idea than it perhaps once was! Most organisations now realise that they need to think deeply about customers and their needs
People Development & Involvement People's (i.e. employees') full involvement and potential is released when there are shared values and the culture is one of trust and empowerment	The UK's Investor in People standard covers many issues here, and many organisations are aware of the benefits
Corporate Social Responsibility Long-term sustainability is best achieved by adopting an appropriate ethical approach and exceeding the expectations of the community at large. (It is applicable to all organisations, not just formal 'corporate' bodies)	Awareness of the importance has grown recently, although maybe in its 'infancy'. Some organisations discover that people prefer to work for an organisation that cares about society
Results Orientation This is about satisfying the needs of all relevant stakeholders, and doing so in a balanced way. It includes customers, employees, partners/suppliers and society as well as financial stakeholders	Most organisations know about financial results! Many are realising that they need to know how well they are doing in other areas as well, and get a balance between them
Continuous Learning, Innovation & Improvement Organisations maximise performance when their culture is one of continuously seeking better ways of doing things, and when knowledge within the organisation is managed and shared constructively	Many organisations have staff suggestion schemes. This is about making improvement a way of life - and more things need to be in place than just a suggestion scheme to be effective

<p>Management by Processes & Facts Much work crosses a number of functions in an organisation and smooth flows are needed to get the best from them. Better decisions come from using facts - including stakeholder perceptions - rather than just relying on management's impressions</p>	<p>Better organisations understand and manage inter-related activities, they do not just operate in 'silos'; decision making is about more than just relying on 'hunches'</p>
<p>Partnership Development Is about the creation of mutually beneficial partner relationships, involving trust, knowledge-sharing and joint working.</p>	<p>There have already been moves away from buying from suppliers purely on the basis of the lowest current price, towards lower overall costs</p>
<p>Leadership & Constancy of Purpose Leaders have the vital role of creating and reinforcing the appropriate working environment so that people and thus the organisation can excel. They must ensure that there is widespread clarity and consistency about the aims</p>	<p>'Leadership' is not just 'managing', but it doesn't demand 'charismatic' leaders. 'Constancy of purpose' doesn't rule out strategic and operational changes, but does need an element of stability, often around values and broad direction</p>

If you are broadly in agreement with us to here - that you believe that these concepts should apply in your organisation in the 21st century - then reading further may give you some useful ideas. If you do not feel that this is an appropriate way to manage, then you may get less benefit ... but do feel free to read on.

"Our products are excellent and they sell - why should we worry?"

With the level of change seen nowadays, it is not a good idea for an organisation to think it has actually reached 'excellence' in some way. Because whatever you think, someone else will be trying their hardest to outdo you. We think that in considering excellence there is also an attitude of mind that knows that the 'journey' does not really end, that one must continue to look for ways to improve. Finding ways to improve means that you have to seek new ways of doing things - the idea that one should 'work smarter, not harder' is very relevant.

We're also, when discussing excellence, talking about the sustainability of organisations. It is about more than just delivering products on time, or achieving financial returns for a year. It is about building an organisation that will continue to exist and satisfy customers for many years. It's most definitely not about setting up a business to separate customers from their money in the short term and then move on!

Linking the dictionary definition and the Fundamental Concepts, let's suggest a working definition that *excellence is about the relentless pursuit of continuous improvement in both an organisation's results and the way in which they are achieved.*

For us, it is very much a state of mind: an organisation that knows that it can and will find ways to improve, is in our view more attuned to excellence than one that is complacent, no matter how "good" they are.

The EFQM Excellence Model is based on the Fundamental Concepts of Excellence, and has been developed and refined to help organisations continually improve their performance, whatever their present performance level.

