

# THE EFQM EXCELLENCE MODEL IMPLEMENTATION IN WEST BALKANS

*Prof. dr Vojislav Stoiljković, Predrag Stoiljković, Bratislav Stoiljković, CIM College d.o.o*

## **Abstract:**

*EFQM Excellence model is a practical tool to help organizations on the path to excellence. The basic principles of excellence are applicable to all organizations regardless of their size, sector, that is, industries in which they do business and they are penetrated through the EFQM excellence model.*

*In the world teeming with changes as is the present one, excellent organizations are agile, flexible and frequently and timely respond to the changes of the needs and demands of interest groups. The achievement of such a level of organization requires the knowledge for model implementation. To meet every criteria of excellence it is necessary to use respective tools. The CIM College d.o.o. has been working for years on the development and implementation of the software in the companies for the management system support, that is, the Lean Six Sigma concepts and the excellence model.*

*This paper presents the concept of the EFQM excellence model implementation as supported by the modern quality tool software. This concept enables organizations to take over the voice of customers and interest groups, to analyze the performances of their own processes and to reduce wastefulness and eliminate variations from their processes.*

## **1. INTRODUCTION**

EFQM is a non-profit organization established in 1988 by fourteen leading European firms with the mission to become the leading force of sustainable excellence in Europe, that is, with the vision of the world dominated by the European excellence. EFQM functions on the principle of membership.

EFQM promotes partnership with national organizations of similar type with the purpose of spreading the ideas of sustainable excellence in European organizations. National organizations work together with the EFQM on the promotion of the EFQM Excellence model.

To be successful, regardless of the sector in which it is doing business, size, structure or maturity, the organization **must** establish an appropriate management system. The EFQM excellence model is a practical tool used by organizations in a variety of ways, on the path to excellence. Excellence implies the achievement of the results that bring satisfaction to all the organization's interest groups. This model represents the response of Europe to similar excellence models used in Japan (Deming Prize) and America (Malcolm Baldrige).

EFQM excellence model is based on the framework of nine criteria. It can be used during the process re-examination in order to identify and confirm the domains in which the result is monitored and to check which drivers are supported by organization.

This paper presents the process of the EFQM excellence model implementation to production and service organizations in West Balkans. CIM College d.o.o. , as authorized by the EFQM, issues publications in Serbian, Croatian and Bosnian languages and provides for an expert team that has passed through the

trainings for the EFQM model, for implementation of the EFQM model in companies in West Balkans.

## **2. EFQM EXCELLENCE MODEL**

The need to develop an excellence model emerged more than half a century ago. As far back as 1951, Japan was the first to introduce the first excellence model known as the Deming Prize. The Union of Japanese Scientists and Engineers (JUSE) invited Dr Deming to Japan in July, 1950. He held a series of lectures in which he taught executive directors, managers and engineers about the basic principles of the statistical quality control. His teaching made a considerable impression on the minds of the training participants and ensured the encouragement to implement quality control in Japan. Even today there is the Deming Prize awarded to the most successful companies both in Japan and outside it.

Following Japan, America also introduced its excellence model known as the Malcolm Baldrige Excellence Model. American Congress adopted, on January 6, 1987, the resolution which is quoted as „*Malcolm Baldrige National Quality Improvement Act of 1987*“. Thus the second best known excellence model in the world came into being.

Only a year later, on September 15, 1987, while signing the letter of intentions, among other things, Jacques Delors, former President of the European Commission, stressed that: "... struggle for quality is a prerequisite for success of our companies and our collective success". Thus the European Excellence Model came into being that is still being used as the model to follow by the best companies and organizations in Europe.

EFQM Excellence Model is an unbinding framework consisting of nine criteria. Five of them are Enablers while four are Results. The Enabler criteria are concerned with what the organization does, while the Results criteria encompass what the organization achieves. The Results are created by the Enablers while the Enablers are improved on the basis of the feedback information while considering the Results.

The Model admitting that there are many ways of achieving sustainable excellence in all the aspects of the organization performances is based on the following assumption: excellent results concerning Performances, Customers, People and Society are achieved through Policy and Strategy based on Leadership while they are delivered through People, Partnership & Resources and Processes (Fig. 1).

