



Prespective

Using Business Excellence to Change the World : Returning to Roots

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Abstract

The most significant drivers of Business Excellence today are the various Criteria and Models of Business Excellence driven by organizations around the world. These support and drive change at a personal, professional, organizational, National and regional level. They have created an International community driven by a passion to create Excellence in every aspect of our lives. The key challenge is to expand their implementation. The key obstacle to this is their undermining by those seeking to sell various Quality tools and techniques as 'the only solutions' as they seek to corner markets. This undermining is contrary to the very foundation of the Models themselves and can only hurt Business Excellence as a whole. Working together we can have a unique impact on improving lives around the world. One of the emerging concepts to help us create such a focus is the application of Servant Leadership both as individual leaders, in regard to Business Excellence Models and in eliminating our greatest obstacle.

The most significant drivers of Business Excellence today are the Criteria and Models represented by the Baldrige Excellence Framework and its Criteria for Performance Excellence and those around the world that emulate them. Such Models provide us with a common language, method of assessment, a unique strategic perspective and an integrative and alignment tool. At the core of such Models are the roots of Quality Management, the teachings of Deming and Feigenbaum, the concepts of systems theory. Indeed the international use of such models, the sharing of information and best practices has been enhanced through social media creating an international community that transcends professional disciplines, nationality, religion and race. This community is passionate about improving our world, coming together through these models that create a commonality of purpose. That is a very powerful and world changing movement.

One example of such a social media community is the ASQ¹, Quality Management Divisions, Organizational Excellence Technical Committee (OETC) which has its own LinkedIn Group². The OETC focuses on all types of Excellence Models and Criteria around the world, and has members from over 80 countries.

For those that are involved at any level with these models they engender a passion for excellence, a passion to contribute, to give back. They provide both professional and personal development for the individual and a represent a game changing model at the business level.

The factual evidence has been in for years and keeps being repeated. The use of such Business Excellence Models leads to improved business performance in a range of financial and non-financial metrics.

There are a wide range of studies proving this. Here are just a few of the studies supporting the impact of Business Excellence Models Perhaps the most recent,



Focusing on Baldrige

- George, S (2002) Bull or Bear? : The Q100 Index Proves That If You Have Quality You'll Beat The Market, *Quality Progress*, 2002, April, pp 32-37
- Evans, J. R & Jack E.P (2004) Validating Key Results Linkages in the Baldrige Performance Model, *Quality Management Journal*, Vol. 10, No 2, pp 7-24
- Jacob, R, Madu, C.N & Tang, C (2004) An Empirical Assessment of the Financial Performance of Malcolm Baldrige Award Winners, *International Journal of Quality & Reliability Management*, Vol. 21, No 8, pp 897-914
- Davis, R.A (2005) Linking Firm Performance to the Malcolm Baldrige National Quality Award Implementation Effort using Multi-attribute Utility Theory, *Managerial Finance*, Vol. 31, No 3, pp 19-34
- Grigg, N & Mann, R (2008) Rewarding Excellence: An International Study into Business Excellence Award Processes, *Quality Management Journal*, Vol. 15, No 3, pp 26-40
- Cazzell, B & Ulmer, J (2009) Measuring Excellence: A Closer Look at Malcolm Baldrige National Quality Award Winners in the Manufacturing Category, *Journal of Technology Management & Innovation*, Vol. 4, Issue 1, pp 134-142

Focusing on EFQM

- Eriksson, H & Hansson, J (2003) The impact of TQM on Financial Performance, *Measuring Business Excellence*, Vol. 7 Issue 1, pp.36–50
- Rusjan, B. (2005), Usefulness of the EFQM Excellence Model: Theoretical Explanation of some Conceptual and Methodological Issues, *Total Quality Management & Business Excellence*, Vol. 16, No. 3, pp. 363-380
- Bou-Llusar, J.C.; Escrig-Tena A.B., Roca-Puig, V. and Beltrán-Martín, I. (2005), To what extent do Enablers Explain Results in the EFQM Excellence Model?: An Empirical Study, *International Journal of Quality & Reliability Management*, Vol. 22 No. 4; pp. 337-353
- McCarthy, G. and Greatbanks, R. (2006), Impact of EFQM Excellence Model on leadership in German and UK organizations, *International Journal of Quality & Reliability Management*, Vol. 23 No. 9, pp. 1068-1091.
- Santos-Vijande, M, L (2007) TQM and Firms Performance: An EFQM Excellence Model Research Based Survey, *International Journal of Business Science and Applied Management*, Vol. 2, Issue 2, pp 21-41

