

“Criteria Requirements of the European Business Excellence Model – A Suggested Approach”

George A. Bohoris
Department of Business Administration
bohori@unipi.gr

Evanthia P. Vorria
Department of Business Administration
evanthia vorria@yahoo.gr

Abstract

Purpose – The European Business Excellence Model is nowadays a familiar framework, used for a spectrum of purposes, with the most frequent aim from its full deployment being the attainment of organizational success. The Model’s requirements however involve abstruse management concepts and thus, there is, frequently, a significant variety within the suggested approaches to face the criteria requirements. Although, such integrated business excellence models should not necessarily be of a very prescriptive nature, allowing for deployment latitude among sectors and types of businesses, a more homogeneous basis of suggested approaches to the requirements maybe a welcome basis by both academics and business people.

Design/methodology/approach – Integration of the known references, stemming from both literature and best practices made available, to form a well defined basic framework of suggested approaches to the Model requirements.

Findings – The findings associated with sub-criterion 1a of the EBEM (“*leaders developing the mission, vision and culture*”) are being reported in this paper.

Research limitations – Most of the relevant information describing current, applicable business practices is not publicly available, and has to be deduced mainly from responses to questionnaires.

Originality/value – Specific frameworks of suggested approaches for the well known Model requirements have not, as yet, been made available in the literature.

Introduction

There is no doubt that Business Excellence Models, such as the European Business Excellence Model (EBEM) and their basic characteristics are in the focal point of many studies. But an increased degree of variability in interpretation among practitioners, authors, researchers and academics is also noticed. The authors aim to compile a study, that resolve all questionable concepts referred to EBEM.

This research comes to answer questions, as what extend can we operationalize EBEM’s requirements, have a common understand across industries and present model implementation pathways. A secondary target is to create a reference database with definitions of key terms involved, relevant literature, best practices and interrelations between EBEM and other Performance Management Frameworks, as well.

This paper focuses on sub-criterion 1a, as an attempt to explain this new approach of the Models requirements' operationalization.

The European Business Excellence Model (EBEM)

EFQM Excellence Model is a framework based on 9 criteria. The first five are “Enablers” and the last four are “Results”. The “Enabler” criteria cover what an organisation does. The “Results” criteria cover what an organisation achieves. There are two approaches to explain the model. One approach is based on the idea that the results are caused by the “Enablers” and the second enablers are improved using feedback from “Results”. The Model is based on the premise that:

Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy, which is delivered through People, Partnerships and Resources, and Processes. (www.efqm.org). The EFQM Model is presented in Figure 1.

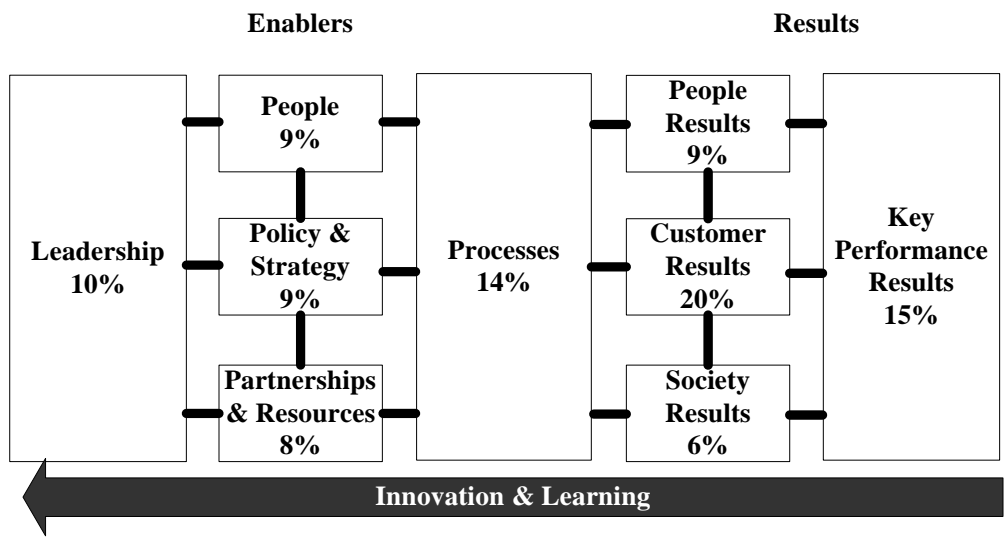


Figure 1: The EFQM Excellence Model (www.efqm.org)

