

The New South African Excellence Model: Incorporation of 'PDCA' and 'RTCK' elements using Causality Based Assessment Scoring

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Abstract

*As the 1997 South African Excellence Model completes its 16th year in 2014 (18 years - unchanged), and required upgrading and alignment in line with current management technology advancement and global practices. The updated 2014 SA Excellence Model (SAEMMIII) ® design makes the Model the first review and evaluation approach in Africa for disseminating information about Excellence in Management. The octagon design of the SAEMXII¹ and converting from 'Eleven' criteria to 'SEVEN criteria' focusses on 'operational excellence' and 'growth and development needs' in South and Southern Africa. Accordingly, five (5) **changes** from recognised excellence model conventions are incorporated.*

***Digression 1** provides for three (3) Levels of Criteria and Awards participation. This functionality recognises maturity across all organisational sizes and industry categories. **Digression 2** tests the no-prescription convention of criteria by providing an item-qualification with leading title indicators. **Digression 3** sees the replacement of the 'approach' and 'deployment' convention by the recognised 'PDCA' and 'RTCK' elements. **Digression 4** embraces the four quartiles of the HBR Balanced Scorecard and aims to remove the competition between the Balanced Scorecard and Excellence Models finally. **Digression 5** replaces the consensus scoring practice with a 'Causality' based Enabler and Result scoring methodology.*

Introduction

The SA Excellence Foundation and the SA Excellence Model (SAEM97²) initiated by the Council of Scientific and Industrial Research (CSIR) and SA Quality Institute (SAQI). During the 1997 - 2002 periods, SAEF conducted four award events and delivered assessment reports to applicant organisations across SADC. SAEF trained more than 1500 SAEM assessors and consultants using the SAEM97 Model. More than 15, 000 copies of the SAEM97 Criteria were distributed, and many Award Assessors served as Senior Assessors, and Judges. Post-2002 global economic pressures exposed the SA Excellence Movement to severe financial and resource constraints. In the

following years, no award events took place. Inspired by the vision of President Nelson Mandela (see below) the author and a group of passionate co-authors reviewed and assessed the significance of the earlier model and its applicability to developing economies.

"It is a source of great pride to be present at this event and observe how we South Africans are striving in various fields to attain excellence and to perform in ways that are comparable to best practices and standards across the world" opening address at the 2002 SA Excellence Awards¹

Research Methodologies

The SAEM97, USA Model (BPEP), EU Award (EFQM), Brazil Model (FNQ), and the HBR Balanced Scorecard (1992) continues to inspire the SAEMXIII. See Appendix 1, Table 1 for references, acknowledgements, model best practice, alignment, values and concepts.

Extensive research commenced in 2010, culminating in the launch of the SAEMXIII beta model on 1 August 2013. The outcomes rendered an **operational focus** rather than a generic **awards focus**. The FNQ, in particular, found favour for its **'developing country'** focus, criteria **relevance** and **ease of use**. The views of the FNQ Board of Curators affirm the collaboration, i.e.: **"An honour** to have the FNQ Excellence Model used as a **benchmark** by South Africa...! **22 years** of activities and the **20th Edition** of the Criteria and updated with **current global scenario**...! ..**Unanimous approval** of Curator Council Executive...!**Congratulations on clarity and transparency**...! ...we look forward to **continued collaboration**..."

The New SA Model

The value and values of SAEM97 continue in the spirit and norms of the SAEMXIII Model. The **Enabler Criteria (500 pts)** consists of **Leadership (100pts); Strategy and Planning (70 pts); Customer Focus (60 pts); Employee Management (90 pts); Resources Management (60pts); Core Processes (120 pts)**. The Results Criterion uses the HBR



Balanced Scorecard layout. It reflects **Organisational Results (500 pts), Customer - (170 pts); Financial - (90 pts); Human- (90 pts), and Growth and Development (150 pts)**. See Figure for the SAEMXIII Model. The SAEMXIII Model octagon design symbolises organisational fundamentals seen as a coherent structure embracing the PDCA elements rendering the model adaptable to most business environments. The structure indicates the immersion of the criteria in an **'information and knowledge'** environment. It suggests a structured and disciplined relationship with the PDCA elements that interlink with each other in an integrated and harmonious manner focusing on results as the outcome. Individually Criterion represents the deployment of a set of fundamental processes, e.g.,

- **Criterion 1: Leadership** – addresses the essence of essential Leadership and constancy of purposes, while
- **Criterion 2: Strategy and Planning** – discusses the vision of the organisation; the fundamentals of a systemic excellence view; organisational learning; proactive approach and innovation transfer to the performance of the Model as a whole are deployed into score factors as set

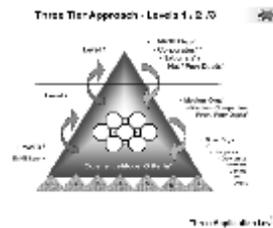
out later.

