SELF-ASSESSMENT BASED ON
THE EFQM MODEL FOR BUSINESS EXCELLENCE
IN A MIDDLE-SCALE TURKISH ORGANIZATION

A THESIS
SUBMITTED TO THE DEPARTMENT OF MANAGEMENT
AND
THE GRADUATE SCHOOL OF BUSINESS ADMINISTRATION
OF
BÝLKENT UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

By
C. ÖNUR ETÝ
JUNE, 1998
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JUNE, 1998
I certify that I have read this thesis and that in my opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Business Administration.

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ABSTRACT

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IN A MIDDLE-SCALE TURKISH ORGANIZATION

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C. Onur ETİ
M.B.A. Thesis
Bilkent University - Ankara
June, 1998
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By taking a hard look at the current health of the organization, the Self-Assessment framework allows an organization to clearly identify its strengths and areas for improvement, and provides the basis for future strategy and improvement plans which are then monitored for progress. Through the Self-Assessment process, an organization is better able to balance its priorities, allocate resources and generate realistic business plans.

To help companies in their way to excellence, a real life case which analyzes a middle-scale Turkish firm trying to adopt the EFQM model as a Self-Assessment framework is presented in this study.
ÖZET

ORTA ÖLÇEKLI BİR TÜRK İŞLETMESİNDE AVRUPA KALİTE YÖNETİMİ VAKFI (EFQM) İŞ MÜKEMMELİĞİ MODELİNE DAYALI ÖRNEK BİR ÖZDEĞERLENDİRME UYGULAMASI

Hazırlayan
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Bilkent Üniversitesi - Ankara
Haziran, 1998
Tez Yöneticisi: Dr. Erdal EREL

Organizasyonun mevcut durumunu birçok açıdan inceleyerek, güçlü ve zayıf alanların açıkça belirlenmesini sağlayan Özdeğerlendirme faaliyetleri, önceliklerin belirlenmesinde, kaynakların tahsisinde, ve gerçekçi iş planlarının oluşumunda organizasyonlara yardımcı olarak geleceği dönük stratejilere ve gelişme planlarına temel teşkil eder.

Bu çalışmada, kendi mükemmellik yollarında ilerleyen firmalara yardımcı olmak amacıyla, Özdeğerlendirme faaliyetlerinde EFQM modelini benimsemeye çalışan orta ölçekli bir Türk firması analiz edilmiştir.
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CHAPTER 1

INTRODUCTION

“Behaviors, activities or initiatives based on the way the organization is managed to achieve business excellence” are often referred as Total Quality Management (TQM) [1]. As the growing membership of European Foundation for Quality Management (a non-profit organization dedicated to promote TQM with its model underlying The European Quality Award indicates, organizations accept TQM as “a way of managing their activities to gain efficiency, effectiveness and competitive advantage and thus ensuring longer term success: meeting the needs of their customers, employees, financial and other stakeholders and the community at large” [1].

The implementation of TQM programs can achieve significant benefits such as increased efficiency, reduced costs and greater satisfaction, all leading to better business results.

European Foundation for Quality Management (EFQM) has a key role in “enhancing the effectiveness and efficiency of organizations by reinforcing the importance of ‘Total Quality’ in all aspects of the activities and assisting the development of quality improvement” [1].

Every business is facing increasing market challenges. Any organization should assess its readiness to respond to these challenges. By “allowing an organization to clearly identify its strengths and to target key opportunities for continuous improvement”, the Self-Assessment methodology, “a comprehensive,
systematic and regular review of an organization’s activities and its results referenced against the EFQM model towards business excellence”, helps any organization to measure its performance on a wide range of key business indicators [1].

Through the examination of processes and results affecting all key stakeholders, the Self-Assessment process “provides the basis for future strategy and improvement plans which are then monitored for progress” [1]. Thus, the on-going Self-Assessment process marks the organization’s progress on the path to quality excellence [2].

1.1. OBJECTIVE OF THESIS

The objectives of this thesis are:

(i) to present the EFQM model underlying The European Quality Award, other major quality awards, benefits of applying for the awards; the Self-Assessment process;

(ii) to share Askaynak’s experiences in implementing the Self-Assessment methodology by discussing what it has and has not achieved; and

(iii) to give recommendation for both Askaynak and companies pursuing business excellence.

1.2. SCOPE

The present thesis is for academicians and practitioners who need to learn (i) the history and models of quality management; major quality awards (The Deming Prize, The Malcolm Baldrige National Quality Award, The European Quality Award) and their comparison; the EFQM model underlying the EQA; and the Self-Assessment process with six approaches for conducting it.

Chapter 4 deals with a real life case which analyzes a middle-scale Turkish firm trying to adopt the EFQM model as a Self-Assessment framework.
The discussion of the present study will review the difficulties of the application of the Self-Assessment process, as well as the benefits it brings.

1.3. TERMS AND DEFINITIONS

See APPENDIX-A in alphabetical order for related terms and definitions.

1.4. THESIS OUTLINE

The thesis is designed as a case study. The information which is used in this thesis was collected by surveying related quality literature, by studying several Self-Assessment documents and by my direct observations at Askaynak. Recommendations for both Askaynak and companies pursuing business excellence are summarized in Chapter 5.
CHAPTER 2
SEARCHING THE PATH TO BUSINESS EXCELLENCE

2.1. THE HISTORY OF QUALITY MANAGEMENT

One of the attractions of quality is that it is something positive. Nobody is against it and everybody wants to have it. But at the same time, quality concept can be very confusing and misleading because it is difficult and sometimes impossible to define what is exactly meant by quality.

When people talk about quality, the quality of products (goods and services) seems to be the thing they think first. The perception of quality as an indication of the high standard or state of perfection can also be found in advertisements and commercials. It is also found in the definitions provided by the ISO 8402 vocabulary: “quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” [3].

When we look at the history of quality management during the period of industrialization, we see a development story. Quality started initially with inspection, followed in the 1930s by quality control, where the focus was shifted from product quality towards process quality. In the 1950s, the concept of quality assurance was introduced, where the quality of the organization came into sight. During these three periods, supervision, statistics and organizational procedures were the main methods and techniques.

The discussion in this section and the materials presented are heavily based on References [1, 2, 3, 4, 5, 6, 7, and 8].
Quality assurance concept is aimed at all those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality. However, quality assurance concept “does not necessitate the application of continuous improvement, and does not provide the organization the passion and energy needed to create commitment to satisfying the customer” [4]. Nevertheless, quality assurance is a valuable first step in creating a basis for introducing quality management as an integral management approach and serves to provide confidence in the supplier in contractual situations.

In the period from the 1970s to the 1990s, the concept of Total Quality Management (TQM) was developed as “an integral management concept directed at continuous improvement of the processes and quality of goods and services by involving all levels and functions of the organization to meet the expectations of the customers” [4]. The principles of TQM can be summarized as follows [5]:

- Business success can only be achieved by understanding and satisfying the customer needs.
- Leadership in quality is the responsibility of top management.
- Statistical reasoning with factual data is the basis for problem solving and continuous improvement.
- All functions at all levels of an organization must focus on continuous improvement in order to achieve corporate goals.
- Problem solving and process improvement are best performed by multi-functional work teams.
- Continuous learning, training and education are the responsibility of everyone in the organization.

