

2. Business excellence

Business excellence is the systematic use of quality management principles and tools in business management, with the goal of improving performance based on the principles of customer focus, stakeholder value, and process management. Key practices in business excellence applied across functional areas in an enterprise include continuous and breakthrough improvement, preventative management and management by facts. Some of the tools used are the balanced scorecard, Lean, the Six Sigma statistical tools, process management, the Baldrige Criteria for Performance Excellence and project management.

Despite the name, a large number of these concepts have been widely adopted within the public sector as these organisations strive to provide "value for money". Examples include the Malcolm Baldrige National Quality Award, EFQM Excellence Model and Common Assessment Framework (CAF).

2.1 History

The concept of business excellence appeared in the late 1980s / early 1990s and evolved from Total Quality Management and the work of W. Edwards Demming et al. This evolutionary path can be traced from pre-industrial revolution through to the present day.... The first stage of the "quality movement" to ensure the basic quality of the product. This gave birth to disciplines such as analytical chemistry and early national standards. The next stage was to reduce costs, from the industrial The next was to increase consistency and reliability; from mass production to statistical process control. This stage culminated with process management techniques and the development of international standards such as ISO9000. However, as mass production increased, so did the need to ensure workers rights and occupational health and safety.

As consumer power grew in the post-war years, measuring customer satisfaction to understand needs and expectations became more important to achieve or maintain competitive advantage. As people identified the link between customer satisfaction, product quality and the motivation of the workforce, employee satisfaction and later employee engagement became the focus. On a "parallel path", environmental concerns we're coming to the fore. Standards like ISO14001 and EMAS have been developed to help organisation ensure compliance and reduce their impact on the environment.

The objective of business excellence models, such as Malcolm Baldrige National Quality Award and the EFQM Excellence Model has been to provide a holistic framework that enables organizations assess how well they manage this complex, multi-stakeholder driven operating environment.

2.2 Models

By far the majority of organizations that use these models do so for self-assessment, through which they may identify improvement opportunities, areas of strength, and ideas for future organizational development. Users of the EFQM Excellence Model and Malcolm Baldrige National Quality Award Criteria, for instance, do so for the following purposes: self-assessment, strategy formulation, visioning, project management, supplier management, and mergers.

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.

2.3 EFQM Excellence Model

Business excellence, as described by the EFQM refers to "outstanding practices in managing the organization and achieving results, all based on a set of eight fundamental concepts." These concepts are:

1. Achieving Balanced Results
2. Creating Value for Customers
3. Leading with Vision, Inspiration & Integrity
4. Managing by Processes
5. Succeeding through People
6. Nurturing Creativity & Innovation
7. Building Partnerships and
8. Taking Responsibility for a Sustainable Future

2.4 Baldrige Criteria for Performance Excellence

The Malcolm Baldrige National Quality Award framework (also known as the Baldrige framework, the Baldrige Criteria, or the Criteria for Performance Excellence), is an integrated management framework that considers an organization's entire system, including its

1. Leadership
2. strategic planning
3. customer focus
4. measurement, analysis, and knowledge management
5. workforce focus
6. operations focus
7. Results

Developed in the 1980s by the U.S. government, CEOs, and leading management and quality gurus, the framework is now used by public and private organizations across all sectors of the U.S. economy and around the world to deliver ever-improving value to customers and stakeholders, to contribute to organizational sustainability, and to improve overall organizational effectiveness and capabilities, as well as to contribute to organizational and personal learning. The model also serves as assessment tool for understanding organizational strengths and opportunities for improvement.

Performance Excellence is the trademarked term used in the Baldrige Criteria as an integrated approach to organizational performance management.

2.5 Process phases

Because of the blend of different methodologies that have specific phases within their processes, Business Excellence demands four phases:

1. Discover/Define
2. Measure/Analyze
3. Create/Optimize/Improve

4. Monitor/Control

Those phases evolve within the growing organization, driving constant monitoring, optimization and re-evaluation, and fit together with the Six Sigma core process named DMAIC or the improvement circle named PDCA which can also be found in ISO 9001.