Views on the design approach are shared by Prof Denis Leonard, i.e., **"... best ideas from around the world! ...focus on what customer need! Impressed with honeycomb design! Wonderful benchmarking the success! ... Approach excellent one! ... Aimed at what business wants!**

The PDCA elements environmentally embrace the adjacent Criteria having twenty-one (21) sub-criteria representing 91 activities/processes, each with a specific requirement. Seventeen (17) sub-criteria address the **Enabler (Criterion 1-6)** activities, and while four (4) sub-criterion addresses the **Results (Criterion 7)**.

Model Application Levels (Digression 1)

In 1997, South Africa took a leading role by first offering levels of criteria for assessment. The SAEMXIII continues this benchmark



practice. See Figure for level specific relationships

- **Level 1** - Large organisations 6 Enabler Criteria / 17 Sub-criterion and **90** sub-criterion parts; 1 Results Criterion / 4 Sub-criterion / and 17 sub-criterion parts;
- **Level 2** - Medium organisations 6 Enabler Criteria / 17 Sub-criterion and **48** sub-criterion parts; 1 Results Criterion / 4 Sub-criterion / and 17 sub-criterion parts
- **Level 3** – Small / SME organisations 6 Enabler Criteria / 15 Sub-criterion and **25** sub-criterion parts; 1 Results Criterion / 4 Sub-criterion / and 14 sub-criterion parts.

In the period 1997 - 2001, some large South African organisations kick-started their Business Excellence programmes by first completing Level 3, then Level 2 and Level 1. **This route proved very cost effective with early maturity benefits!**

Enabler Criteria (Digression 2)

Enablers - Criteria 1-6

Although generic at a first glance, the sub-criterion parts are more operations aligned for use in 'developing' countries.

- **Leadership** – Leadership System; Culture of Excellence, and Performance Review
- **Strategy and Planning** – Strategy Development; Strategy Deployment, and Strategy Review



- **Customer Focus** – Customer and Market Knowledge; Customer Relationships, and Public Responsibility and Citizenship
- **Employee Management** – Work Systems; Employee Training and Development, and Quality of Life
- **Resources Management** – Supplier and Partner Management; Economic and Financial Management, and Information and Knowledge
- **Core Processes** – Process Design and Process Management

Sub-criterion Part Qualification

In contrast to the non-prescription convention, the SAEMXIII criteria **suggest** what activity needs addressing as shown in **bold and underlined** font below:

Leadership System

*c) How governance is implemented in the Organisation to maintain trust and protect the interest of all stakeholders **[Corporate Governance]**.*

PDCA and RTCK (Digression 3)

PDCA

Due to the continued differing interpretations of the concepts of **approach, deployment**, as used in other conventions, SAEMXIII applies to the renowned **PDCA** elements of **Plan, Do, Check, Action**. This digression has drawn favourable comments from operations and standards sectors.

Planning (P) - Strategies are developed to direct the organisation and its performance standards while directing its competitive position. Short and long term strategies and goals accordingly deployed considering the performance of competitors

Deployment (D) - The People in the workforce should work within an environment that fosters the consolidation of the culture of excellence, to adequately execute and manage the processes. In parallel, value for customers and striving to enhance supplier relationships are addressed by controlling costs, leveraging investments while financial risks are quantified and monitored.

Check / Control (C) - Controlling performance of the operational, economic and financial situation, customers and market, people, society, core business processes and support processes, and suppliers. Through Information and Knowledge,

these results are fed back to the entire organisation so that it takes the required actions to satisfy organisational learning.

Action (A) - The organisation's collective intelligence and resolve ensures the viability of performance reviews and the implementation of the necessary improvement actions.

RTCK

Similar to differing interpretations of the concepts of **results and scope**, as used in other conventions, SAEMXIII uses the **RTCK** results elements of **Results, Targets, Comparison, and KPI Link**. This digression gives new impetus to qualifying organisational results.