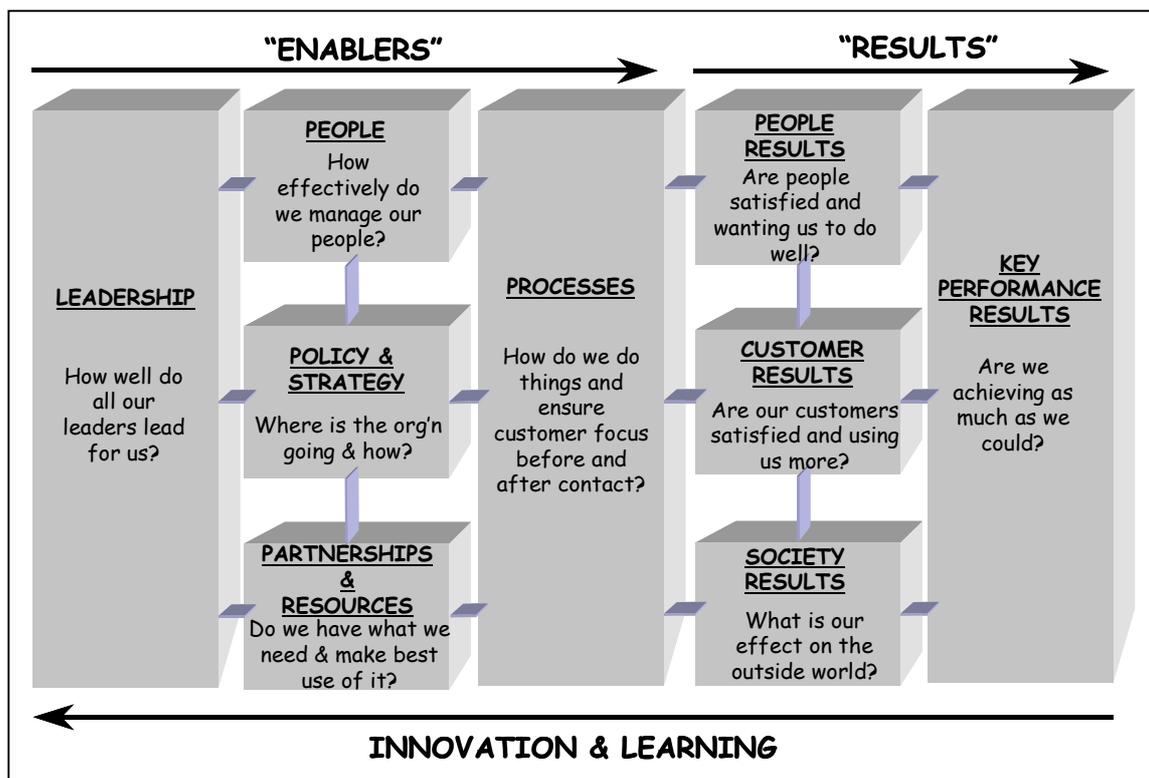
The EFQM Excellence Model

The EFQM Excellence Model was developed in the early 1990s, and has been revised subsequently, using inputs from businesses, academia and the public/not-for-profit sectors. It also took into account experiences of established management models in Japan and the United States, and is widely recognised as a practical model, a useful reference point for the way any organisation works.

It can help you look into and understand all aspects of your organisation - not just the ones that you may traditionally look at because of your own experience. This all embracing nature can be immensely valuable, as one organisation has told us:

"A key benefit has been that it has helped us 'to shine a torch into all the corners of the organisation' that we don't usually look at"

The following diagram shows the 9 box framework of the EFQM Excellence Model. The short explanations in the boxes ("criteria") in the chart are not usually shown in the standard representation - we have included them as short comments about what they mean.

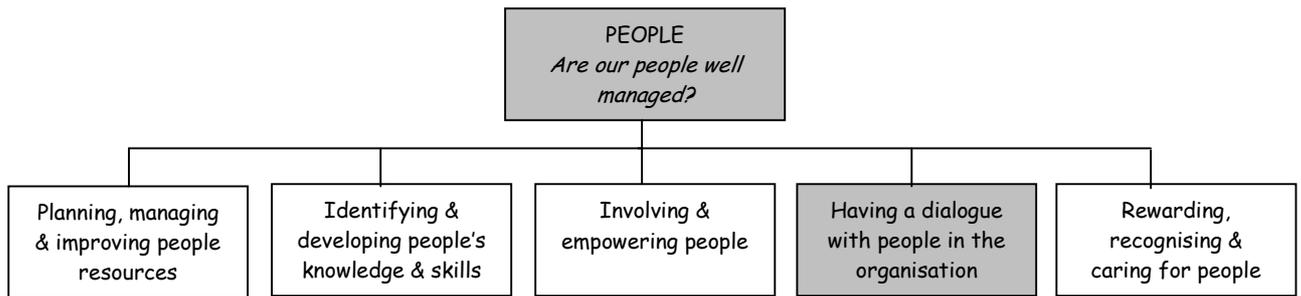


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The Model can be extremely comprehensive, as the 9 criteria are sub-divided into a total of 32 parts, and within these there are around 300 guidance points in total (things to consider doing/measuring). And there may be some other issues specifically relevant to an organisation that are not covered in the generic guidance points (although actually most things can be fitted into the Model just as it is).

