



Productivity methodologies, tools, and techniques

Business excellence framework

Introduction

Business excellence (BE) frameworks are widely used around the world to enhance the productivity and quality of organizations, share best practices, and recognize achievements. It is estimated that some 80 countries have national awards based on these frameworks. The most well known are the BE frameworks adopted for the US Malcolm Baldrige National Quality Award, and European Foundation for Quality Management Excellence Award. The BE frameworks used in Singapore and other APO member economies are closely aligned with or based on these models.

Research has found that organizations that have adopted BE frameworks enjoy better financial performance, customer satisfaction, and productivity compared with their competitors. In the USA, BE award winners have generally outperformed their peers by a factor of 6.5 to 1 in terms of stock market performance. They also experienced increased sales, income, and total assets. In Europe, a study of 120 BE award winners found that the winners outperformed companies that were similar in size and operating in the same industries over an 11-year period.

Structure of the BE framework

The BE framework touches every key element of managing the productivity and quality of organizations, such as leadership, planning, information, people, processes, customers, and results (Figure 1). For each of these elements, the framework helps organizations improve their ability to analyze existing performance, set priorities, implement initiatives, and evaluate accomplishments.

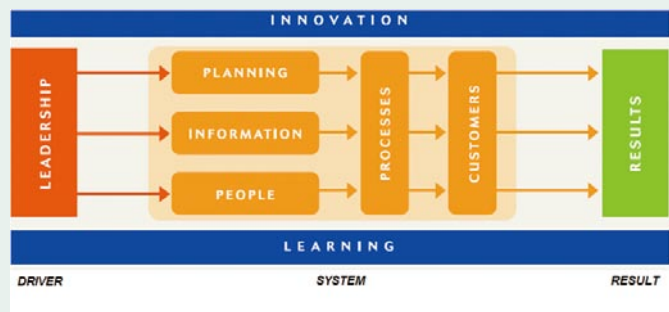


Figure 1. BE framework adopted in Singapore.

The framework also helps an organization adopt a holistic view in addressing its needs. For example, an organization might not have a human resources plan to support its strategic directions, or even if it has one, it might not be aligned with the organization's strategic plan. The framework will force strategic alignment and direction because its elements form an integrated set. Hence, it is important for managers to know how elements of the organization interact and how these interactions affect the performance of the organization as a whole.

The requirements of the BE framework are built on a set of interrelated key attributes that define the characteristics of well-managed, high-

performing organizations in a challenging environment. These attributes include visionary leadership, customer-centric excellence, innovation focus, organizational and personal learning, valuing people and partners, agility, knowledge-driven systems, corporate social responsibility, result orientation, and systems perspective. In addressing the framework requirements, managers should note that the emphasis on the various attributes may vary from organization to organization depending on the operating environment and challenges.

The BE framework also has a scoring system that helps organizations know where they are on the excellence journey. The system evaluates the approaches adopted by the organization to improve performance, the deployment of these approaches, and the results achieved by the organization.

Benefits of adopting the BE framework

The BE framework enables organizations to excel by providing:

- A robust framework, benchmarked against world-class standards;
- A clear view of what needs to be done to improve continuously;
- An approach to rally and energize everyone in the organization to move in the same direction to create customer value; and
- A roadmap for sustainable development

The profiles of BE-certified organizations and BE award winners range from government agencies to home-grown small businesses like Tru-Marine and Teckwah Industrial Corporation to international giants like Philips and the ST Engineering Group. This demonstrates that any organization can adopt the framework to improve performance.

Case study summary: BE in Tru-Marine

Tru-Marine Pte Ltd, a Singapore SME, is the second-largest global player in the marine turbocharger repair industry. Using the BE framework, the company addressed the key challenges of maintaining its competitive edge, retaining its talent, optimizing resources, and continuously innovating. The framework enabled the company to align its productivity improvement initiatives such as kaizen and Six Sigma with its business objectives.

As a result, Tru-Marine achieved double-digit revenue growth from 2004 to 2008. Its labor productivity, averaged over the period from 2007 to 2009, was double the industry average.



Contributed by Darshan Singh (L) and Steven Phua from the APO Center of Excellence (COE) for BE in SPRING Singapore. The COE's role is to help APO member countries develop and enhance their BE initiatives and promote the sharing of BE best practices.