Results Criterion (Digression 4)

Results - Criterion 7

Compared to SAEM97 this is a major CHANGE! Its significance lies in the alignment of assessment results with the HBR Balanced Scorecard which aims to facilitate integration into current executive scorecard! The value-add received a favourable response from Professor Prabir Kumar Bandyopadhyay^v (Ph.D.), i.e.:

"...Very detailed work! adopting PDCA significant!BSC in Result Criterion removes unnecessary debate!and Model is simple!"

- **Customer Results** – Market Knowledge; Customer Relationships; Social and Environmental Responsibility
- **Financial Results** – Supplier Management; Economic and Financial Management; Information and Knowledge, and Performance Review
- **Human Results** – Work System; Training and Development; Quality of Life, and Leadership System
- **Growth and Development** - Culture of Excellence; Strategy Deployment; Strategy and Operations Review; Process Design and Process Management

Causality^v based Scoring Systems (Digression 5)

The PDCA and RTCK Elements alluded to in **Digression 3**; forms the base for the revised NASA^v based scoring guidelines. Enabler and Results particular scores sheets, catering for scoring bands were developed. The score sheets facilitate the assessment of process maturity in respect of the enabler and results elements using a 10% increment scoring guide.

Scoring using **PDCA elements** and **RTCK elements** are based on the following Causality Principals:



- ⇒ The cause and effect must be contiguous in space and time.
- ⇒ The cause must be prior to the effect.
- ⇒ There must be a constant union betwixt the cause and impact, and
- ⇒ The same cause always produces the same effect, and the same effect never arises but from the same cause. This principle derived from experience and were the source of most philosophical reasoning
- ⇒ Hanging upon the above, David Hume says that "where several different objects produce the same effect, it must be using some quality, which we discover to be common amongst them.", and
- ⇒ When any object increase or diminish with the increase or diminution of its cause, it is to be regarded as a compounded effect, derived from the union of the several different effects, which arise from the several different parts of the cause."
- ⇒ The adjacent Table share the Causality based impact for both PDCA and RTCK

Results R-T-C-K Score Example:

- ⇒ Similarly, assume scores are; [Result] 80%; [Target] 75%; [Comparing] 70%, and [KPI] 65% - then the Results Index (OX) score calculation is as follows: $(90\% \times 85\% \times 75\% \times 65\%) \times 100 = 37.0$, or $(370 / 1000) =$ Above Average!

PDCA	Plan	Execute	Verify	Improve	Input Index (IX)
	100%	100%	100%	100%	100
	95%	95%	90%	85%	69
	90%	85%	80%	75%	40
	85%	80%	75%	70%	36
	80%	75%	70%	65%	27
RTCK	Results	Target	Comparison	KPI	Output Index (OX)

Enabler P-D-C-A Score Example:

- ⇒ Assume scores are; [Planning] 95%; [Doing] 95%; [Checking] 90%, and [Action] 85% - then Enabler Index (IX) score calculation is as follows: $(95\% \times 95\% \times 90\% \times 85\%) \times 100 = 69$, or $(690 / 1000) =$ Enabler Score = Award Winning!

Conclusion

The SAEMXII electronic scoring tool (adjacent) facilitates PDCA scoring, and renders overall scores for all Criteria, i.e. Leadership: *Index of 41(%)* and consensus *Goal* for the next cycle of 48!

- ⇒ Apropos Item 3 above the *Leadership* point score (100pts) the assessment point score is 41 Points.

LEADERSHIP SCORECARD												
ENABLER SCORECARD											41	48
Item	Enabler	-	P	D	C	A	Plan	Deploy	Assess	Action	Index	Goal
							82%	80%	79%	77%	PDCA	2013
100	Leadership											
101	CSO Excellence Program (GOE)	4.3	7.5	7.8	6.5	6.5	75%	78%	65%	65%	24.5	40
102	Corporate Governance	3.3	9.0	7.8	7.8	7.5	90%	78%	78%	75%	41.9	51
103	Leadership Development	4.3	8.5	7.8	7.8	7.5	85%	78%	75%	70%	34.6	43
104	Institutionalise Service Culture	2.5	8.8	8.5	8.5	8.0	90%	83%	83%	78%	48.1	53
105	Promote Integrity	2.5	8.8	8.5	8.5	8.0	88%	85%	85%	80%	50.6	54
106	Communication(Internal)	4.0	7.3	7.5	7.3	7.5	73%	75%	73%	75%	31.0	39
107	Decision Implementation (Resolution)	4.5	5.0	7.5	7.5	7.3	50%	75%	75%	73%	21.4	34



Acknowledgment

Table 1 acknowledges the model best practice, alignment, values and concepts.