Within each of the 9 criteria, the Model does not tell an organisation in detail exactly what it must do and how. The example on the following page may help to illustrate this.

The five Parts within the 'People' Criterion:



- ❖ The People criterion says that an organisation must manage its people
- ❖ The criterion part concerning 'dialogue' says that there should be 'communication', a generic requirement that is the nearest the Model comes to being prescriptive.
- ❖ The Model does not stipulate that there must be a staff newsletter, or weekly staff meeting, or e-mails, or anything else: the specific methods are left to the organisation
- ❖ It does require that the organisation's approaches to communication are demonstrably appropriate for its needs

In this way the Model is highly adaptable, and is not overly 'prescriptive'.

This lack of prescription occasionally causes concern, as some people prefer a simple list of things they must do. However the Model encourages people to THINK about their organisation and this can generate much greater understanding than a mere list of items.

The EFQM Excellence Model as a high level system

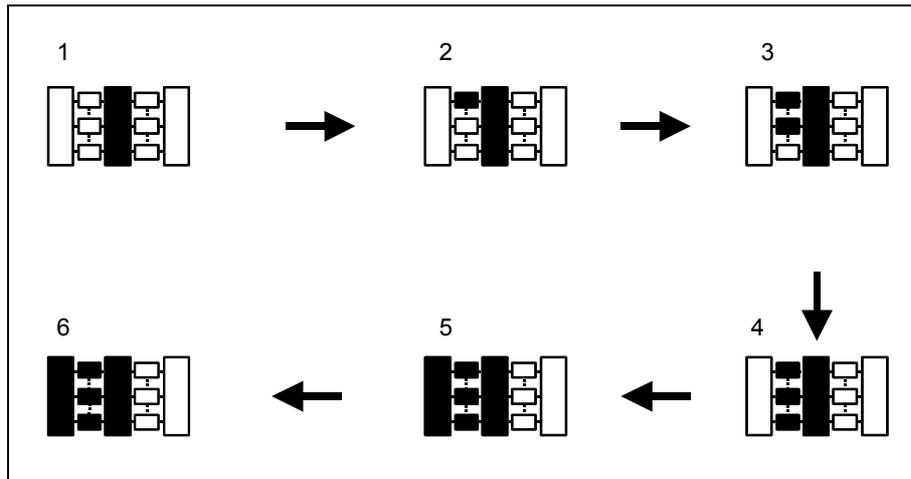
The arrows above and below the boxes in the diagram (p5) are an integral part of the Model, and start to introduce its systemic nature.

- ❖ At their simplest, the top arrows illustrate that the 'enablers' (the way the work is done) influence across the Model from left to right, ultimately determining the 'results' that are achieved.
- ❖ Within the results themselves, those relating to Customers, People and Society influence the Key Performance Results.
- ❖ The arrow pointing from right to left along the base shows that the results achieved should themselves be used to assess the effectiveness of how things are done.

In effect the Model is an organisational version of Shewhart and Deming's Plan-Do-Study-Act cycle. It starts to show that the Model is not just a framework of 9 totally unrelated boxes, but that there are relationships between them that can be used to link issues. It is understanding and acting on these linkages that helps strengthen the firm. A simplified example might be the way complaints are handled by an organisation, as in the following comments and diagram.

1. There should ideally be some form of customer complaint handling process (relevant in the Processes criterion)
2. Staff should be trained in how to use it (People)

- The organisation should typically have a specific policy about customer complaints (Policy & Strategy)



- The firm's technology could make it easy for staff to handle complaints (Partnerships and Resources)
- Leaders should demonstrate appropriate positive attitudes about complaints (Leadership)
- If there are sound and appropriate answers to these issues (and probably more) and they all align and tell the same story there are likely to be significant benefits in most or all of the Results criteria.

And of course hopefully the data from the complaints themselves are used to understand and remove the things giving rise to customer dissatisfaction. This example is only an illustration, and there will be other aspects than those mentioned, but it should give a flavour of how the Model can help understanding.

RADAR - the vital component for determining 'Excellence'

An integral 'accessory' to the Excellence Model is the RADAR logic, which helps someone to determine how excellently they are carrying out their various approaches. It is an acronym for Results - Approach - Deployment - Assessment and Review:

- ❖ define the **R**esults it is aiming for
- ❖ plan and develop the **A**pproaches it will use to get there
- ❖ **D**eploy those approaches, and
- ❖ **A**ssess and **R**eview how well the approaches are working, based on analysis of the results achieved, and improve approaches where necessary.