TQM is concerned with managing the entire system, and not only subsystems, isolated processes or functional departments. To reap its full benefits, it must be applied to every area of an organization’s activities. This requires “top management commitment to customer satisfaction and the continuous improvement of processes by allocating necessary resources rather than a focus on the narrower, more technical aspects of the business challenge” [4].
The goal of TQM is “to build quality from the beginning by making quality everyone's concern and responsibility” [4]. In terms of major players, inspection departments, quality control engineers and other individuals throughout all stages of production processes have been replaced by all members in the organization and its close environment (customers, suppliers and other stakeholders). This time, training and employee motivation were the main methods and techniques. Gathering and processing of information, collective learning, improvement, and human endeavor proved to be very important.

As customer consciousness increased in time, this development towards TQM has been reinforced. This whole development may be characterized as “a learning curve, along which everyone has to travel, and in which the first experiences and elements are as much important as the next steps” [4]. This shift from thinking in terms of inspection or process control towards TQM has been accelerated by the insights of marketing people that, nowadays, “it is not the goods delivered but the service and behavior accompanying that delivery makes the difference in competition” [4].

Organizations develop their information processing capabilities to improve and renew themselves. In doing so, they create learning organizations which shows that they are able to translate the outcomes of the measurement and analysis of business processes, the input from customers, other external sources, and the ideas of their employees into real improvements and feasible ideas for renewal. This is in line with the development of quality from inspection, quality control through quality assurance to total quality [4].

The same development can also be seen in the evolution of quality awards through the years to provide a response to the criticisms and shortcomings of the initial ideas of TQM that relied heavily on quality departments, quality directors and quality projects. As a result, these ideas often remained separated from other functions and processes in the organization, depending on a superficial dimensions.
The EFQM model, that will be discussed later in the next chapter, underlying the European Quality Award, is one of the outcomes from the insights that “in creating good management of quality, one has to create true quality of management by underlining the fact that TQM has to be more closely linked to strategic management, which implies deeper involvement of top management” [4].

2.2. QUALITY MANAGEMENT MODELS AND MAJOR QUALITY AWARDS

There are three models, related to awards, which have been widely adopted by organizations. These awards are:

- The Deming Prize in Japan,
- The Malcolm Baldrige National Quality Award in U.S., and
- The European Quality Award.

These awards have been introduced to give recognition to organizations who have demonstrated excellence in their business performance, achieved through the adoption and deployment of quality management principles [6].

Following on from the creation of The Deming Prize in Japan in 1951, the American Congress created The Malcolm Baldrige National Quality Award (MBNQA) in U.S. in 1987. The European Quality Award (EQA) was launched by The European Foundation for Quality Management (EFQM) in 1992.

2.2.1. The Deming Prize In Japan (1951)

The Deming Prize was established in Japan by JUSE (Japanese Union of Scientists And Engineers) in 1951. This award is named in honor of Dr. W. Edwards Deming, an American statistician and proponent of quality control techniques who is recognized as the father of the worldwide quality movement [6].
The purpose of The Deming Prize is: "to award prizes to those companies that are recognized as having successfully applied company-wide quality control based on statistical quality control and are likely to keep up with it in the future" [6].

Therefore, most Deming Prize criteria are confined to the application of statistical techniques. Even criteria such as company policy and planning, results, or future plans, are primarily concerned with "quality assurance activities and quality results, especially the elimination of defects" [6].

The Deming Prize has three award categories [6]:

- The Deming Prize
- The Deming Application Prizes:
  - Small Enterprises
  - Divisions of Large Corporations
  - Overseas Companies
- Quality Control Award for Factory.

The Deming Prize is awarded to **individuals** or **groups** who have contributed to the development and dissemination of total quality control (TQC), while The Deming Application Prize is awarded to those **organizations** (private or public) which have achieved distinctive results by carrying out total quality control [6].

The Deming Prize is established "to ensure that good results are achieved through successful implementation of company-wide quality control activities" [6]. Its framework is centered on "the implementation of a set of principles and techniques, such as process analysis, statistical methods and quality circles" [6].
The Deming Prize evaluates the operations of a firm against “ten criteria that have equal scoring weights” [6]:

- Company Policy and Planning
- Organization and its Management
- Quality Control Education and Dissemination
- Collection, Transmission and Utilization of Information on Quality
- Analysis
- Standardization
- Control
- Quality Assurance
- Effects
- Future Plans

Examination and awarding are performed by The Deming Prize Committee. In recent years, strong interest in this Prize has been shown by non-Japanese companies. Therefore, The Deming Prize Committee has revised the basic regulation to allow the acceptance of overseas companies [6].

2.2.2. The Malcolm Baldrige National Quality Award in U.S. (1987)

The Malcolm Baldrige National Quality Award, (MBNQA) is created by the American Congress in 1987 in U.S. with the purpose: “to promote quality awareness, understand the requirements for quality excellence and share information about successful quality strategies and benefits” [6].

The MBNQA has “three eligibility categories with a maximum of two awards given in each category” [4]:

- Manufacturing companies
- Service companies
- Small businesses.
The MBNQA criteria’s framework has three basic elements [4]:

- **Driver:** Senior executive leadership sets direction, creates values, goals, expectations, systems, and pursues business performance excellence.

- **System:** The system comprises a set of well-defined and well-designed processes for meeting the company’s customer and overall performance requirements.

- **Goal:** The basic aims of leadership and the purpose of the system has two parts: (i) *Customer and Market Performance* part of the system means delivering ever-improving value to customers, high levels of customer satisfaction and a strong competitive position; whereas, (ii) *Business Performance* part of the system is reflected in a wider variety of financial and non-financial results, including human resource development and corporate responsibility.

The Criteria for Performance Excellence provide organizations with an integrated, results-oriented framework for implementing and assessing processes for managing all operations. These criteria are also the basis for making Awards and providing feedback to applicants. The Criteria consist of seven categories with a total of 1000 points [6]:

- **Leadership (110 points out of 1000)** category involves the company’s leadership system, values, expectations and public responsibilities. This category examines the company’s leadership system and senior leaders’ personal leadership. It examines how senior leaders and the leadership system address values, company directions, performance expectations, customers, other stakeholders, learning and innovation. This category also examines how the company addresses its societal responsibilities and provides support to key communities.

- **Information and Analysis (80 points out of 1000)** category involves the effectiveness of information collection and analysis to support customer-driven performance excellence and market success. This category examines the selection, management and effectiveness of the usage of information and data to support key company processes with action plans and the company’s performance management system.
- **Strategic Planning (80 points out of 1000)** category involves the effectiveness of strategic and business planning and deployment of plans, with a strong focus on customer and operational performance requirements. This category examines how the company sets strategic directions, how it develops the critical strategies and action plans to support the directions and also how plans are deployed and how performance is tracked.

- **Customer and Market Focus (80 points out of 1000)** category involves how the company determines customer and market requirements and expectations, enhances relationships with customers and determines their satisfaction. This category examines how the company determines requirements, expectations and preferences of customers and markets. This category also examines how the company builds relationships with customers and determines their satisfaction.

- **Human Resource Focus (110 points out of 1000)** category involves the success of efforts to realize the full potential of the work force to create a high performance organization. This category examines how the company enables employees to develop and utilize their full potential in coherence with the company's objectives. This category also examines the company's efforts to build and maintain a work environment and work climate resulting to performance excellence, full participation, personal and organizational growth.

- **Process Management (100 points out of 1000)** category involves the effectiveness of systems and processes for assuring the quality of products and services. This category examines the key aspects of process management including how processes are designed, implemented, managed and improved to achieve better performance.

