

THE EFQM SELF-ASSESSMENT MODEL IN PERFORMANCE MANAGEMENT

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Performance management, EFQM, self-assessment

good practice adoption include benchmarking, skill and job training, customer orientation, problem solving, and waste elimination.

ABSTRACT

Organizations are seeking new, integrated systems that enable rapid changes through early identification of opportunities and problems, tracking of progress against plans, flexible allocation of resources to achieve goals, and consistent operations.

In performance management a new category of systems and processes have been setup linked with the need to integrate strategy and key indicators of performance into management processes, and to exploit technology to improve monitoring, management reporting, and decisionmaking.

Starting from the EFQM model we identified critical performance indicators that will result in improving business performance on the path to excellence. We developed a tool SCAN consisting of questions about 42 aspects. We developed a system SCANA reporting over the answers of the management team.

1. BUSINESS PERFORMANCE MANAGEMENT

Performance management should be a main concern of every company. Organizations are seeking new, integrated systems that enable rapid changes through early identification of opportunities and problems, tracking of progress against plans, flexible allocation of resources to achieve goals, and consistent operations. Traditional systems, including ERP and business intelligence software, are not sufficient by themselves to meet this demand. Out of these requirements has emerged a new category of enterprise automation technology: Performance Management.

The term Business Performance Management (BPM) is used to represent a new category of systems and processes and it pinpoints the need to integrate strategy and key indicators of performance into management processes, and to exploit technology to improve monitoring, management reporting, and decisionmaking.

In research the following factors were identified as being good predictors of performance attainment: Strategy towards corporate and social responsibility, employee loyalty, staff responsiveness, customer satisfaction as well as market share, cash flow and costs. Predictors for

2. THE NEED FOR A MODEL AND THE EFQM EXCELLENCE MODEL.

Regardless of sector, size, structure or maturity, to be successful, organizations need to establish an appropriate management framework. The EFQM Excellence Model is a practical tool to help organizations do this by measuring where they are on the path to Excellence, helping them understand the gaps and then stimulating solutions.

The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing organizations for the European Quality Award. It is now the most widely used organizational framework in Europe and it has become the basis for the majority of national and regional Quality Awards.

This model is a non-prescriptive framework which recognizes that there are many approaches to achieving sustainable excellence. It can be used as a self-evaluation tool for organizations, large and small, public and private sector.

2.1. Characteristics of excellence

The Model, which recognizes there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy, that is delivered through People, Partnerships and Resources, and Processes.

The fundamental concepts or characteristics of excellence are:

- results orientation
- customer focus
- leadership and constancy of purpose
- management by processes and facts
- people development and involvement
- continuous learning, innovation and improvement
- partnership development
- public responsibility.

The EFQM model is based on those fundamental concepts or characteristics of excellence

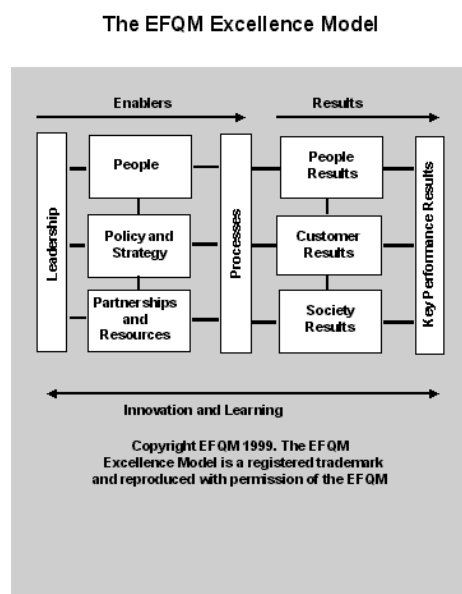
The characteristics of excellence have links to different evaluation areas and also to each other. Partnership development, for example, requires identification of partnerships, prioritization and setting objectives for partnerships such that they generate added value for customers.

In addition, customer focus in vocational education and training requires identification of the needs of customers, such as students and the world of work, development of products and services based on these, and monitoring and analysis of customer results achieved. Results should be used as a basis to improve operations and set new objectives.

2.2. The EFQM excellence model

The EFQM Excellence Model is a non-prescriptive framework based on 9 criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organization does. The 'Results' criteria cover what an organization achieves. 'Results' are caused by 'Enablers' and 'Enablers' are improved using feedback from 'Results'.

The EFQM Model is presented in diagram form below. The arrows emphasize the dynamic nature of the Model. They show innovation and learning helping to improve enablers that in turn lead to improved results



2.3. Criteria and sub-criteria used in the model.

The Model's 9 boxes represent the criteria against which to assess an organization's progress towards Excellence. Each of the nine criteria has a definition, which explains the high level meaning of that criterion.

To develop the high level meaning further each criterion is supported by a number of criterion parts. Criterion parts pose a number of questions that should be considered in the course of an assessment.

1. Leadership

Leadership is even as important as products and processes are. Management can motivate and stimulate in the way to continuous improvement.