RADAR helps an organisation understand how well it is doing things. Without it, the Model could be in danger of being seen just as a tick list of items an organisation should consider doing. If we take the earlier example of the customer complaint handling process, a tick box mentality might say: "yes, we have a process and have covered issues in the other boxes, we must be excellent". But the constituents of RADAR mean you explore the issues in more detail.

RADAR includes testing for the following aspects:

- ❖ Is the process appropriate for the specific organisation and is it well defined? (e.g. a 10 person organisation *might* need less formality than a 10,000 person organisation)
- ❖ Is it focused on stakeholder needs? (e.g. does it recognise the customer appropriately and try to ensure their needs are satisfied, or does it just try to 'fob them off')
- ❖ Is it aligned with overall strategy and linked to other relevant approaches (e.g. the linkages example shown previously, and perhaps more)
- ❖ How extensively is it deployed? (e.g. being used in only a small part of the organisation means it will be less effective than being used everywhere)
- ❖ How is the process reviewed for its effectiveness in achieving its aims, and how is it refined if necessary? (e.g. what measures are used, and how are better ways of working found - perhaps by benchmarking?)

So the combination of the Model itself plus the RADAR assessment logic moves us towards the essence of excellence, which is more about HOW you do what you do and how it links with other elements of the organisation, rather than just what you do. It can be seen as a high-level process picture of an organisation, and as one gets into greater detail it is possible to see many more of the specific linkages that make up an organisation's operations.

Some uses of the EFQM Excellence Model

The highest profile use of the Model is as the framework that underlies many excellence/quality awards in Europe, such as the EFQM Excellence Award, the UK Business Excellence Award and many regional awards in the UK. There are also regional and national awards across Europe. Similar frameworks are used in countries elsewhere in the world, such as United Arab Emirates, USA (Baldrige Award), India, Singapore and Australia. Award schemes are characterised by very rigorous assessment processes, typically by teams of 4-6 trained independent assessors.

But award applicants are usually only the tip of the iceberg of users. Many more organisations use the framework for self-assessment. They identify for themselves their own strong points and their areas for improvement. This can be done entirely by themselves, once they understand how to carry out assessments and have the necessary skills. But they can also make use of some external assessment expertise - to help reduce the potential for viewing one's firm through 'rose tinted spectacles (unintentionally or otherwise). It is then important to put into place activities to deliver the improvements - undertaking the self-assessment does nothing to improve the business.

Typically users will work towards using the areas for improvement identified in an assessment as inputs to their strategic/operational planning. So the assessment can become a natural part of planning like traditional 'Strengths Weaknesses Opportunities and Threats' and 'Political Economic Social and Technology' analyses, and is not seen as something completely separate. But it is not always practical to link to main planning timetables after a first assessment and so separate improvement plans are often created initially. The organisation then usually tries to link subsequent assessment to core planning timetables.

The Model can also be used in other ways than 'pure' self-assessment, but most do need a good knowledge of the assessment mechanisms as well. Examples include identifying and

sharing good practices in a divisionalised organisation, testing project design and implementation, understanding the culture, and using understanding of the Model in the planning process itself.

But whatever type of use is made of the Model, it seems to be most effective when it changes the way of thinking in the organisation moving from a more mechanical 'tick list' type approach to a deeper knowledge of HOW the organisation works.

"Does using the Model pay?"

Almost inevitably, people who have heard of the Model may know of a firm that used the Model and gave it up because it didn't work, or they have heard of similar stories from a friend of a friend! So some will say: "of course the Model cannot possibly be useful". But the Model is only a tool, and can be used well or less well. And maybe it also depends upon what was expected of it; perhaps it was expected to be a wonder panacea - purveyed by the modern equivalent of the snake-oil salesman - which is not in fact the case.

As well as many practical examples of organisations that have gained from using it, there is robust statistical research in the USA (see References) that rigorous use of excellence models does, on average, pay off very well. But even in that research of some 600 businesses there were those for whom it did not deliver tangible financial benefits, so it is not guaranteed.

Similar research undertaken in Europe also showed overall that when the principles of the EFQM Excellence Model have been implemented effectively, performance improves in both short and long periods of time.