- **Business Results (450 points out of 1000)** category involves the performance results, trends and comparison to competitors in key business areas including, customer satisfaction, financial, market, human resources, suppliers, partners and operations. This category examines the company's performance and improvement in key business areas; customer satisfaction, financial and market performance, human resource results, supplier and partner performance and operational performance. This category also examines performance levels relative to competitors.

2.2.3. The European Quality Award (1992)

The **European Quality Award (EQA)** is administered by its owner and developer **The European Foundation for Quality Management (EFQM)** with the support of the **European Commission (EC)** and the **European Organization for Quality (EOQ)** since 1992 [1,8].

The European Organization for Quality (EOQ), established in 1956, is a federation of 32 full member organizations with the aim of “improving the quality and reliability of products and services” [1,8]. EOQ initiates and promotes studies and practical applications of techniques and philosophies in the field of quality. See APPENDIX-C for the addresses of full member organizations of The EOQ and other quality-related sites.

Founded in 1991 by fourteen major European companies, with the European Commission, European Foundation for Quality Management (EFQM) is “a non-profit organization dedicated to promote Total Quality Management (TQM) as the way to business excellence” and its model, **The EFQM Model for Business Excellence**, that will be discussed later in the next chapter, underlies The European Quality Award [1,8].

EFQM’s mission is: “to assist organizations throughout Europe to participate in improvement activities leading ultimately to excellence in customer satisfaction, employee satisfaction, impact on society and business results; and to support the managers of European organizations in accelerating the process of making TQM a decisive factor for achieving global competitive advantage” [1,8]. See APPENDIX-D for EFQM’s 8 objectives and see APPENDIX-E for EFQM’s membership policy. EFQM’s program of events and activities and the networking opportunities it offers allows its members to share and exchange knowledge and experience of TQM [1,8].
The European Quality Awards and Prizes are presented annually to organizations that demonstrate “excellence in the management of quality as their fundamental process for continuous improvement” [1,8]. (See APPENDIX-F for previous European Quality Award and Prize winners.)

There are four award categories in the European Quality Award [1,8]:

- **Companies:** Whole companies or parts of companies that run as independent businesses. At least 250 persons must be employed.
- **Operational units of companies:** Parts of companies that run as cost centers (e.g. factories, assembly plants, sales and marketing organizations, research units). At least 250 persons must be employed.
- **Public Sector organizations:** Units operating within the Public Sector. At least 250 persons must be employed.
- **Small and Medium Size Enterprises (SMEs):** An independent organization, or part of a larger organization, with fewer than 250 people.

The EQA application document is examined by a team of about six assessors; senior managers, academicians and recognized experts from across Europe. (See APPENDIX-G for the application document for The European Quality Award.) The application is scored on a scale from 0 to 1,000 points using the EFQM Model for Business Excellence [1,8].

The assessors use the scoring process to allocate points to each of the criteria and prepare a feedback report that gives “a general assessment of the organization, a scoring profile for the different criteria and a comparison with the other applicants’ average scores” [2]. For each part-criterion, the report lists the key strengths and opportunities for improvement.

If the organization receives a site visit, the feedback report would be sharper because of the additional information available to the assessors. These visits allow the assessors “to verify the application document's contents and check points which are unclear” [2].
Site visits are “a perfect way of supplementing and validating the organization’s own findings” [2]. The applicants greatly appreciate receiving this independent, external view of their organization and for many it is the main reason for applying. Some organizations consider applying for the award “an excellent way of getting outside expert consultancy at a very reasonable price” [2].

Applying for the award means “involving organization's people to gather, assemble and analyze the information, and prepare the application document” [2]. “Having to work to a deadline fosters good teamwork, provides people with a clear aim and tangible objectives and stimulates their TQM awareness and commitment, by increasing their pride in their jobs and the organization, and adding an exciting challenge to life at work” [2].

Based on the assessing team's findings from the site visits, the jurors then select the European Quality Prize recipients, “organizations which have clearly demonstrated that their approach to Total Quality Management (TQM) has significantly contributed to satisfying the expectations of their customers, employees and other interested parties over a number of years” [1,8]. The European Quality Award is then presented to the organization judged to be the best of the Prize winners. The European Quality Award process is given in Figure 1.

To be eligible to apply for the European Quality Award, the applicant will first apply for their own national quality award in their own language (Tüsiad-KalDer National Quality Award based on the Tüsiad-KalDer Business Excellence Model). That application will be scored according to the rules of their own National Award and evaluated by assessors from their own country. The National Quality Organization will then invite up to four of their best applicants, applying nationally over the last 3 years, to apply at European level [7].
Potential applications check eligibility criteria for entry and requirements of Award Secretariat.

Call for candidates to become Assessors (Senior Managers, quality professionals, and academicians from across Europe). EFQM selects Assessors to attend a 3 day training course covering all aspects of the Award process.

Applicants send to EFQM 75 page (maximum) submission document for The European Quality Award.

Assessor teams (5-7 members) with a Senior Assessor appoint for each applicant. Assessors individually list strengths / areas for improvement and score. Team meeting to reach consensus score.

Distinguished individuals (about 7) from business and academia appoint as Jurors. Jurors train on The Award process. On the basis of Assessor team reports, Jurors decide on applicants to be re-visited.

Assessor teamsappoint to make site visits. Assessors meet to plan site visits. Site visits (2 to 4 days typically) to check validity of application and clarify issues. Assessor team re-scores and writes final report on application.

Based on report from site-visit teams, Jurors decide on The Award and Prize winners.

The European Quality Award and Prizes are announced and awarded.

Senior Assessors write Feedback Reports to all applicants identifying their strengths / areas for improvement. Score ranges are also given for each criterion. On request, Senior Assessor visits applicant to discuss feedback report.

Figure 1: The European Quality Award Process

There is considerable status attached to winning either The European Quality Award or The European Quality Prize. "The opportunity to use the logo of the Award or the Prize in corporate literature clearly establishes the winners as members of the most successful group of organizations in Europe" [1,8]. This should inevitably lead to the emergence of new and more satisfied customers and new business opportunities.
In the year following presentation of the Award and Prizes, winners also share their experiences of TQM at conferences and seminars organized by the EFQM. This offers “an excellent platform for the promotion of their status as leaders in Europe and is of great assistance to EFQM in its mission of promoting TQM in Europe” [2].

2.3. COMPARING THE AWARDS, MODELS AND CRITERIA

When The Deming Prize criteria are compared with that of The Malcolm Baldrige National Quality Award (MBNQA) and The European Quality Award (EQA) based on the EFQM model, one can see that human resource development, customer satisfaction, and business results are criteria that are outside the scope of the Deming Prize [6].

The models and assessment criteria of the EQA and the MBNQA are meant to act as “a framework for improvement to be interpreted for specific use within an organization” [6]. The criteria are “relatively open and non prescriptive; none attempt to place all organizations within the same tight framework” [6]. The fact that a wide range of organizations uses these criteria, demonstrates the adaptability of the processes.

When The Deming Prize criteria are compared with that of The Malcolm Baldrige National Quality Award (MBNQA) and The European Quality Award (EQA) based on the EFQM model, one can see the following similarities [6]:

- All have the concept of total quality as the basis.
- All have an assessment system based on the approach and the results.
- All have a criteria relationship model that shows how the elements of the assessment criteria are linked together. The criteria elements of each cover similar ground.
- All emphasize that the end purpose is to create a more effective and efficient organization, better synchronized to the needs of its customers and the general community.
- All place particular emphasis on measuring the outcome of improved organizational effectiveness as well as the processes that contribute to this.
The EQA and the MBNQA evolved in response to different objectives (the EQA was aiming at improving organizations, whereas, the MBNQA's first focus was the improvement of the products and services delivered) and set within different cultures.