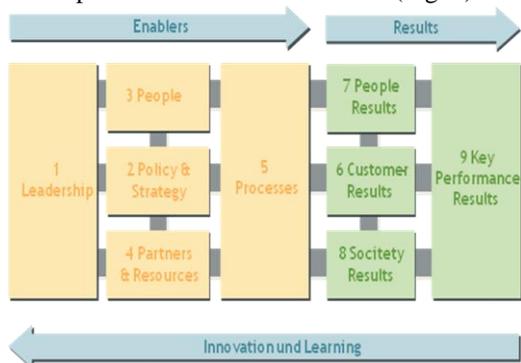


Figure 1- EFQM Excellence model

Nine boxes of the Model shown above represent criteria on the basis of which the organization does self-assessment of its progress on the path to excellence.

Each of the nine criteria has its own definition describing its meaning on the general level.

In order to make the meaning of the criteria more concrete, they are themselves split into many items. It is with respect to these items that the questions to be taken into consideration while identifying the state of the organization are asked.

Finally, beneath every item of the criterion there are guidelines. The use of these guidelines is not necessary. Neither is it any final list of guidelines; instead, their goal is to further clarify each part of the criteria through examples.

Concerning the **LEADERSHIP** criterion, excellent leaders establish and help the realization of the company's mission and vision. They establish systems and values of the organizations needed for sustainable success and implement them with their behavior and the actions they undertake. In the period of changes the constancy of the purpose is sustained. When needed, the leaders are able to change the direction of the organization's activities and inspire others to follow their footsteps in this.

In the **POLICY AND STRATEGY** criterion, excellent organizations implement their missions and vision by developing a strategy which is focused on interest groups and which takes into consideration both

the market and the sector in which they do business. Politics, plans, goals and processes are being developed and applied for the sake of realizing the strategy.

In the **PEOPLE** criterion, excellent organizations manage, develop and use full potential of their people at the level of individuals, teams and whole organizations. They promote justice and equality and also involve and give authorizations to their people. They care about communication, rewards and acknowledgements for the sake of motivating and building commitment of the employees in the sense of making the best possible use of their skills and knowledge for the benefit of the organization.

In the **PARTNERSHIPS AND RESOURCES** criterion, excellent organizations plan and manage external partnerships, deliverers and internal resources in order to help politics, strategy and efficient process realization. During partnership and resource planning and management, excellent organizations balance current and future needs of organizations, communities and environment.

In the **PROCESSES** criterion, excellent organizations design, manage and improve processes for the sake of full satisfaction of customers and other interest groups, that is, for the sake of creating added values for them.

In the **RESULTS** criterion, excellent organizations all-inclusively measure and achieve brilliant results for their customers.

In the **RESULTS FOR PEOPLE** criterion, excellent organizations all-inclusively measure and achieve brilliant results regarding their people's issues.

In the **RESULTS FOR SOCIETY** criterion, excellent organizations all-inclusively measure and achieve brilliant results regarding the society they belong to.

In the **KEY RESULTS PERFORMANCES** criterion, excellent organizations all-inclusively measure and achieve brilliant results concerning the key elements of their politics and strategy.

By meeting all the above-stated criteria the organization tends towards excellence. Although this path is not easy, yet it is achievable if there is a clearly defined process of implementing the excellence model and if the process is consistently carried out. Further on, the process of implementation proposed by the CIM College d.o.o. and used by some organizations in West Balkans is presented.

### 3. IMPLEMENTATION OF THE EXCELLENCE MODEL

#### *Results change culture. Culture does not change results*

*Juran*, one of the quality gurus, believes that, if Japan as a nation had failed to survive a considerable emotion reaction after having lost the Second World War, it would have never accepted a change. Its concentrated efforts to recover itself from the war damage forced it to listen to what people in the West

had to tell it in terms of quality. Before the Second World War, the products with the label *Made in Japan* denoted poor products. Fifty years later, the same label *Made in Japan* became synonymous with top quality. The councils that such giants as Deming and Juran gave to the Japanese were not different from those given to Americans for so many years. The difference is that the Japanese public understood the message and applied it.

The excellence model implementation demands considerable changes. Companies and organizations take up changes under three circumstances. The first of those, as is the case with Japan, imply that company is on the verge of disaster and that it is forced to opt for painful changes. The second ones happen when competition puts an enormous pressure on the company and when it is necessary to make changes in order to keep up the pace with it. The third ones or those that happen most rarely emerge when the leader and his associates are aware of the necessity to change and then undertake changes before others. The last option is the best since it allows the company to achieve an advantage over its competitors thus making them „inhale the dust“ left behind the company rushing forward.

The need to apply the excellence model was firstly acknowledged by production companies. They were the first to structure their system according to the excellence criterion. Today the same has also been done by service organizations, as well as government agencies and local administration.