- How is management engaged in creating a culture of continuous improvement
- How is management supporting the improvement activities
- How is management evaluating and motivating the staff?

2. Policy and strategy

The EFQM is concerned not just with product and service quality but is concerning itself with organizational policy and strategy. Policy deployment to ensure that the strategy is formulated and is known to management, is important.

- The use of relevant information supporting the formulation of the strategy.
- The formulation of the strategy
- The implementation of the strategy
- The communication about the strategy
- The evaluation and the improvement of the strategy

3. people

EFQM covers aspects of training and service quality, but it goes further requiring effective human resource development, teamwork, empowerment, rewards and career planning.

- the organization of personnel management
- deployment of expertise
- participation of staff in the organization

4. Partnership and resources

Suppliers are becoming partners with emphasis on mutual beneficial relationships. Development and use of knowledge is point for attention. On point of resources facilities need to be maintained for capability.

- The financial resources to realize continuous improvement.
- How effective is the delivery of information
- Relation with suppliers and the procurement function
- The role of technology and knowledge management

5. Processes

The focus of EFQM is on the key processes necessary to deliver the organization's strategy. Quality processes are important too.

- identification of the processes
- control and management of processes
- evaluation and improvement
- incentives to innovation and to renovate the processes
- implementation of process re-engineering

6. customer appreciation

The major box requires evaluation of customer satisfaction through surveys and interviews

- customer satisfaction
- Loyalty
- customer focus

7. functioning of people in the organization

People are supposed to be surveyed with ideas such as team briefings and suggestion schemes to know their appreciation of the organization

- satisfaction survey
- functioning in the organization
- personnel administration

8. Position in the society

EFQM asks the company to establish its impact on wider society, for example involvement in community activities.

- role and link with society

9. company results

EFQM requires measuring the results of the company in a BSC way

- financial measures
- operational measures

2.3. Use of the EFQM model

- The EFQM model is a tool that organizations may use for the following purposes, among others:
as a framework for **self-evaluation** that enables an organization to identify its strengths and areas for improvement and the extent to which its operations and results are in line with the characteristics of an excellent organization;
- As a way to **Benchmark** with other organizations
- As a guide to identify areas for **Improvement**

3. SELF-ASSESSMENT

EFQM believes that the process of self-assessment is a catalyst for driving business improvement. The EFQM definition of self-assessment is as follows:

Self-assessment is a comprehensive, systematic and regular review by an organization of its activities and results referenced against the EFQM Excellence Model. The self-assessment process allows the organization to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions that are then monitored for progress.

3.1. Benefits

Organizations have enjoyed various benefits as a result of undertaking self-assessment using the EFQM excellence model. Some of these included:

Providing a highly structured, fact-based technique to identifying and assessing your organization's strengths and areas for improvement and measuring its progress periodically
Improving the development of your strategy and business plan
Creating a common language and conceptual framework for the way you manage and improve your organization
Educating people in your organization on the Fundamental Concepts of Excellence and how they relate to their responsibilities
Integrating the various improvement initiatives into your normal operations

It is imperative when starting down the Self-Assessment path to be clear on what the desired outcomes are to reduce the risk of failure due to misplaced expectations.

3.2. How to do self-assessment?

There is no definitive answer to the question “which technique is the right one for my organization? There is no single “right” way to perform self-assessment. We adopted the questionnaire approach.

This technique can be one of the least resources intensive and can be completed very quickly. It is an excellent method for gathering information on the perceptions of people within an organization. Some organizations use simple yes/no questionnaires, others use slightly more sophisticated versions that use a rating scale. Self-assessment using standard questions designed to get the organization started thinking in terms of process improvement. Questionnaires can also be used to facilitate group discussions about improvement opportunities and to inform management workshops.

3.3. Our EFQM self-assessment tool SCAN.

We structured our self-assessment questionnaire following the main business functions of the organization. The management team, all of them being responsible for one or more business functions, will assess a set of selected management aspects. Future excellence will be dependent on them.

I. Corporate management

1. mission, strategic objectives
2. planning and organization built upon the strategy.
3. Information and knowledge in the organization.
4. to strain after improvements
5. communication
6. personal leadership of management

II. Operational management aspects

1. employees and staff members
2. procurement and relation with supplier

- 3.customer and market share
- 4.finance
- 5.environment (society and environment)
- 6.business process and product/service

SCAN is a self-assessment instrument. A questionnaire has been developed. A set of sub-criteria has been defined for each main criterion. A question has been formulated for each of the 42 aspects/sub-criteria. In each case we formulated 4 answers, presenting 4 fazes of growth to excellence for the aspect. The management team has to decide on:

- 1. What is the interest or relevance for the organization?
- 2. In which faze can the organization be positioned?
- 3. Which faze do they have in view?