The human resource development and management criterion of the MBNQA and the people management criterion of the EQA are similar. However, the MBNQA's framework enhanced human resource framework should ultimately result in better products and improved customer satisfaction. The EQA, on the other hand, "incorporates employee satisfaction as an independent component of the quality system and as a measure of excellence in management" [6].

Finally, the three awards and their approaches seem to place a different focus on the definition of quality [6]:

(i) The Deming Prize views quality as defined by the producers and the overall approach is the control of processes to ensure the quality of goods and services by the application of statistical control techniques.

(ii) The MBNQA, however, clearly indicates that quality is defined by the customers and the overall approach is the satisfaction of customers to achieve competitiveness.

(iii) The EQA, on the other hand, broadens the quality concept even further that the customers as well as the employees and the community at large all contribute to the definition on quality and includes corporate responsibility as an important criterion for excellence in management by including performance within the organization's social and ecological environment with the introduction of impact on society criterion.
CHAPTER 3

THE EFQM MODEL FOR BUSINESS EXCELLENCE

& THE SELF-ASSESSMENT PROCESS

Although each organization is unique, The European Foundation for Quality Management (EFQM) Model for Business Excellence underlying The European Quality Award (EQA) is “a key framework that can be applied widely to any organization or to any part of it towards being more competitive” [1,8]. With its model, EFQM wants “to promote a uniform concept of quality among European companies to make them more competitive for the world market” [1,8].

By combining basic management subjects, the EFQM model emphasizes the fact that “total quality complies with integral management approaches” [1,8]. In addition, “total quality is grounded in ideas about the generation and processing of information and feedback mechanisms relating to improvement and learning” [1,8]. By its nine interrelated criteria, the EFQM model positions total quality as “a real strategic resource serving the real goals of an organization rather than just being a technique” [1,8].

The European Quality Award process is similar for large companies, the public sector and small and medium sized enterprises (SMEs) [1,8].
3.1. THE EFQM MODEL FOR LARGE COMPANIES

The EFQM model for large companies underlying the EQA is based on the following principal [1]:

**Customer Satisfaction** (6), **People (Employee) Satisfaction** (7) and **Impact on Society** (8) are achieved through **Leadership** (1) driving **Policy and Strategy** (2), **People Management** (3), **Resources** (4) and **Processes** (5), leading ultimately to excellence in **Business Results** (9).

Each of the **nine** elements shown in the EFQM model is a **criterion** that can be used to assess the organization's progress towards **business excellence**. The percentages are used for the purpose of assessing applications for the EQA. The EFQM model exists in two types: one for large companies, and one for small and medium sized enterprises.

The EFQM model uses **Enablers** and **Results** to group the two categories of criteria that have been subdivided into criterion parts [1]. The EFQM model for large companies is given in Figure 2. (See APPENDIX-H for the criteria of the EFQM model for large companies.)

![Diagram of the EFQM Model for Large Companies](image)

Figure 2: The EFQM Model For Large Companies
The EFQM model for large companies consists of nine categories with a total of 1000 points [1]:

- **Leadership (100 points out of 1000)** criterion examines how the behavior and actions of the executive team and all other leaders inspire, support and promote a culture of TQM.

- **Policy & Strategy (80 points out of 1000)** criterion examines how the organization formulates, deploys, reviews and turns policy and strategy into plans and actions.

- **People Management (90 points out of 1000)** criterion examines how the organization releases the full potential of its people.

- **Resources (90 points out of 1000)** criterion examines how the organization manages resources effectively and efficiently.

- **Processes (140 points out of 1000)** criterion examines how the organization identifies, manages, reviews and improves its processes.

- **Customer Satisfaction (200 points out of 1000)** criterion examines what the organization is achieving in relation to the satisfaction of its external customers.

- **People Satisfaction (90 points out of 1000)** criterion examines what the organization is achieving in relation to the satisfaction of its people.

- **Impact on Society (60 points out of 1000)** criterion examines what the organization is achieving in satisfying the needs and the expectations of the local, national and international community at large. This includes the perception of the organization’s approach to quality of life, the environment, the preservation of global resources, and the organization’s own internal measures of effectiveness. It includes its relations with authorities and bodies which affect and regulate its business.

- **Business Results (150 points out of 1000)** criterion examines what the organization is achieving in relation to its planned business objectives and in satisfying the needs and expectations of everyone with a financial interest or other stake in the organization.
3.2. THE EFQM MODEL FOR SMALL AND MEDIUM SIZED ENTERPRISES

The EFQM model for small and medium sized enterprises (SMEs) underlying the EQA is based on a modified principal [8]:

*Customer Satisfaction* (6), *People (Employee) Satisfaction* (7) and *Impact on Society* (8) are achieved through *Leadership* (1) driving *Strategy & Planning* (2), *People Management* (3), *Resources* (4) and *Quality System & Processes* (5), leading ultimately to excellence in *Business Results* (9).

The EFQM model for small and medium sized enterprises (SMEs) covers the same essential business excellence elements as the model for larger organizations and uses the same nine-box structure. However, “to better reflect the structure and methods of SMEs, the definitions and descriptions have been modified and the criteria have been subdivided into fewer criterion parts” [8]. The EFQM model for small & medium-sized enterprises is given in Figure 3.

![Figure 3: The EFQM Model For Small & Medium-Sized Enterprises](image-url)

Figure 3: The EFQM Model For Small & Medium-Sized Enterprises
The EFQM model for small & medium-sized enterprises (SMEs) also consist of nine categories with a total of 1000 points [8]:

- **Leadership (100 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **Strategy & Planning (80 points out of 1000)** criterion examines how the organization formulates, deploys, reviews and turns policy and strategy into plans and actions with different sub-criteria items than that of the EFQM model for large companies.
- **People Management (90 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **Resources (90 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **Quality System & Processes (140 points out of 1000)** criterion examines how the organization delivers value for customers through management of its quality system and processes.
- **Customer Satisfaction (200 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **People Satisfaction (90 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **Impact on Society (60 points out of 1000)** criterion is the same as the EFQM model for large companies.
- **Business Results (150 points out of 1000)** criterion is the same as the EFQM model for large companies.

3.3. ENABLERS CRITERIA

The **Enablers criteria** are concerned with “how the organization approaches each of the criterion parts” [1,8].

Each Enabler is broken down into a number of “criterion parts” and each criterion part is supplemented by a list of “areas to address”. There is no requirement to respond to all of the areas to address, only those relevant to the organization should be addressed. Additionally, other areas to address may also be introduced [1,8].
Each of the parts of the Enablers criteria are scored on **approach** and **deployment**.

**Approach** deals with the methods used to address the criterion parts and is judged on [1,8]:
- whether the methods, tools and techniques are suitable;
- whether the approach is systematic and is prevention-based;
- the use of review cycles; and
- how well the organization implements improvements as a result of its periodic reviews.

**Deployment** is the extent to which the criterion parts have been implemented and scores are given according to the level at which the approach is deployed vertically and horizontally in all relevant processes and to all relevant products and services [1,8].

The assessors use **The Enablers Chart** (Figure 4) to allocate a percentage score for approach and deployment separately. An overall percentage score is then derived and converted into points according to the values shown in the EFQM model.