The RADAR logic

In the heart of each Performance Management Framework there is an assessment and measurement tool. This tool for EBEM is the RADAR card. There are two forms of this card. The first one refers to the Assessment, Deployment, and Assessment & Review of the approaches of each Enabler-Criterion, when the second one has to do with Results by allocating the performance Measures or Indicators and their trend, targets, causes and comparisons with competition (EFQM Assessor Scorebook, 2003).

Criterion 1: Leadership

The first criterion of this Model is “Leadership”. The authors in a previous research have concluded the differences between leadership and management from the business excellence view (Bohoris G., Vorria E., 2007). The output of this research was that while managers are the people to whom management tasks are assigned, and they achieve the desired goals through key functions of planning and budgeting, organizing and staffing, problem solving and controlling, leaders set a direction, align people, motivate and inspire (Kotter, 2001).

According to the research the first criterion of the EBEM refers exclusively to leaders, as executives (Collins, 2001). Additionally, one of TQM basic concepts and preconditions of an effective implementation of Business Excellence Framework is leadership commitment (Edgeman, Rodgers, 1999). According to EBEM, excellent organizations have leaders that “develop and facilitate the achievement of the mission and vision...” (Assessor Scorebook, 2003).

Criterion 1 of EBEM is divided into four sub-criteria. The sub-criterion 1a is the authors’ first example to begin with.

Sub-criterion 1a: “Leaders developing the organizational Mission, Vision and Culture”

Basic definitions

It is always difficult to implement a requirement, when there are theoretical and not well-defined concepts involved. Before the presentation of all empirical findings, authors find crucial to study all the definition appeared at sub-criterion 1a of EBEM.

It is really important for organizations to develop a clear sense of their vision, mission and values at all levels to provide clarity about direction, priorities and behavior (Ancrum R., 2007). Leaders, who are responsible for this procedure, should align their own values and personal ethics with the organization’s culture, in order to sustain all emerged advantages.

But let’s study the basic definitions of sub-criterion 1a with more details:

- Mission

Mission is the organization's reason for being and its purpose (Evans J.R., Lindsay W.M, 2002). Mission statement is unique for every organization. According to a literature review, the components that must be included in a mission statements varies, i.e purpose, values/beliefs / philosophy, business strategy/competitive position, behaviour standards and policies, corporate level aim/goals, self-concept, public image, location, technology, concern for survival (Bart & Baetz, 1998).

Mission Statement Components

A mission statement should not be a slogan. It is a statement that indicates the organization’s image. Sufi and Lyons (2003) compile a literature study for the important mission statement components. According to their findings the most common mission statement components are:

Mission Statement Components	Frequency (%)
Customer Focus	95
Communication	90
Survival	86
Values	86
Employee care	76
Quality/innovation	71
Public image	67
Business	62
Location	43
Self-concept	33

Table I: Mission Statement Key Components (Sufi and Lyons, 2003)

A mission statement should convey a picture of future, appeals to the long term interest of all stakeholders, provide guidance in decision-making and allow individual initiative and alternative responses in a changing environment (Rigsby & Greco, 2003)

Another important factor about mission statement is to be short, easy to remember and written in plain words, so to be understandable. For example, Microsoft's mission statement is: "*A computer on every desk and in every home*". It is a short and promising statement. It refers indirectly to Microsoft's customers, i.e. people who use computers for work (desk) or for fun (home). It also gives the message that it is easy to obtain one computer, as Microsoft's mission is to "see" one PC in every home (Cousins M., 2005).