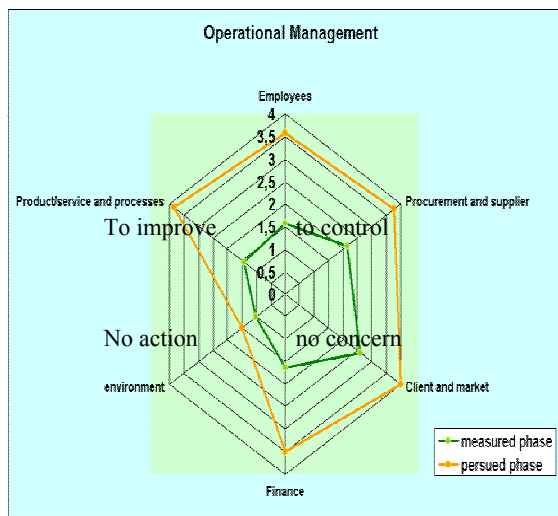
3.4. Our system SCANA

A system SCANA has been developed. The self-assessment data from the management team can put into this system. A self-assessment management report will be produced at the end of the assessment session.

At the end of the session some control and analysis reports were produced by the system.

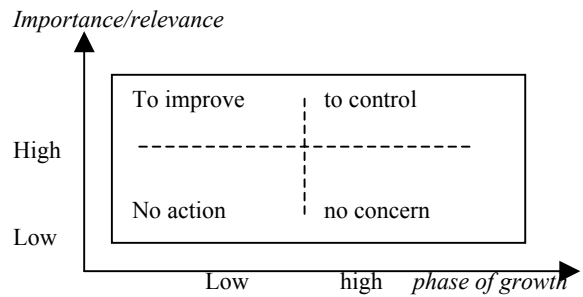
Two of them are shown in the following figures.

In a first report we can see the mean value of all main criteria being the mean value of the results of their sub-criteria aspects. The results can be compared with the faze they have in view too.



In the following figure we show this report, but we have taken the difference between the real measured phase and the faze in view for the future.

All aspects have been plotted on this chart.



Importance	(Operational) Management: Importance vs pursued evolution							
	3	2,5	2	1,5	1	0,5	0	Difference pursued - actual phase
	6.2.1 6.2.3	1.4	2.1	1.2.1	2.3 4.1 3.1.2 3.3			
E	1.5 6.1 6.2.2	4.3	1.1 2.2 3.1.1 3.2	4.2 4.4 6.3.1	2.4 1.3			
D			1.2.2 1.6		6.3.2			
C					5.2			
B							5.1	
A								

<p>Important, yet less developed IMPROVE/ENFORCE Development of the next CSF</p> <ul style="list-style-type: none"> 1.1 HR organisation job allocation 1.4 implementation of the concept of learning 1.5 individual process of growth 2.1 procurement 2.2 selection of suppliers 2.1.1 customer demand 3.2 demand of customers and prospects 4.2 budgeting and investment management 4.3 financial analysis 4.4 working capital and cash-flow management 	<p>Important and well developed CONTINUE Further succeed next CSF</p> <ul style="list-style-type: none"> 1.2.1 Empowerment of employees 1.3 training as a strategic option 2.3 order process 2.4 receipt of materials 4.1 Financial management 6.2.1 Process in product innovation 3.1.2 customer satisfaction 3.1.3 delivery of goods 3.3 market share
<p>Less important, not well developed NO ACTION Concerns the next CSF</p> <ul style="list-style-type: none"> 1.2.2 human capital 1.6 a pleasant working atmosphere 	<p>Less important, well developed PRESERVE/IN DOWN Further succeed next CSF</p> <ul style="list-style-type: none"> 5.1 relation to society 5.2 natural environment 6.3.2 Optimisation of the processes

The critical aspects are those marked as being in a low phase and being important at the same time. Those have to be improved.

The conclusions of this analysis form one of the main inputs in the discussion in the management team on how to continue.

4. THE LIMITATIONS OF THE EFQM SELF-ASSESSMENT.

Besides the EFQM excellence model, we can introduce the balanced scorecard (BSC) model.

Both tools are using measures of an organizations performance to drive organizational improvement, by highlighting current shortfalls in performance to management teams.

The BSC forms a much better basis for the development of a tool for the strategic management of an organization. Starting from the strategic goals the critical success

factors (CSF) were identified and by the way the performance indicators linked with them. Our suggestion is to mix the two models into one model. The EFQM model will have the primary role of self-assessment. The identification of the indicators and the reporting about the measures will be done in the BSC model. The decisions about the priorities of adjusting actions can be based on a strategy map. This strategy map is the result of the built-in structure of the BSC model and of the tree structure of the CSF's as defined by the management team.

5. CONCLUSIONS

It is an opportunity for management to control the company (better) on its performance. Performance management should be on the agenda of every company. Performance management is based on the identification of a set of indicators or business aspects and on their measures, delivering a good view of the performance of the organization

The EFQM model is a tool that uses measures of an organizations performance to drive organizational improvement.

We identified criteria or indicators to be measured. We developed a tool SCAN, being a self-assessment questionnaire following the main business functions of the organization. We developed a system SCANA that produces at the end of the self-assessment session some control and analysis reports.

Resulting from our experience in practice we decided to improve our performance management model by uniting the EFQM and the BSC model into one performance management model.

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