### 3.4. RESULTS CRITERIA

The **Results criteria** are concerned with "**what** the organization has achieved and is achieving" [1,8]. All Results criteria should be addressed by providing trend information on [1,8]:
- the organization’s actual performance,
- the organization’s own targets,

and wherever possible
- the performance of competitors, and
- the performance of best in class organizations.
The results presented should include perception or direct feedback data as well as predictor or relevant organization performance measures. The reliability and validity of any survey results presented should be discussed. The primary requirement is for numerical data. This can be expressed as particular results, but, should be presented in graphical form showing trends over a period of years with appropriate explanatory notes [1,8].

Each of the parts of the Results criteria are scored on results (level of excellence) and scope of the results presented [1,8].

The level of **excellence of results** are judged on the presence of [1,8]:
- positive trends and/or sustained good performance;
- comparisons with company's own internal targets;
- comparisons with external organizations (competitors and best in class);
- and, evidence that good results are caused by own endeavors.

The scope of results takes account of [1,8]:
- the extent to which the results cover all relevant areas of the organization;
- the extent to which a full range of results, relevant to the criterion part is presented;
- the extend to which the relative importance of the results is understood and presented
- and that there is a rationale for that choice.

The assessors use **The Results Chart** (Figure 5) to allocate a percentage score for results and scope separately. An overall percentage score is then derived and converted into points according to the values shown in the EFQM model.
The assessor scores each part of the Enablers criteria on the basis of the combination of two factors [1,8]:

- The degree of excellence of the **approach**, 
- The degree of **deployment** of the approach.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Score</th>
<th>Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anecdotal or non-value adding.</td>
<td>0 %</td>
<td>Little effective usage.</td>
</tr>
<tr>
<td>Some evidence of soundly based approaches and prevention based systems.</td>
<td>25 %</td>
<td>Applied to about one-quarter of the potential when considering all relevant areas and activities.</td>
</tr>
<tr>
<td>Evidence of soundly based systematic approaches and prevention based systems. Subject to occasional review. Some areas of integration into normal operations.</td>
<td>50 %</td>
<td>Applied to about half the potential when considering all relevant areas and activities.</td>
</tr>
<tr>
<td>Clear evidence of soundly based systematic approaches and prevention based systems. Clear evidence of refinement and improved business effectiveness through review cycles. Good integration of approaches into normal operations and planning.</td>
<td>75 %</td>
<td>Applied to about three-quarters of the potential when considering all relevant areas and activities.</td>
</tr>
<tr>
<td>Clear evidence of soundly based systematic approaches and prevention based systems. Clear evidence of refinement and improved business effectiveness through review cycles. Approach has become totally integrated into normal working patterns. Could be used as a role model for other organizations.</td>
<td>100 %</td>
<td>Applied to full potential in all relevant areas and activities.</td>
</tr>
</tbody>
</table>

For both **Approach** and **Deployment**, the assessor may choose one of the five levels 0%, 25%, 50%, 75% or 100% as presented in the chart, or interpolate between these values.

Figure 4: Scoring within the Self-Assessment Process - The Enablers Chart

25
The assessor scores each part of the **Results criteria** on the basis of the combination of two factors [1,8]:

- The degree of excellence of the **results**,
- The **scope** of the results.

<table>
<thead>
<tr>
<th>Results</th>
<th>Score</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anecdotal.</td>
<td>0 %</td>
<td>Results address few relevant areas and activities.</td>
</tr>
<tr>
<td>Some results show positive trends and/or satisfactory Performance. Some favorable comparisons with targets.</td>
<td>25 %</td>
<td>Results address some relevant areas and activities</td>
</tr>
<tr>
<td>Many results show strongly positive trends and/or sustained good performance over at least 3 years. Favorable comparisons with targets in many areas. Some comparisons with external organizations. Some results are caused by approach</td>
<td>50 %</td>
<td>Results address many relevant areas and activities</td>
</tr>
<tr>
<td>Most results show strongly positive trends and/or sustained excellent performance over at least 3 years. Favorable comparisons with targets in most areas. Favorable comparisons with external organizations. Many results are caused by approach.</td>
<td>75 %</td>
<td>Results address most relevant areas and activities</td>
</tr>
<tr>
<td>Strongly positive trends and/or excellent performance in all areas over at least 5 years. Excellent comparisons with targets and external organizations in most areas. “Best in class” in many areas of activity. Results are clearly caused by approach. Position indication that leading position will be maintained.</td>
<td>100 %</td>
<td>Applied to full potential in all relevant areas and activities.</td>
</tr>
</tbody>
</table>

For both **Results** and **Scope**, the assessor may choose one of the five levels 0%, 25%, 50%, 75% or 100% as presented in the chart, or interpolate between these values.

Figure 5: Scoring within the Self-Assessment Process - The Results Chart
According to the EFQM model for large companies (See Figure 2 and APPENDIX-H), “Leadership” (the first criterion) is broken down into four criterion parts (la, lb, lc, and ld) and this criterion is defined as: “How the behavior and actions of the executive team and all other leaders inspire, support and promote a culture of TQM”.

In criterion part 1a, Self-Assessment should demonstrate: “How leaders visibly demonstrate their commitment to a culture of TQM”. Areas to address could include how leaders develop clear values and expectations for the organization, act as role models, give and receive training, make themselves accessible etc.

Criterion part 1b (How leaders support improvement and involvement by providing appropriate resources and assistance), lc (How leaders are involved with customers, suppliers and other external organizations) and ld (How leaders recognize and appreciate people’s efforts and achievements) also have related areas to address as stated in the model (See APPENDIX-H for the nine criteria of the EFQM model for large companies).


After the assessors use “The Enablers Chart” (Figure 4) to allocate a percentage score for “approach” and “deployment” and “The Results Chart” (Figure 5) to allocate a percentage score for “results” and “scope”, an overall percentage score is then derived and converted into points according to the values shown in the EFQM model [1,8].
Figure 6 is a sample scoring summary sheet for an hypothetical organization with the following arbitrary scores (%):

<table>
<thead>
<tr>
<th>The Enablers Criteria</th>
<th>Criterion Parts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion 1: Leadership</td>
<td>1a: 40  1b: 60  1c: 30  1d: 30</td>
</tr>
<tr>
<td>Criterion 2: Policy and Strategy</td>
<td>2a: 60  2b: 60  2c: 60  2d: 60</td>
</tr>
<tr>
<td>Criterion 3: People Management</td>
<td>3a: 60  3b: 65  3c: 40  3d: 50  3e: 40  3f: 45</td>
</tr>
<tr>
<td>Criterion 4: Resources</td>
<td>4a: 65  4b: 65  4c: 40  4d: 55  4e: 45</td>
</tr>
<tr>
<td>Criterion 5: Processes</td>
<td>5a: 50  5b: 40  5c: 45  5d: 60  5e: 65</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Results Criteria</th>
<th>Criterion Parts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion 6: Customer Satisfaction</td>
<td>6a: 72  6b: 80</td>
</tr>
<tr>
<td>Criterion 7: People Satisfaction</td>
<td>7a: 40  7b: 52</td>
</tr>
<tr>
<td>Criterion 8: Impact on Society</td>
<td>8a: 12  8b: 60</td>
</tr>
<tr>
<td>Criterion 9: Business Results</td>
<td>9a: 70  9b: 60</td>
</tr>
</tbody>
</table>

The Enablers Criteria (1, 2, 3, 4 and 5) are simply calculated by the average of related criterion parts. For example the score for Criterion 1 is calculated as:

**Criterion 1**: \((40 + 60 + 30 + 30) / 4 = 40\)

The results criteria (6, 7, 8, and 9) are calculated by multiplying the related criterion parts with the assigned weights (See Figure 6), and adding the scores for the related criterion parts to find a criterion score: For example the score for Criterion 6 is calculated as:

For criterion part 6a: \((72) \times (0.75) = 54\) & For criterion Part 6b: \((80) \times (0.25) = 20\)

**Criterion 6**: \((54) + (20) = 74\)

After the calculation of all of the criterion scores the overall score is calculated by using the percentage scores (factor) of the model. For example the score for Criterion 1 is multiplied by 1 (due to 10 %), likewise the score for Criterion 6 is multiplied by 2 (due to 20 %). See Figure 6 for the completed scoring summary sheet.
### I. Calculation of Enablers Criteria

<table>
<thead>
<tr>
<th>Criterion No</th>
<th>1</th>
<th>%</th>
<th>2</th>
<th>%</th>
<th>3</th>
<th>%</th>
<th>4</th>
<th>%</th>
<th>5</th>
<th>%</th>
<th>(Sum of Parts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion Part</td>
<td>1a</td>
<td>40</td>
<td>2a</td>
<td>60</td>
<td>3a</td>
<td>60</td>
<td>4a</td>
<td>65</td>
<td>5a</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Criterion Part</td>
<td>1b</td>
<td>60</td>
<td>2b</td>
<td>60</td>
<td>3b</td>
<td>65</td>
<td>4b</td>
<td>65</td>
<td>5b</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Criterion Part</td>
<td>1c</td>
<td>30</td>
<td>2c</td>
<td>60</td>
<td>3c</td>
<td>40</td>
<td>4c</td>
<td>40</td>
<td>5c</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Criterion Part</td>
<td>1d</td>
<td>30</td>
<td>2d</td>
<td>60</td>
<td>3d</td>
<td>50</td>
<td>4d</td>
<td>55</td>
<td>5d</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Criterion Part</td>
<td>1e</td>
<td>30</td>
<td>2e</td>
<td>60</td>
<td>3e</td>
<td>40</td>
<td>4e</td>
<td>45</td>
<td>5e</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Sum of Parts</td>
<td>160</td>
<td>240</td>
<td>300</td>
<td>270</td>
<td>260</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>± (# of parts)</td>
<td>± 4</td>
<td>± 4</td>
<td>± 6</td>
<td>± 5</td>
<td>± 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Score Awarded</td>
<td>40</td>
<td>60</td>
<td>50</td>
<td>54</td>
<td>52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### II. Calculation Of Results Criteria

<table>
<thead>
<tr>
<th>Criterion No</th>
<th>6</th>
<th>%</th>
<th>7</th>
<th>%</th>
<th>8</th>
<th>%</th>
<th>9</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion Part</td>
<td>6a</td>
<td>72</td>
<td>X 0.75</td>
<td>54</td>
<td>7a</td>
<td>40</td>
<td>X 0.75</td>
<td>30</td>
</tr>
<tr>
<td>Criterion Part</td>
<td>6b</td>
<td>80</td>
<td>X 0.25</td>
<td>20</td>
<td>7b</td>
<td>52</td>
<td>X 0.25</td>
<td>13</td>
</tr>
<tr>
<td>Score Awarded</td>
<td>74</td>
<td>43</td>
<td>48</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### III. Calculation of Total Points

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Score Awarded</th>
<th>Factor</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Leadership</td>
<td>40</td>
<td>X 1.0</td>
<td>40</td>
</tr>
<tr>
<td>2 Policy and Strategy</td>
<td>60</td>
<td>X 0.8</td>
<td>48</td>
</tr>
<tr>
<td>3 People Management</td>
<td>50</td>
<td>X 0.9</td>
<td>45</td>
</tr>
<tr>
<td>4 Resources</td>
<td>54</td>
<td>X 0.9</td>
<td>49</td>
</tr>
<tr>
<td>5 Processes</td>
<td>52</td>
<td>X 1.4</td>
<td>73</td>
</tr>
<tr>
<td>6 Customer Satisfaction</td>
<td>74</td>
<td>X 2.0</td>
<td>148</td>
</tr>
<tr>
<td>7 People Satisfaction</td>
<td>43</td>
<td>X 0.9</td>
<td>39</td>
</tr>
<tr>
<td>8 Impact on Society</td>
<td>48</td>
<td>X 0.6</td>
<td>28</td>
</tr>
<tr>
<td>9 Business Results</td>
<td>65</td>
<td>X 1.5</td>
<td>97</td>
</tr>
<tr>
<td>Total Points Awarded</td>
<td></td>
<td></td>
<td>567</td>
</tr>
</tbody>
</table>

Figure 6: A Sample Scoring Summary Sheet
3.6. RELATIONSHIPS BETWEEN THE CRITERIA

The full power of the EFQM model is derived from the relationships between the criteria. At a basic level if a process is said to be key in an enabler criterion, then results related to the performance of this process should appear in one of the results criteria [1,8].

While all the nine criteria in the EFQM model are linked, some relationships are particularly clear, for example the linkages between [1,8]:

- People Management (criterion 3) and People Satisfaction (criterion 7), and
- Criteria 4 and 5 (management of the key processes and resources of the organization) and Business Results (criterion 9).

Linkages can be expected between Policy and Strategy (criterion 2) and the Results criteria. There are also linkages between Policy and Strategy and some of the comparisons in Results criteria [1,8]. For example, if the strategy is to achieve global leadership, the organization should be seeking global comparisons to judge its performance [1,8].

EFQM model is also “an important improvement driver” [1,8]. There may be connections between results achieved that are presented in the Results criteria and actions to improve performance in Enabler criteria [1,8]. There should be comparisons of results with internal targets or similar organizations. These should be used to drive improvement.

At a corporate level “comparisons of business results with internal targets and similar organizations should produce an effect of analysis of the issues driving customer satisfaction, loyalty and to modifications of Policy and Strategy (criterion 2) and plans to improve the Enabler criteria” [1,8].
3.7. SELF-ASSESSMENT & SELF-ASSESSMENT APPROACHES

The EFQM Model for Business Excellence is key in four ways [1,8]:

- as a framework which organizations can use to help them develop their vision and goals for the future in a tangible, measurable way.
- as a framework which organizations can use to help them identify and understand the systemic nature of their business, the key linkages and cause and effect relationships.
- as the basis for the European Quality Award, a process which allows Europe to recognize its most successful organizations and promote them as role models of excellence for others to learn from. And
- as a diagnostic tool for assessing the current health of the organization. Through this process, an organization is better able to balance its priorities, allocate resources and generate realistic business plans. This last, diagnostic use, is known as Self-Assessment.

3.7.1. The Self-Assessment Process

The Self-Assessment process is a catalyst for driving business improvement and is defined by the EFQM as follows [1,8]:

Self-Assessment is a comprehensive, systematic and regular review of an organization's activities and its results referenced against the EFQM Model for Business Excellence.

By taking a hard look at the organization and scoring it against the EFQM model, the Self-Assessment process [1,8]:
- allows the organization to clearly identify its strengths and areas for improvement, and
- provides the basis for future strategy and improvement plans which are then monitored for progress.