Developing a Mission Statement

Developing the organizations first mission statement is not an easy effort. It's a process with specific steps. Depending on the nature of business the process varies. Managers should examine all the unique characteristics of their organization and then implement the appropriate developing process. The common steps for the developing of a mission statement include the establishment of a working team, the elucidation of the basic elements, the articulation and the communication of the mission statement. There is always a review step that takes place periodically in order to revisit the statement and adapt the contemporary market evolution (Wickham, 1997).

Effective Mission Statement

A Mission Statement demands some preconditions, in order to work properly and be effective. First of all top management should support the whole attempt. Only when leaders are committed, understand and communicate this effort, is it possible to have the desirable results. Second, managers should not forget that the stakeholders' needs and demands is their top priority (Ireland & Hitt, 1992).

Mission Statement Failure

The main reasons why many times the mission statement is not successful are included below:

- There is a diverse and large set of stakeholders
- Mission statement has to conform with the status quo

- Confidentiality is needed
- Mission statement is controversial
- Time spent with operation matter only (Ireland & Hitt, 1992)

Value of a Mission Statement

Besides the communication with customers and employees, effective mission statement can also be a valuable strategic tool. According to Mullano (2002), when top management is committed and involved, can help in the allocation of the key concepts of the Mission Statement, with elements from all organizational functions and management levels. Thus strategic targets are recognised and a appropriate set of measurements are suggested to evaluate the organizational performance.

- **Vision**

Vision is what an organization dreams to accomplish in the near future Vision statement is not true at the present. It's future targets that organization aim to achieve, beginning with the present mission statement and implementing the chosen strategic plans (Strange & Mumford, 2005).

Effective Vision statement

Collins and Porras (1991) compile a study on what are the basic questions a vision statement should include, in order to be used effectively. Concluding the studies analysis, the vision statement's key elements are the future orientation, clear purpose and directions, inspiration and enthusiasm, uniqueness and a balance between ambitious, high ideals and reality.

Value of a Vision Statement

One of the many benefits of an effective vision is the increasing easiness of performance measurement. A vision containing concrete goals makes it easier to track successes and identify early warning signs of ineffective programs. Furthermore, a clear vision statement highlights gaps in talent, funds, or facilities. Specific goals are useful as executives and managers concentrate on what resources they need but lack. Finally, employers that participate in developing a vision and mission statement are often more efficient and happier (Kilpatrick, Silverman, 2005).

- **Culture**

Culture consists of some combination of practices, values and beliefs, while it underline the appropriate behavior. Another definition of culture is: "a system of shared values defining what is important and norms, defining appropriate attitudes and behaviors..." (Detert et al, 2000)

Many researchers also use the concept of organizational climate. But there are controversial opinions. There are researchers who believe that culture and climate are exactly the same, while others believe that the differences refer to the level of analysis, the methodology followed and the theoretical foundations (Denison, 1996). However, EBEM refers to culture of excellence, which includes all the norms, values and beliefs needed for a successful journey to excellence.

Value of Culture of Excellence

Saffold compile a study (1988) in order to prove the strong linkage between culture and performance. He believes that cultural change can affect the performance measurements. Suggested measures are about

climate formation, organizational learning, behavior control, strategy formulation, social efficiency and leadership.

Adopting the new culture norms is not easy. Employers feel insecure and resist change. Only when leaders act as role models, be open and inspire trust, can this organizational culture transformation become a reality (Strebel, 1996).

Values

Corporate values are the basic principles that guide all of an organization’s actions. Managers should understand the different types of values, so they are meaningful and not just some slogans on a wall. According to Lencioni (2002), values can be separated into the following categories:

- Core values – deeply ingrained principles used for guidance and often reflect the owners’ values. They must be maintained at all costs
- Aspirational values – values that the organization need to succeed in the future. These values need to be carefully managed to ensure that they do not dilute the core.
- Permission-to-play values – the minimum behavioral and social standards required of any employee. They never help to distinguish the organization from its competitors as they vary a lot.
- Accidental values – values that arise spontaneously without being cultivated by leaders. They can have a positive or a negative affect on the organizational culture.