rigorous and respected paper is '*Is it a Good Investment Strategy to Invest in Malcom Baldrige Award Winners? An Update*' by Thomas M Krueger and Mark A Wrolstad (Kruegar and Wrolstad, 2013). This is an update to their 1997 paper studying the impact of Baldrige Award winners in which they found that they were outperforming comparable businesses. This update supports and builds on that earlier work.

"Equally weighted MBNQA³ winners had positive unadjusted returns that were significantly different from zero both before and after winning the awards. The award winners also had positive returns that were significantly different from zero when adjustment was made for the percentage of the firm winning the award. Whole firm award winners were found to have significantly higher returns over the post award five year period. When looking at risk adjusted market excess returns,

the all firms, weighted firms and whole firm portfolios showed significantly better performance in the five year period after winning the award.

Winning the MBNQA is well publicized evidence of successful efforts taken to enhance the quality of the management process with the recipient firm. Share price performance of MBNQA winners rises after award announcement. In fact, in over half of the observed portfolios studied significant raw or risk adjusted market excess returns were present. Therefore, it appears as though investors positively reacted to the superior managerial skills and efforts of the MBNQA winners." (Krueger & Wrolstad, 2013).

The application and impact of Business Excellence Models, therefore, has been proven in every sector around the world from manufacturing, service, healthcare, education, public sector and small



business. It also impacts such issues as sustainability and corporate social responsibility. Individually these have powerful potential, but to combine these is quite amazing. The aim of Business Excellence advocates around the world is to expand the awareness of such models and increase their application in all industries to improve businesses, industries, economies, nations and the quality of life.

This expansion has been successful in many ways. For example in the USA the National Housing Quality Award has adapted the Baldrige Criteria for the home building industry and has been running for over 20 years. The International Project Management Association based in Europe, created a Project Excellence Model and Award based on the EFQM⁴ Excellence Model. This focuses on Business Excellence on a project basis. Advocates around the world, those passionate about Business Excellence Models usually say the same thing, with all this success, why aren't more people embracing Business Excellence Models?

While one answer is that the existing models and programs need changes, to be made more accessible, costs reduced, made less complex, to have more levels of on-boarding. There is always a need for constructive change within these models their criteria and programs, they need constant tending to be relevant and challenging. Many of the suggestions I have cited are used in various International, National and Regional Award Programs. The real issue is considering to what extent are the models are known about, understood and applied.

Changes have and will continue to be rolled out. For example the Baldrige Performance Excellence Program has created added awards for each of the Categories, a Baldrige Executive Fellows Program (a one year nationally ranked leadership development experience) and the Baldrige Collaborative Assessment. The Collaborative Assessment involves a 4.5 day site visit by a team of experienced national Baldrige examiners (which is provided against a specified fee) that work collaboratively with the leadership of a company to identify key strengths and opportunities.

There is also the recently released Baldrige Excellence Builder which is a summarized version of the Baldrige Excellence Framework and its Criteria and its Criteria for Performance Excellence. The idea is to make the process of learning about the Criteria and using it to assess an organization more accessible.

Data released recently in 2015, highlights benefits throughout the country of the network of state and local Baldrige-based programs in the USA called the Alliance for Performance Excellence. The Alliance is a key partner of the Baldrige

Performance Excellence Program in helping organizations in every sector make improvements and achieve long-term success through application of the Baldrige framework for excellence, which is developed and distributed by the Baldrige Program⁵.

These are just some of the changes being made in the Baldrige Program. This will be an ongoing process as it will be for other Models and Criteria around the world. Indeed, no one has ever stated that any of the Models or their implementation represents perfection or a silver bullet. The same is true for those organizations that have applied them successfully such as Boeing; these are well described in 'The Making of a World Class Organization' by Sponge and Collard (Sponge and Collard, 2008).