See Figure 7 for steps involved in establishing and implementing Self-Assessment and Figure 8 for a summary of Self-Assessment process.
Gain commitment of leader to use EFQM Model. Develop commitment of senior management team through understanding. Educate senior management in use of EFQM Model as a driver of continuous improvement activity.

Select Self-Assessment Approach. Identify appropriate business units for Self-Assessment. Select "early adapters" to pilot process. Define boundaries of selected business units.

Assemble teams to manage Self-Assessment. Select relevant people. Train people directly involved. Consider case study as basis for training. Identify strengths / areas for improvement in case study.

Determine communication message, media and target. Emphasize that this process underpins focus on customer and business prosperity.

All the necessary processes should be repeated in all approaches at appropriate intervals.

If necessary consolidate inputs from business units. Review areas to address. Assign priorities. Agree responsibilities and milestones. Communicate action plan and strategic direction.

Set up improvement teams. Provide appropriate resources.

Figure 7: Steps Involved in Establishing and Implementing Self-Assessment

Figure 8: A Summary of Self-Assessment Process
The scoring charts and the criterion percentages provide “a consistent basis for establishing a quantitative measure (overall score) of the organization’s performance against the EFQM model” [1,8]. Gaining consensus within the organization provides “a common organizational platform for discussion and development of the issues facing the organization” [2]. The organization also has the additional benefit of “being able to benchmark its scoring profile against the best in Europe”, since a wide range of organizations uses these criteria [1,8].

The Self-Assessment document itself is a valuable communication tool. It shows people how their organization runs its business and how the results are achieved.

The Self-Assessment document is also a valuable training tool within the organization. Very often TQM courses use a fictitious case study as a teaching aid and a discussion tool. Employees' own organization's Self-Assessment document is a better example. The information is “realistic, relevant and recognizable”, and “employees can start applying what they have learned immediately” [2]. They then have “a sound basis from which to develop their own improvement action plans” [2]. See Figure 9 for the linkages between Self-Assessment, the business planning process and action plans.

3.7.2. Self-Assessment Approaches

Self-Assessment can be initiated in the organization as a whole or in a sub-division of the organization. There is no single right way for an organization to implement a Self-Assessment and currently there are six different approaches for conducting Self-Assessment (See APPENDIX-I for Self-Assessment approaches). The particular approach adopted will be influenced by the culture and structure of the organization as well as the benefits desired [1,8].
Self-Assessment approaches vary in terms of the time work load and time required. The accuracy and thoroughness and of the outcomes is only as good as the information assembled. Thus, it is important “to match the process used with the purpose of the Self-Assessment” [1,8]. Selecting the best approach for the organization needs to take into account “the culture of the organization and the objectives that have been set” [1,8].

It is not possible to define a single approach which will work successfully at team or operational levels for all organizations. Each organization needs to develop an approach which meets its own requirements and circumstances. Whichever approach is used, the key point to remember is that Self-Assessment is about the continuous improvement of the organization. The most critical phase of the process is “action planning and implementation” [1,8].

---

**Figure 9: Linkages Between Self-Assessment, The Business Planning Process & Action Plans**

- **Conduct Self-Assessment**: Use appropriate approaches.
- **Collate the identified Strengths and Areas for Improvement**: Ensure the full meaning of the items is not lost in examination. Ensure that the examination is done rapidly and in full sentence rather than blue points. Consider grouping items.
- **Determine the criteria to be used to facilitate prioritization**: Vision and mission of the organization. Current priorities and strategic plans. Key processes of the organization. Critical success factors. Key themes to emerge from Self Assessment. Overall scoring profile.
- **Prioritize against predetermined criteria**: Prioritize on High/Low Impact and Ease of Change. Alignment with prioritization criteria. Resources allocated. Re-align plans.
- **Agree the actions necessary and the process and timings of the delivery of the actions.**: Assignment of owners. Decide required results and measurements. Process for ongoing review agreed. Due dates for actions agreed. Coordination and communication agreed.
- **Regularly review progress and ensure that priorities are appropriate.**: Ensure action planning is dynamic, flexible and responsive to external changes to the organization.
CHAPTER 4

A SELF-ASSESSMENT BASED ON THE EFQM MODEL: ECZACIBAŞI ASKAYNAK CASE

4.1. COMPANY PROFILE

Incorporated in 1974 as a subsidiary of Eczacıbaşı Holding, one of the oldest and largest industrial groups in Turkey with a total turnover of over $ 1.3 billion and 8,000 employees, Askaynak has about 200 employees [9]. The plant and the head office are in Kartal, an industry intensive area in Istanbul.

The company manufactures and markets 28 types of welding wires (for metal inert/active gas welding, and submerged arc welding) and 368 types of coated electrodes (rutile, basic, cellulosic, etc. in several lengths and diameters) under two brand names: Askaynak and Kobatek [9]. Until the joint venture, the company was also the distributor of The Lincoln Electric's welding machines, generators and consumables. In May 1998, Eczacıbaşı Holding sold half of its shares in Askaynak to The Lincoln Electric Co., a world leader in arc welding equipment through a joint venture agreement.

The organization has regional offices and a distribution network consisting of nearly 220 vendors in Turkey [9]. Askaynak is also an active exporter to five continents. The current production capacity for welding electrodes is 20,000 tons and the capacity for wires is 12,000 tons per year [9]. Total turnover in 1997 is about $ 25 million.
4.2. INTRODUCING TOTAL QUALITY MANAGEMENT

4.2.1 Reasons

Triggered by the dissatisfaction with its threatening status quo - very concrete problems resulting from increased competition, low capacity utilization due to low sales, dissatisfied customers, low productivity and a low employee morale, Askaynak was confronted with a financial trouble and realized that the organization needed a continuous process for improving its quality performance to find the answers to all of the problems and challenges it faced.

In order to solve these problems and reduce critical uncertainties, there was a need for the organization to analyze its way of doing things, based on an analysis of its own situation in terms of the environment, its market, its competence areas and its stakeholders with a focus on its own problems and objectives.

With the purpose to increase its customer satisfaction, to enhance the quality of its goods and services, to reduce costs by decreasing waste and inventory levels, to increase flexibility in meeting market demands, and to better utilize its human resources; the management style of Askaynak advanced from total quality control to total quality management through the announcement of the vision (Askaynak is the quality pioneer on products and in services) [10], and the adoption of TQM by the General Manager to all employees in August 1994.

4.2.2 Formulating a TQM Organization

After the adoption of TQM as a way of managing the organizational activities to gain efficiency, effectiveness and competitive advantage to ensure long term success, it was time for Askaynak to formulate its TQM organization.
The General Manager and the department managers are the members of Total Quality Committee the *corporate steering quality committee* in Askaynak [10]. Total Quality Committee “acts as a role model for all employees”, “makes sure that there is commitment at all levels in the organization to work towards business excellence and that the vision and values are clearly known, understood and implemented throughout the organization” [10].

Coordinated by the Total Quality Coordinator, the Total Quality Execution Committee is responsible to Total Quality Committee with its following members [10]:

- Technical Manager (Total Quality Coordinator),
- Human Resource Manager,
- Finance Manager,
- Group Chief of Production,
- Chief of Finance, and
- Chief of Sales Services.

The Total Quality Execution Committee “coordinates the activities of all quality improvement teams (5 step improvement teams, solution teams, project teams and 9 internal fact-finding self-assessment criterion teams)” [10].