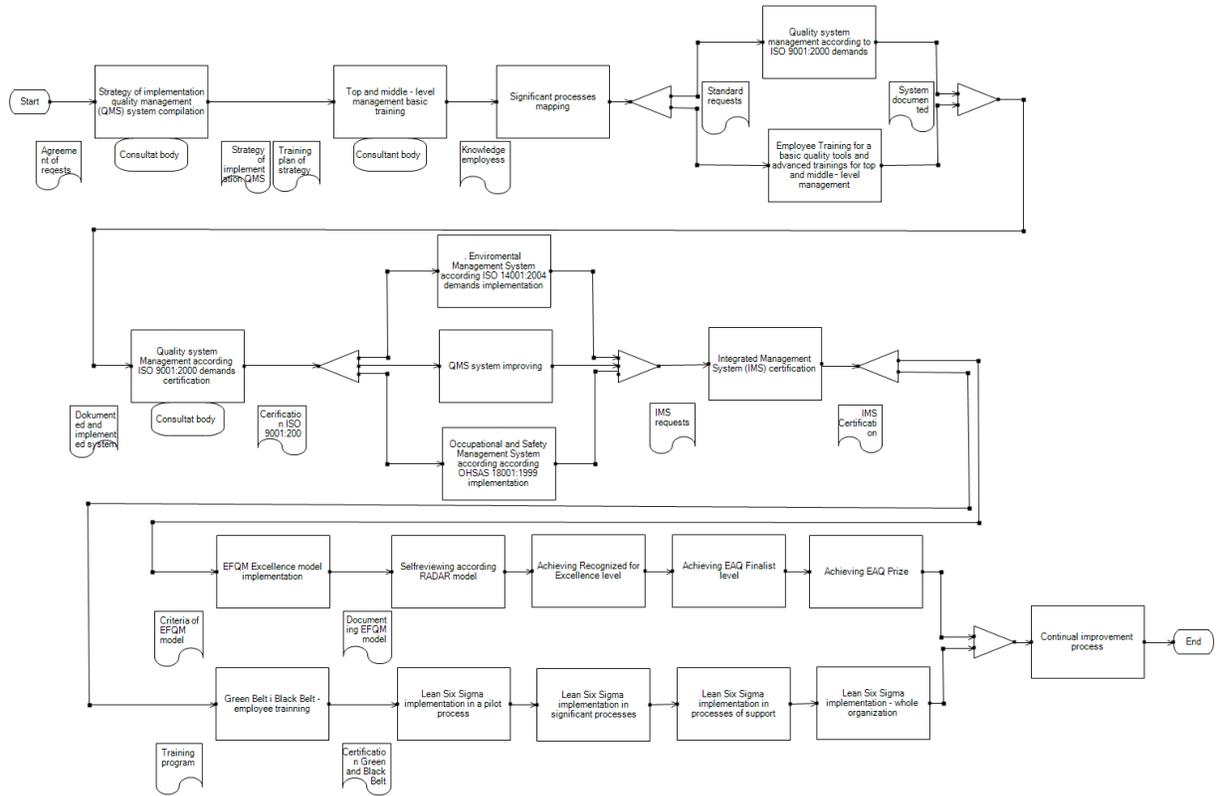
Service activities today make up for more than 80% GDP (*Gross Domestic Product*) of the USA and they rapidly increase in other parts of the world as well. The activities that do not add value in the eyes of the customers on average make up 50% of the total costs of doing a service. It represents an enormous potential for considerable quickening of the cycle time of the process duration, quality improvement and cost reduction.

The excellence model implementation should enable companies and organization to realize

strategically planned results. The planned results of the leaders in companies and organizations should comprise taking actions on improvement of process performances, starting from customers, through deliverers and lawmakers to local communities as well as provision of interactions of all the components. The strategic level of analyzing organizations is important for the capacities of each organization so that it can gain adequate benefits from carrying out or introducing the excellence model.

The leading companies and organizations enable, from the strategic level, an insight into the whole system, regardless of functions, processes and external factors involved in its customers' support. For such a system it is necessary to carry out the analysis in a systematic way. This further means that the analysis should be conducted from the strategic or organization level to the process one and then to the level of work place. The systematic analysis of macro processes and micro processes permits the organization to ensure that the undertaken actions or the changes introduced in one sector are not going to lead to inadequate performances or problems in some other one. It also supports the development of the planned results and goals together with the key measures which are critical for the leading performances and which will truly support the planned results at the level of the organization as a whole instead of supporting only those that are typical for some function or that are easy to calculate.