Many studies have been made for evaluating the relevance between organizational culture and effectiveness. Denison and Mishra (1995) concluded in their study four traits of culture in an empirical model, that includes external and internal orientation with critical factors as change and flexibility, stability & direction.

This empirical model that align mission and organizational culture is shown below:

External Orientation	Adaptability	Mission
Internal Orientation	Involvement	Consistency
	Change & Flexibility	Stability & Direction

Figure 2: Empirical Model of Culture Traits (Denison and Mishra, 1995)

The second part of this paper refers to a presentation of bibliographical and empirical approaches to sub-criterion 1a of EBEM. Namely some methods on how leaders develop the organization’s mission, vision and culture, will be presented and discussed.

Approaches to sub-criterion 1a of EBEM

EFQM has recently released a publication (2001) about some tools being used to approach EBEM (www.efqm.org/excellenceone). Among the suggested tools there are two processes about the developing of a mission and the vision statement. The steps of this process are:

1. Decide whom to involve
2. Brainstorm what the organisation is doing
3. Define 2 to 3 competencies that are critical
4. Define customers
5. Define where the organization operates (geographically & cyberspace)
6. Build a first draft, that should be forward looking and credible
7. Test reactions within the organisation.
8. Communicate the mission (via email, organizational paper, intranet, etc)
9. Observe reactions
10. Review if it is necessary

On the other hand, according to EFQM toolbox, creating a vision statement involves the following steps:

1. Identify all the stakeholders
2. Define a time horizon.
3. Brainstorm the vision specific to each of the stakeholders.
4. Develop the sentence that will be your vision statement for each stakeholder.
5. Ensure that the vision statement, as a whole, is consistent.
6. Communicate the mission (via email, organizational paper, intranet, etc)
7. Observe reactions
8. Review if it is necessary

Oakland et al (2002) suggested another similar approach about the development of a mission and vision statement. They suggested that managers should conclude a draft mission statement and after they communicate it to all stakeholders, go forward with the appropriate changes and finish with all the revisions, made after team meetings, they record the final statement as part of the Quality Management System.

Another approach to sub-criterion 1a comes from Lever Faberge Ltd (part of Unilever). It's a company that is no strange with performance evaluation and self-assessment. Although the factory department has won a lot of awards, the environment continuous to change, i.e. increased competition, demanding customers, etc. In order to face those changes, managers have decided to adopt a new methodology named "strategy into action". They recognized that the real challenge lays in bridging the gap between drawing up the strategy and communicating it to every employee. This methodology involves the development of organizational mission, vision, critical success factors and the implementation of all action plans to the shop floor with everybody's participation. When everyone feels equal to each other and empowered to express its opinion free, a clear mission and vision statement can be developed and it's much easier to conduct a framework of activities aligned to realize the vision.

According to Lever Faberge's managers, this methodology has results, as turnaround in customer service performance, manufacturing innovation and in the culture of the organization. They now underline that everybody's participation counts a lot in performance evaluation, improvement and sustainability (James, 2005).

After studying organizations that have applied for the three EBEM Excellence Levels in Greece (www.eede.gr), one of the most common approaches to sub-criterion 1a is shown in figure 3.