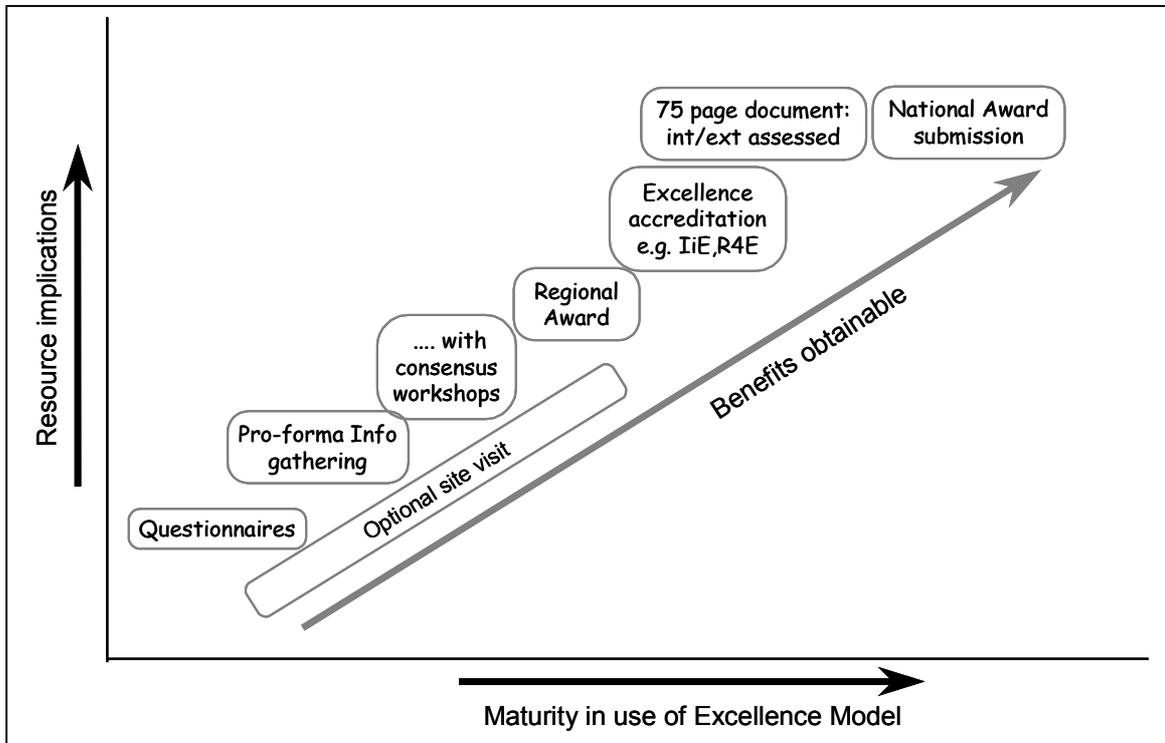
But like any model, it really is only a tool. Like any tool it can be used well or not so well, and other factors can come into play. It is often said that "the only certainties in life are death and taxes", so some failures should not be a surprise. But before leaping to conclusions, one should try to understand what actually happened. And then don't just base your views on a few examples that might be quite unrepresentative of what happens when it is used appropriately.

If you have problems when using a power tool for some work around the house, you don't usually throw the tool away and stop using it altogether - you are more likely to re-read the instructions, and maybe take advice from someone who has used it successfully before. Unless of course you were just looking for an excuse to stop the DIY anyway!

Getting started with the EFQM Excellence Model

Many ways of using the Model revolve around carrying out a self-assessment of the organisation. We commented earlier that the Model can be a tremendously comprehensive tool, and thus can need considerable work - typical documentary evidence for an award process runs to 75 pages, which will be complemented by a site visit of up to 5 days for a finalist! (Some formal awards ask for shorter entry portfolios, balanced by even greater involvement by the site-visiting assessors.)

But there are simpler ways of using the Model, and most firms sensibly put their toes in the water by using one of these. Few people would try to run a marathon without training, and it is equally sensible to adopt a similar approach in using the Model to improve your business. The following diagram shows the main approaches to assessment.