The transformation of companies and organization in the sense of excellence represents a process. The flowchart of this process as can be seen using the example of the Airport “Nikola Tesla”, Belgrade, is shown in Fig. 2. Namely, in the year of 2007, the airport management, aware of the competition of the airports in the surroundings (Athens, Budapest, Sofia, Bucharest, Zagreb) made a decision to launch its journey towards excellence. This process started with the recording of all the significant processes realized by the airport.



Slika2 Macro process flowchart System Management transformation JP Airport Nikola Tesla Beograd

Table 1 gives a global proposal of the basic processes while establishing and transforming the quality management system.

Process	Duration	Realization period	Note
1. Strategy of implementation quality management (QMS) system compilation	23 days	31.01.07 – 23.02.07.	
2. Top and middle - level management basic training	1h - top management 1,5h - Middle - level management	26.02.07.	
3. Significant processes mapping	60 days	15.03.07 – 15.05.07.	
4. Quality system management according to ISO 9001:2000 demands	150 days	01.06.07 – 30.11.07.	Parallel realization with processes number 5 and 6
5. Just-in-time QMS system training of employees	continual	15.03.07 – 30.11.07.	Parallel realization with processes number 4 and 6
6. Employee Training for a basic quality tools and advanced trainings for top and middle – level management	15 days	01.10.07 – 15.10.07.	Parallel realization with processes number 4 and 5

7. Quality system Management according ISO 9001:2000 demands certification	2 days	29.11.07 – 30.11.07.	Foreign certification body
8. Environmental Management System according ISO 14001:2004 demands implementation	180 days	01.01.08 – 30.06.08.	Parallel realization with processes number 9 and 10
9. Occupational and Safety Management System according according OHSAS 18001:1999 implementation	180 days	01.01.08 – 30.06.08.	Parallel realization with processes number 8 and 9
10. QMS system improving	180 days	01.01.08 – 30.06.08.	Parallel realization with processes number 8 and 9
11. Integrated Management System (IMS) certification	3 days	28.06.08 – 30.06.08	Foreign certification body
12. EFQM Excellence model implementation	1 year	01.08.08 – 25.07.09.	
13. Self reviewing according RADAR model	3 days	26.07.09 – 30.07.09.	Process is realized by consultant together with trained employees
14. Achieving <i>Recognized for Excellence</i> level	1 year	01.08.09 – 30.07.10.	
15. Achieving EAQ Finalist level	1 year	01.08.10 – 30.07.11.	
16. Achieving EAQ Prize	150 days	01.08.11 – 31.12.11.	
17. Green Belt i Black Belt - employee training	150 days	01.08.08 – 31.12.08.	
18. Lean Six Sigma implementation in a pilot process	180 days	01.01.09 – 30.06.09.	
19. Lean Six Sigma implementation in significant processes	13 months	01.07.09 – 30.07.10.	
20. Lean Six Sigma implementation in processes of support	1 year	01.08.10 – 30.07.11.	
21. Lean Six Sigma implementation - whole organization	150 days	01.08.11 – 31.12.11.	

The presented global plan shows that the Public Company Airport “Nikola Tesla” Belgrade can achieve the excellence by the EFQM model of Europe and at the same time it can reach the level of Lean Six Sigma organizations till the end of 2011. This requires the management vision, the commitment to the initiative to be better than all others in business, the need to invest into human resources and the patience until the achievement of the results.

Characterized by the world-class organizations, or the organizations that have achieved the excellence level according to the European excellence model or – European Foundation for Quality Management - EFQM).

After creating the company’s transformation strategy and after establishing the quality system

### **Process of Making the Strategy for Establishing the Quality Management System Establishment**

Further on, there are the processes defined on the macro chart of the company’s transformation process towards the excellence model (Fig. 2).

The process encompasses the defining of the transformation process of the given organization from the state in which it is at present to the state management, the managers have to get acquainted with it and to attend the basic training for the quality system management. The basic set of the seminars for quality system management should comprise the following themes:

- *Quality system management according to the ISO 9001:2008 Standard requirements,*

- *Environment Protection system management according to the ISO 14001:2004 Standard requirements,*

- *Health and Safety system management according to the OHSAS 18001:2007 Standard requirements,*

- *Advanced concepts of Quality management:*

- *Total Quality Leadership (TQL)*

- *Excellence models of Japan, America and Europe*

- *Lean Six Sigma concept*

- *Basic quality tools and methods.*

### **Basic Training for Top Management and Middle Management**

Successful organizations exist in various industries and do business at various markets and in various countries. All of them have one common characteristic: the readiness to invest into their employees by providing them with knowledge and skills and affecting their positive attitudes otherwise necessary for the organization to be successful.