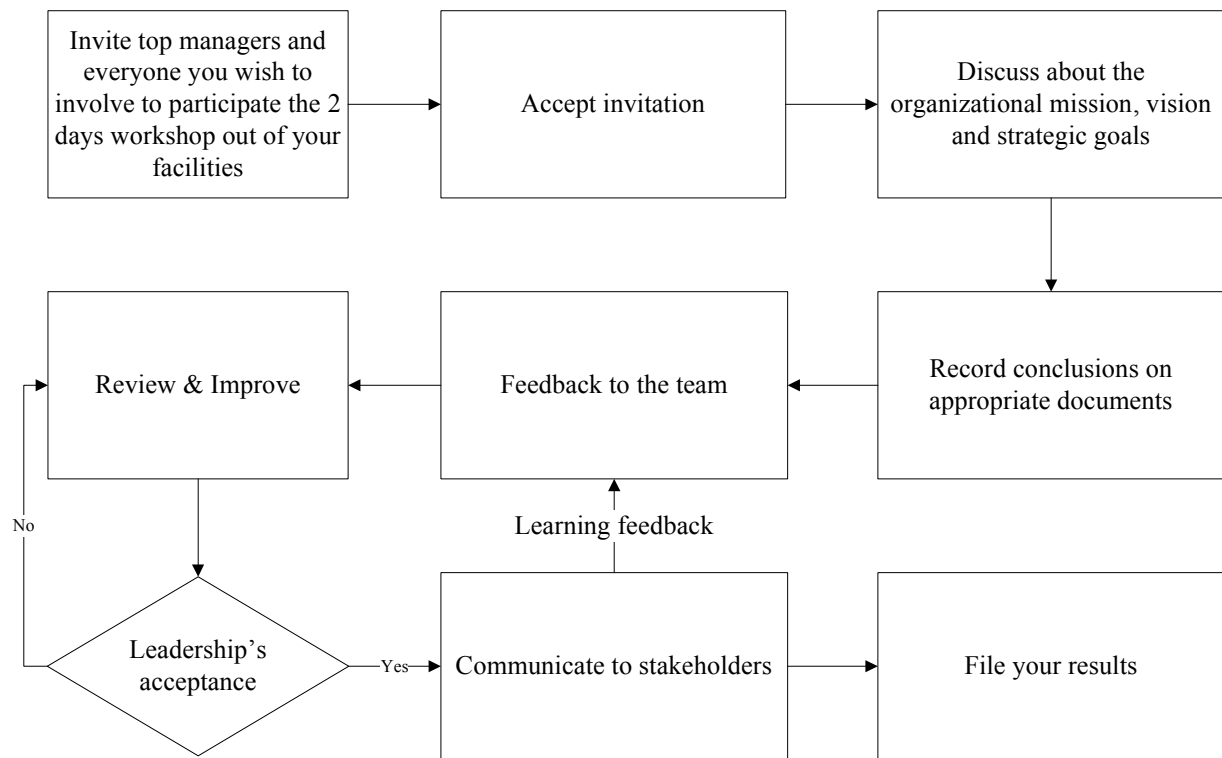


Figure 3: “Workshops to develop the organizational Mission and Vision”

“Radarise Best Practices”

The approach with best results for the organization’s performance regarding to requirements of sub-criterion 1a, is called Best Practice. As mentioned above performance evaluation is made with the RADAR logic. Thereby, each approach must be evaluated for its soundness, integration, implementation with a systematic way and its measurements, learning and improvement topics.

Authors suggest a new unique method to help managers assess each approach that is developed in order to satisfy the EBEM requirements. According to this method, managers have to answer the 7 W’s questions about the suggested approach, i.e., who, when, where, what, which way, to whom and which other way. The next step is to examine the approach’s rationale, if it is a well-defined process, and finally if it meets all stakeholders needs. At the same time the suggested approach should be integrated, namely examine if it supports policy & strategy and is linked to other approaches.

In order to check the approach’s deployment, managers have also to examine its implementation path and its systematic deployment in a structured way with well-defined methods. Furthermore, they should evaluate the approach’s effectiveness, its deployment efficiency and the appropriateness of the measurement framework. Finally, they shouldn’t forget to recognize best practices, identify improvement opportunities and organize action plans (Assessor Scorebook, 2003).

Conclusions

EBEM is the most known framework for self-assessment in Europe. The last decade greek organizations began their journey to excellence, as well. Over 80 Greek and Cyprian organizations have already applied for the three levels of excellence based on EBEM.

The next step of this research is the development of a questionnaire addressed to organizations that use EBEM as a self-assessment tool. Questions about the mission and vision statement and the organizational culture and how they are developed, will reveal the gap between the empirical approaches and the ideal best practices.