Item	Description	References					
Authorship (I); Primary Inspiration Source, or 'Alternative reference source(s)		Z	B	F	H	E	S
"S"	SA Excellence Model(1997)		2				1
"B"	Baldrige National Quality Award - BNQA(2001)						
"F"	Brazil Excellence Model-FNQ (2006)		1				
"H"	Harvard Business Review (1992)						
"E"	EFQM Excellence Model (1997)						
"Z"	SA Excellence Model (2013)		2		3	1	4
1	SA Excellence Award	●					
2	Executive Note	●					
3	History	●					
4	Executive Summary	●					
5	SA Excellence Model XIII	●					
6	Criteria, Sub-criterion and Points	●					
7	Criteria as the System	●		1			
8	Enabler and Results Relationship	●		1			
9	Organizational Profile (P)	●		1			
10	Criterion 1 - Leadership	●	2	1		3	4
11	Criterion 2 - Strategy and Planning	●					
12	Criterion 3 - Customer Focus	●	2	1		3	4
13	Criterion 4 - Employee Management	●	2	1		3	4
14	Criterion 5 - Resources Management	●	2	1		3	4
15	Criterion 6 - Core Processes	●	2	1		3	4
16	Criterion 7 - Organizational Results	●			1		
17	Customer Results	●		1	2		
18	Financial Results	●		1	2		
19	Human Results	●		1	2		
20	Growth and Development	●			1		
21	Scoring System	●					
22	Enabler Scoring Guide	●					
23	Results Scoring Guide	●					
24	Criteria Guidelines	●	1				
25	Core Values and Concepts	●		1			
26	Key Characteristics	●	1				
27	Appendix 1 - Glossary	●		1			
28	Appendix 2 - Scoring Summary Sheet	●					
29	Appendix 3 - SAEMXII Excellence Award Application Information	●					
30	Appendix 4 - Site Visit Listing Form	●					
31	Appendix 5 - Criteria Description	●	1				
32	Appendix 6 - References and Acknowledgment	●					
33	Notes	●					

Values	Concepts
Systematic View	Understanding of the interdependent relationships among the various components an organization as well as between the
Organizational Learning	Seeking & achieving new levels of knowledge through perception, reflection , analysis and sharing experiences, changing principles and concepts related to the practices, processes, systems, strategies and businesses, to the organizational generating improvements and changes
Proactive Approach	Capacity of the organization to anticipate changes in the scenario and in the needs and expectations of the customers and the other stakeholders.
Innovation	Implementation of new ideas that make a com-petitive advantage.
Leadership and Consistency of Purpose	The commitment of the leaders to the organizational principles and values; ability to create and implement strategies and a management system that encourages people to strive for a common, long-lasting purpose.
Vision of the Future	Understanding of the factors that affect the business and the market over the short and long term, allowing the development a consistent perspective to the future desired by the organization.
Customer and Market Focus	Knowledge and understanding of the customers and market needs, in order to create value on sustained bases for the customer and higher competitiveness in the markets.
Social Responsibility	Actions based on ethical and transparent relationships with all the stakeholders, towards achieving the sustainable development of society while preserving environmental and cultural resources for future generations, respecting diversity and promoting the reduction of social inequalities.
Management by Fact	Decision making based on performance measurement and analysis considering the available information, including identified risks.
Valuing People	Understanding that organizational performance depends on the workforce training~ motivation and well-being and the creation of a working environment that fosters the participation and development of the people.
Management by Process	Understanding and managing the organization by process, to improve performance and add value to the stakeholders.
Results Orientation	Commitment to achieve results that harmonically meets and balances the needs of all stakeholders in the organization.

References :

- i. PDCA and RTCK are acronyms representing the protocols of Plan-DO- Check-Action and Results-Target-Comparison-KPI Link employed by analysts
- ii SA Excellence Model® (SAEMXIII) Registered trademark # 2013/11337, Business Assessment Services, South Africa.
- iii. Web source: http://www.mandela.gov.za/mandela_speeches/2002/0211_excellence.htm
- iv. Prabir K Bandyopadhyay, PhD, Professor, Goa Institute of Management, India and Denis Leonard PhD – USA, ASQ Fellow, - 1st President at Business Excellence Consulting, Bozeman, Montana, USA

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