### **Recording Important Processes**

Companies and organizations must know their processes so that they could be in the position to work upon their improvement. The EFQM recommends that the processes should be recorded by SIPOC – Supplier Input Process Output Customer model and that they should be documented. Thus the base is created to pass from the state as it is to the state as it should be.

### **Introduction of the Quality System Management, Environment Protection and Health and Safety at Work in the Company**

The research carried out by the German Society for Quality and the Company Forum Marketing and Communications has shown that the successfully established quality management system represents a stable base for long-term success.

For the introduction of the management system according to the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 Standards requirements the defined introduction process can be used and thus considerably reduce the introduction time [Sto, 2007].

### **Advanced Trainings for Top Management and Middle Management and Training of Employees for Basic Quality Tools**

Within this process, in the cycle of advanced trainings for top management and middle management, it is necessary to realize a greater number of trainings comparing to the senior leaders' seminar. The new bases of leadership, the team work skills and quality tools, to name only some of them, are needed to enable leaders and managers to get a wider picture of the

changes that have taken place or are taking place just now in the management.

### **Employees' Training for the Basic Quality Tools**

A great surge of certifications all over Europe, America and Asia is still taking place. At the beginning it was certification of the quality system management followed by environment protection management and then by health and safety management and, finally, food safety management system. A number of leaders are inclined towards the opinion that a certificate is not a proof of any better system but only 'a kind of driving license' saying that, at a certain moment and to a sufficient degree, the questions posed by the Standard requirements are being answered.

However, these questions are constantly being added to and extended. For this reason, it is necessary to continually improve the management system. This has been so far possible only by using quality tools while today it is also made possible by the facilities brought about by the new information technologies, starting from local networking to the Internet. The networking in today's world is done relatively simply and it is fostered by the progress made in the field of documentation management.

For all the basic quality tools and methods it is necessary to train the employees who are going to work in the teams for process recording and improvement. They should get the skills that would enable them to use the tools and methods in their everyday work.

### **Certification of the Quality System Management**

The organization that has implemented the quality system management according to the ISO 9001:2000 Standard requirements or the management system according to some other standard, let's say, ISO 14001:2004 or OHSAS 18001:1999 can apply to the certification house for obtaining a third party certificate. The certification house is accredited by the accreditation body of the states that have the right to accredit certification houses.

### **Introduction of the EFQM Excellence Model**

*The European Quality Award* is the most prestigious regard in Europe for excellence of organizations and it represents the highest EFQM degree ([www.efqm.org](http://www.efqm.org)). It is open to all organizations in Europe and it is focused on the knowledge of excellence and provision of detailed and independent feedback information to all candidates so as to help them on the path to excellence. The judges for this reward are experts or experienced senior managers who invest into their duty all the years of their experience in order to ensure useful feedback information and proofs that various levels of excellence acknowledgement are based on.

Companies and organizations that have certified their systems of quality management, of environment protection and of health and safety at work have reduced or altogether eliminated risks in their business. At the same time, these companies have considerably changed culture in their collectives and are ready to make a step forward towards excellence. The employees have become conscious that the system ordering brings about a “victory to all” and are willing to give their contribution on the path to excellence. This journey may last from three to five years depending on the management commitment and their readiness to provide for the needed resources.

#### **Self-assessment by the RADAR Model**

Organizations introducing the European Excellence model can self-assess the degree of meeting the requirements stated in the model. For this purpose there is the *EFQM Self Assessment* model prescribed by the EFQM [EFQM, 2003]. To assess the fulfillment of the requirements by the organization by the EFQM model there are instructions teaching the experts how to do it. This gives the possibility to use software for the self-assessment process by the RADAR model. The software of the CIM College d.o.o. *QAM* which is developed for this purpose can considerably reduce the realization of self-assessment.

The companies that have achieved a degree of excellence and that have obtained the prestigious European reward can proceed with their journey by improving their systems with the introduction of the Lean Six Sigma concept.

#### **5.CONCLUSION**

Excellence is better than the best. Excellence is not easy to achieve. Good news is that companies in Japan have been working for more than fifty years on their restructuring according to the Demin prize excellence model. Their results are impressive. The same but somewhat shorter are the efforts made by companies in America and Europe. These companies are recognizable on the global market as well. One of the best examples is the NOKIA Company that used to manufacture rubber boots for Russian army. Today it is the company holding the largest percentage of the world mobile phone market. This company as well as many others in the world and Europe has embraced the excellence model and the Lean Six Sigma concept and thus they have achieved the level of having “zero defects” in their processes.

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