As it is mentioned above, one of the research's aims is to establish a database of best practices that satisfy the Model's requirement. Further future study will conclude this target, as many organizations in Greece recognize the EBEM's contribution, and adapt this framework as a self-assessment instrument. Shortly more data will be available to fill in this useful database of best practices.

References

- Ancrum R. (Dec.2006/Jan.2007), "The principal's principles", *Financial Management*, pp.57-58,
- Bart C. K., Baetz M.C. (1998), "The relationship between Mission Statements and firm Performance: an exploratory Study", *Journal of management Studies*, Volume 35, Number 6, 0022-2380
- Bohoris G., Vorria E., "Leadership vs Management: A Business Excellence / Performance Management view", QMOD 2007
- Collins J.C., Porras J. I., (1991), "Organizational Vision and Visionary Organizations", *California Management Review*, Fall 1991
- Collins, J., (2001), "Level 5 Leadership, The Triumph of humility and fierce resolve", *Harvard Business Review*, Vol. 79 Issue 1, p.66-76
- Cousins M., Beagrie S., (2005), "Personell Today", 22/2/2005, pp.35
- Denison D.R. & Mishra A. (1995), "Toward a Theory of Organizational Culture and Effectiveness", *Organization Science*, Mar/Apr95, Vol. 6 Issue 2, p204-223,
- Denison D.R., (1996), " What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars", *Academy of Management Review*, Volume 21, Number 3, pp. 619-654
- Detert J.R., Schoeder R.G., Mauriel J.J., (2000), "A framework for linking culture and improvement initiatives in organizations", *Academy of Management Review*, Volume 25, Number 4, pp. 850-863
- Edgeman R.L., Rodgers T., (1999), " Leadership ESCAPE FROM Organizational Nihilism: Leadership Core Values for Business Excellence", *International Journal of Applied Quality Management*, Vol. 2 No 1, p. 117-125
- Evans J.R., Lindsay W.M, "The management and control of Quality", South – Westrn College Publishing, 5th Edition, 2002
- James C., (2005), "Everyone's contribution counts", *Works Management*, Vol. 58 Issue 3, p37-38
- Ireland R.D., Hitt M.A., (1992), "Mission Statements: Importance, challenge, and recommendations for development", *Business Horizons*, May-June 1992
- Kilpatrick A., Silverman L., (2005), "The power of vision", *Strategy & Leadership*, Volume 33, Number 2, pp. 24-26
- Kotter, J. P., (2001), "What leaders really do?", *Harvard Business Review*, Vol. 79 Issue 11, p.85-96
- Lencioni P.M., (2002), "Making your values mean something", *Harvard Business Review*, July 2002
- Mullane J.V., (2002), "The mission statement is a strategic tool: when used properly", *Management Decision*, Volume 40, Number 5, pp. 448-455

- Oakland J., Tanner S., Gadd K., (2002), "Best practice in business excellence", Total Quality Management, Volume 13, Number 8, pp. 1125-1139
- Rigsby J. & Greco G., (2003) "Avoiding Vision Problems/ Building a Foundation For Strategic Plans", Vol. 7 Issue 8, p30-32
- Saffold G.S. III, (1988), "Culture Traits, Strength, and Organizational Performance: Moving beyond "strong" culture", Academy of Management Review, Volume 13, Number 4, pp. 546-558
- Strange J.M., Mumford M.D., (2005), "The origins of vision: Effects of reflection, models, and analysis", The Leadership Quarterly, Volume 16, pp. 121-148
- Strebel P., (1996), "Why do employees resist change?", Harvard Business Review, May-June 1996
- Sufi T., Lyons H, (2003), "Mission statements exposed", International Journal of Contemporary Hospitality Management, Volume 15, Number 5, pp. 255-262
- Wickham P.A. (1997), "Developing a mission for an entrepreneurial venture", Management Decision, Volume 35, Number 5, pp. 373-381
- www.eede.gr
- www.efqm.org
- www.efqm.org/excellenceone