



Articles & Commentaries



p-Watch — Australia



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Business Excellence Frameworks as the No.1 Productivity Improvement Tool

Some would say that the business excellence framework is another one of those management fads that will pass, just like process reengineering, TQM, QA, customer service, lean manufacturing, just-in-time inventory, the balanced scorecard, best practice benchmarking, etc. However, well-informed observers know that the whole productivity-related alphabet soup of abbreviations and acronyms is wrapped up in the single package known as the business excellence framework.

“...the business excellence framework provides a vehicle that can assist the top management to measure performance and to plan effectively for the future while delivering superior customer service.”

The business excellence framework is a contemporary dynamic framework for managing an enterprise for sustainability and improved competitiveness. The most well known is the Malcolm Baldrige National Quality Program—Criteria for Performance Excellence, which came into existence in late 1987. Other national brands carry associated titles like National Quality Awards or the Business Excellence Framework, but all are slight adaptations of the original Baldrige criteria. Recent research has shown that there are about 70 identifiable business excellence frameworks worldwide. In the USA, there are 44 active state and local quality award programs in 41 states. There are adapted criteria for health and education as well. Further examination reveals there is about a 90% correlation between them all, and the body of knowledge is similar and now very considerable.

Award recipients have presented their achievements to thousands of organizations and they delight in telling their success stories. The business excellence framework criteria are about winning in your market every day with high performance, integrity, and ethics. Whether the organization is large or small, involved in manufacturing or service, or in the public or nonprofit sector, the business excellence framework provides a vehicle that can assist the top management to measure performance and to plan effectively for the future

while delivering superior customer service.

Participation in awards program has valuable benefits. It is designed to strengthen the competitiveness of enterprises to:

- ▶ Help improve organizational performance practices, capabilities, and results;
- ▶ Facilitate communication and sharing of information on best practices among organizations;
- ▶ Serve as a working tool for understanding and managing performance; and
- ▶ Guide strategic planning and opportunities for learning.

The key criteria embedded in the business excellence framework are also designed to help organizations deliver continuously higher value for customers and other stakeholders, upgrade overall organizational capabilities and effectiveness, and improve enterprise and individual learning outcomes.

All business excellence frameworks encompass the following set of interrelated core values and key criteria for high-performing organizations:

- ▶ Visionary leadership;
- ▶ Customer-driven excellence;
- ▶ Organizational and individual learning;
- ▶ Valuing the workforce and business partners;
- ▶ Agility and flexibility;
- ▶ Focus on strategy;
- ▶ Encouraging innovation and creativity;
- ▶ Management by facts and data;
- ▶ Corporate governance and social responsibility;
- ▶ Focus on business results and creating value; and
- ▶ Process-driven systems perspective.

“The aim of the business excellence framework and the application process is to create an environment for sustainable continuous improvement.”

A recent APO multicountry study mission to Australia on Business Excellence met at the conclusion of the week and summarized the findings and observations. The collective observations correlated closely with the key business excellence framework criteria above. Several participants noted the apparent strong inspirational leadership at all levels in the Australian enterprises visited. This was visible leadership by example through the implementation of a clear vision and mission. The desirability of a value-based culture to underpin strong leadership was also mentioned. In addition, the importance of communication and the methods for communicating messages at all levels of the organizations were noted.

Developing a corporate culture of continuous improvement was a common theme in all the Australian enterprises. Inspirational leadership and sound governance provided accountability and responsibility throughout the organizations. It was apparent that a focus on strategy was part of the planning

process, and the need for organizational alignment for better results had been recognized. Enthusiasm was apparent, and the challenge to “just start” on the business excellence and quality journey was a message that many visitors received positively.

Customer retention was considered vital in the Australian enterprises visited, and the management of customer feedback played a major role in informing management of customer satisfaction levels. Supply chain management was seen as utilizing business partnerships to deliver better customer service. The measurement of processes and results in many instances was demonstrated by the use of data and data analysis. Obtaining timely and accurate data is vital to managing and improving processes. The use of statistical process control to assist in benchmarking exercises and improve system organization was considered essential.

A human resources focus was evident in the enterprises visited in Australia. The importance of knowledge and experience, and the commitment to “experience excellence” and build on creativity and innovation were seen as the key to excellence. An emphasis on work-life balance for better workforce morale was evident. Most organizations expressed the importance of internal harmony, of winning the hearts and minds of the workforce, and the utilization of imagination instead of memory. Building the skills and competence of all staff and encouraging teamwork showed how people are valued. Many representatives of the enterprises visited pointed out that it was essential to recognize different perspectives but to have a common vision.

The importance of business process management in breaking down silos and managing the business better was highlighted, because quality improvement is a moving target driven by increasingly higher customer expectations. Several noted the reality that the journey to business excellence and continuous improvement never ends. Benchmarking as an essential learning tool for continuous process improvement was pointed out consistently throughout the visit. Business results should be seen as the outputs and they demonstrate whether an enterprise is being managed effectively. Practical productivity improvement starts at the enterprise level and should be encouraged to “spread like a virus” throughout the whole organization and to suppliers, vendors, and customers.

By utilizing the business excellence framework in a systematic way, enterprises can take advantage of a proven set of criteria to identify strengths and opportunities for improvement in a way that is understood by both management and the workforce. The aim of the business excellence framework and the application process is to create an environment for sustainable continuous improvement. Winning an award or being recognized is not the key driver for most enterprises. Increased productivity is.



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