However, one of the most significant problems is the increased awareness and application of such an inclusive concept, is ironically the very tools and techniques it supports. For as each tool, technique and aspect of Quality tries to position itself into a position of strength, it can hurt the Business Excellence Models and indeed the profession as a whole when it is implied in an aggressive marketing stance, that 'they' are the only solutions that should be considered. This relates to Lean, Six Sigma, Lean Six Sigma and many others. Business Excellence Models view each of these as a set of tools/techniques/approaches which are available to be selected by each organization based on their strategic needs and in turn the tactical and operational requirements that flow from it. Therefore, an organization using such Models could also be using ISO9001, ISO14001, OHSAS18001, Lean, Six Sigma, Kaizen, 5S and others leveraged in the best possible way, aligned and integrated.

However, when selling one tool exclusively what occurs is placing and promoting that one as the primary or only solution. The others are overshadowed or simply undermined. In such cases what is being undermined is Business Excellence as a whole. This damages its perception and fractures the efforts of expanding the use and impact of Business Excellence. Ironically this becomes one of Deming's Deadly Diseases, the focus on 'the short term'. The result is a hampering of the awareness and application of Business Excellence. If each of these elements were supportive of each other and especially Business Excellence Models, the promotion and understanding of Business Excellence would be dramatically improved and the wider adoption of these tools and techniques actually increased.



The Future

The foundation of these Models includes systems theory and a non-prescriptive approach, meaning that they are inclusive by their very nature, with the power of aligning all Quality related tools and techniques. However, the problem is that this attitude is not reciprocated. That needs to change.

Business Excellence holds so many opportunities and the key for its successful future is for Business Excellence Models to be seen as the core of the community, as the hub for supporting and nourishing the use of a wide range of tools and techniques and by doing so creating a consistent voice to the world as to how it can contribute in a world changing way. If we do not take this stance we lose a huge opportunity that has been over 25 years in the making and instead fragment and dissipate.

The term and concept Total Quality Management (TQM) originated by the works of Dr Feigenbaum has fallen out of fashion but its meaning still holds value. Indeed in the spirit of what it meant is something that we need to return to. Total; meant applying Excellence to all aspects of an organization and using all of the tools and techniques at our disposal, not just a few in a limited disjointed manner.

There are other opportunities at our doorstep that show that we are still learning about Business Excellence and how we can best leverage it. For example there is still a huge potential

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in how we use Business Excellence at the Strategic level, continue the concept of integration and in providing a key role in the development of Corporate Social Responsibility something that again has many of its roots in the teachings of the Quality Gurus.

While Transformational Leadership has been studied and strongly linked to leaders who successfully implement Excellence Models, research is showing that the role of Servant Leadership has as much or more of an impact. Its use is as yet still untapped. (Latham, 2013, 2014)

Interestingly, Servant Leadership and its selfless approach is also needed in a more broader sense. That we as leaders of Business Excellence around the world need to embrace to ensure its future.

End Notes

1. ASQ is the acronym for American Society for Quality; it is a global community of people passionate about quality who use the tools, their ideas, and expertise to make our world better. www.asq.org
2. <https://www.linkedin.com/groups/Organizational-Excellence-Technical-Committee-4369749/about>
3. Malcom Baldrige National Quality Award.
4. European Foundation for Quality Management
5. Compiled by the Baldrige Program and available on their website, the new data are searchable by state and detail impacts of and information about each Alliance program. http://patapsco.nist.gov/Baldrige_Impacts/index.cfm

Management. A Fellow of the Chartered Institute of Quality (UK) and Fellow of the American Society for Quality, he is a Certified Manager of Quality/Organizational Excellence, Auditor, and Six Sigma Black Belt.

Denis has served on the Baldrige National Quality Award Board of Examiners, the Wisconsin Forward Award and the Northern Ireland Quality Award (aligned to the European Quality Award). He is a member of several boards including the ASQ's Quality Management Forum, and Quality Press Review Board. He has also co-authored The Executive Guide to Understanding and Implementing the Baldrige Criteria. Denis is a member of the ASQ Quality Management Division, Organizational Excellence Technical Committee.

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