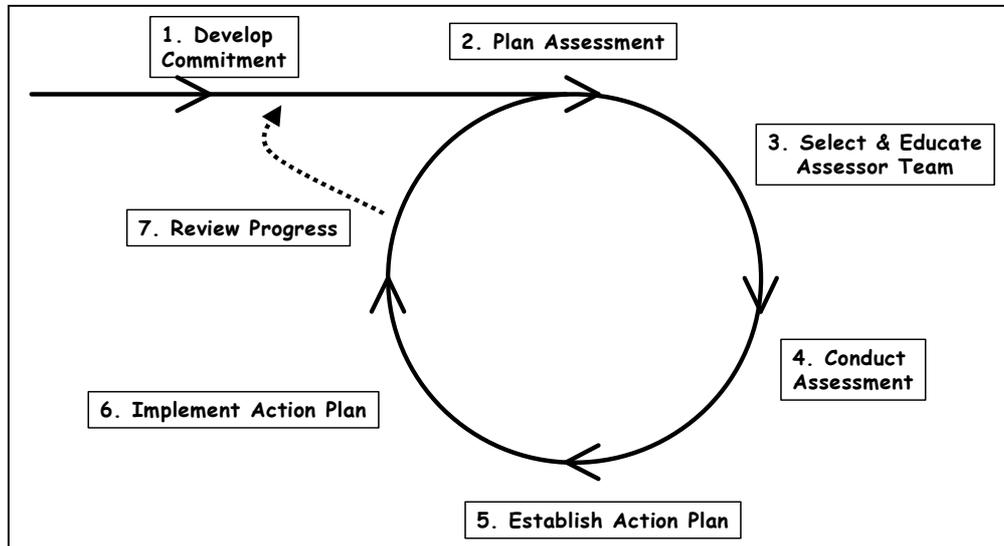
The diagram shows a broad positioning of assessment approaches as an organisation gains maturity in using the Excellence Model. Simpler techniques are usually used first, moving on to more comprehensive techniques, but there is nothing sacrosanct about the order. Nothing says you have to start with a questionnaire, or end with a national Award application. Few people, though, jump straight in and start by creating a 75 page portfolio of evidence!

A general rule of thumb is that whichever method is used, there are often significant benefits in involving a good selection of people. This draws on experience from across the organisation - from the very people who know how it really works! And it usually increases everyone's appreciation of others' roles.

Any of the internal approaches can also be complemented by 'site visits', usually by independent 'assessors' who can test the extent to which perceptions revealed in an assessment are right, and who can also gain a useful awareness of the organisational culture. They should be carried out constructively, not as a negatively focused 'audit'. In external Awards, the site visit is vital for finalists.

The assessment process

Whichever approach to self-assessment is used, there is a common process to be followed, as illustrated here.



1. **Develop Commitment:** of appropriate parties, which will always include the relevant leaders, and often the people as well so that they are aware that it is about improvement and not a direct threat to them
2. **Plan the Assessment:** including the assessment approach, the boundary of the organisation/unit, the objectives, and the use of the outputs
3. **Select & Train the Assessor Team:** dependent upon the approach used
4. **Conduct the Assessment,** including giving feedback
5. **Establish Action Plan:** including the priorities - you will not be able to do everything at once
6. **Implement Action Plan:** nothing will change unless improvement actions are taken
7. **Review Progress:** to ensure timescales are being met and expected benefits are being achieved.

If leadership of the organisation/unit has not changed by the time of the next assessment (typically annually), there may be no need to re-establish commitment, but it may be helpful to revisit the issue.

Whilst these last two sections in particular have given some guidance, there is no real substitute for speaking with someone with practical experience of the Model. This can help to build a firm plan for how to move forward, particularly to help ensure that the approach will meet the objectives for using the Model. The references at the end of this article may give some ideas on contacts. Do consider at least putting your 'organisational toe' into the Excellence water!

References

- ❖ The website of D & D Excellence Limited was developed to be, and has been recommended as such by many people, a user friendly and down to earth site on the subject of Excellence: <http://www.ddexcellence.com/>
- ❖ Research was carried out by Dr Vinod Singhal and Dr Kevin Hendricks in the USA on the effectiveness of Excellence Models. A two page abstract of the work (including further contact information) can be found on the D&D website in the section entitled on "Does it work".
- ❖ Research in Europe into the performance of Excellence Award winners compared with others was carried out by Leicester University on behalf of the European Foundation for Quality Management and the British Quality Foundation. An abstract of the work can be found on the D&D website in the section entitled on "Does it work".
- ❖ The European Foundation for Quality Management owns the intellectual property in the EFQM Excellence Model. It exists to promote Excellence in Europe. Its website is at <http://www.efqm.org/>
- ❖ The British Quality Foundation is a National Partner Organisation of the EFQM, and promotes Excellence in the UK. Its website is at <http://www.quality-foundation.co.uk/>
- ❖ Management-NewStyle's website is at <http://www.management-newstyle.co.uk/> and is a gateway to their sites, including FlowMap - their own software package for, amongst other things, Deployment Flow Charting.