Being directly responsible to the Total Quality Committee, managerial committees work on related subjects. These “9 managerial committees” are [10]:

- Product Committee,
- Education and Training Committee,
- Health and Safety Committee,
- Sales-Production-Inventory Committee,
- Environmental Committee,
- Career Committee,
- Process Management Committee,
- Cash Committee, and
- Auditors Committee.
In regular committee meetings, improvement suggestions for the current situation, arising needs and new projects are discussed and transferred into action plans to be reviewed in the following meetings [10].

4.2.3 Developing a Quality Awareness Program

After the formulation of a TQM organization, a quality awareness program that includes audiovisual materials, posters, and brochures is developed; guiding principles of successful companies around are investigated and an action plan to achieve a competitive advantage based on the management of quality is set. In addition to Askaynak's vision, values and a quality policy is also developed. Then, the company concentrated on reviewing total quality in general and developing clear values of TQM as a life style.

4.2.4 Askaynak's Approach to TQM

Askaynak sees total quality management as the total quality of its management and its organization, that is, the development of practices from which both processes and people benefit and practices that enable the organization in producing products and services from a customer focus. Therefore, it creates and continuously improves the organizational systems, so that their usage lead to increased value to the customers.

In Askaynak quality is seen as “the prime responsibility of all department managers” [10] who are evaluated on their commitment, involvement and action in TQM activities. It is believed that, “the quality of products and services is the ultimate goal that can only be reached by developing the quality of Askaynak through the integration of the TQM concept in daily activities” as it provides a framework, techniques and a common language [10].

To further emphasize the importance of the TQM philosophy within its organization, Askaynak joined the EFQM as an additional representative member beginning 1st of January 1998.

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4.3. ADOPTING THE EFQM MODEL AS A SELF-ASSESSMENT FRAMEWORK

4.3.1. Reasons

The road to build a quality system in Askaynak has started with product control applications. By reorganizing and developing the standard operating procedures for all of its activities from production to document distribution, Askaynak selected ISO 9001 standard as a guideline to develop its quality system. The reasoning behind the selection of ISO 9001 was because of this international standard's wider scope towards total quality in terms of quality assurance.

Askaynak achieved the ISO 9001 quality assurance system certificate from TÜV in June 1995, as the first organization in the Turkish welding industry. This quality assurance system certification was a significant corporate milestone illustrating Askaynak's overall commitment to superior quality and to enhance its operational productivity and efficiency. Then, “Management by Objectives” philosophy is put into action in December 1995.

Having a quality system based on ISO 9001 standards provides Askaynak a means of demonstrating to its customers that international standards have been installed in the organization. In addition, achieving certification based on ISO 9001 seems to be an important way to show that the organization is able to define its processes and to control its activities.

However in working with ISO 9001, it became clear that the operations covered by the twenty different fields of this standard (the responsibilities of directors, purchasing procedures, control of equipment, etc.) does not cover all the relevant business processes and are only one part of the story.

Quality assurance through ISO 9001 had been a necessary and useful first step, but, Askaynak needed additional initiatives as the ideal outcome of an ISO 9001 system compliance audit is that there is nothing more to do since there are no non-
conformances. But this does not mean that the organization could not become more efficient and do a better job for its customers.

In order to target further opportunities for continuous improvement, a comprehensive, systematic and regular business process was needed to find useful activities to do; that is, "to allow the organization to clearly identify its strengths", "to reveal opportunities to improve quality and efficiency" and "to provide the basis for future strategy and improvement plans which are then monitored for progress" [1,8]. This is what the Self-Assessment framework using the EFQM model is designed to accomplish.

As the organization decided to integrate customer satisfaction into its current quality management system, in February 1996, top management decided to adopt the Self-Assessment framework of the EFQM model that focuses on both customers and employees, two groups which until then were not sufficiently covered.

4.3.2. Training

Subsequently, Askaynak management provided a 3-day "Tüsiad-KalDer Total Quality Model" seminar on the Self-Assessment principles and criteria for its people. This model is exactly the same in content of the EFQM Model. The only subtle difference is the weights used in the calculation of the score [7].

This seminar was aimed [7]:

- to ensure that its people understand and accept the criteria to be used,
- to clarify the Self-Assessment goals, its potential benefits, and the overall process,
- to give a taste of how the Self-Assessment process works so that they understand that it is very different from an ISO 9001 system compliance audit,
- to set their expectations regarding the rest of the process and the outcomes, and
- to ensure that they understand their role, and especially that they must take corrective action at the end, based upon the findings.
4.3.3. Self-Assessment Criterion Teams

The next step was the creation of nine internal fact-finding criterion teams with their leaders, each responsible for a criterion in the EFQM Model:

<table>
<thead>
<tr>
<th>Criterion Team</th>
<th>Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Team: Leadership</td>
<td>General Manager</td>
</tr>
<tr>
<td>2. Team: Strategy and Planning</td>
<td>Technical Manager</td>
</tr>
<tr>
<td>3. Team: People Management</td>
<td>Human Resources Manager</td>
</tr>
<tr>
<td>4. Team: Resources</td>
<td>Foreign Trade Manager</td>
</tr>
<tr>
<td>5. Team: Quality System and Processes</td>
<td>Production Manager</td>
</tr>
<tr>
<td>6. Team: Customer Satisfaction</td>
<td>Sales &amp; Marketing Manager</td>
</tr>
<tr>
<td>7. Team: People Satisfaction</td>
<td>Group Chief of Production</td>
</tr>
<tr>
<td>8. Team: Impact on Society</td>
<td>Chief of Finance</td>
</tr>
<tr>
<td>9. Team: Business Results</td>
<td>Finance Manager</td>
</tr>
</tbody>
</table>

These internal fact-finding criterion team members became “change agents to lead the organizational change” [11,12]. They primarily concentrated on the criterion they are responsible for by writing up what they discovered in a report with supporting documents that they have found. These reports have set out the facts without any comment.

4.3.4. External Validation And Evaluation

External validation and evaluation were carried out by two outside quality experts, one from KalDer and the other from an EFQM Award winner company. These experts typically reviewed the criterion teams' reports, conducted interviews with many people at different levels and then reconsidered what they have learnt. They wrote up another, but a quite different report that evaluated the facts and set out the strengths and opportunities for improvement. Finally, based upon all of this information, they developed a few recommendations identifying “the vital few priority areas for improvement that can have the most leverage” [2].
4.3.5. Feedback of the Findings and Recommendations

The next step was feedback of the findings and recommendations to the executives. This was a critical session. The executives could get upset or go into denial at this stage if the feedback was not well handled, or if the previous briefing session had not set their expectations properly. As the consultants have conducted the process properly, the top management accepted the report in full in April 1996, after a few hours of careful listening and some serious discussion. The next step was to develop improvement plans.

4.3.6. Developing Improvement Plans

The detailed planning was carried out in a workshop soon after the delivery of the feedback report. With the experience that they have gained, the nine internal fact-finding criterion team members were excellent resources to get involved in this part of the process, and also in the subsequent implementation of the plans. Of course these improvement plans needed to be integrated into the business plan and monitored carefully.

4.3.7. Consensus Building

Many organizations may have “difficulty in achieving a consensus regarding what specifically to do, although the need for change may be clear” [11,12]. Each department manager may have different opinions regarding what to do.

However, when the collaborative Self-Assessment process is complete, “there is a strong consistency between plans, processes, actions, information and decisions among departments in support of key company-wide goals as everyone works with a common frame of reference (the criteria) and has the same information regarding the current state of the organization (the final report)” [4]. Thus, departmental issues become secondary to improving overall performance. In this situation, it is easy to develop a consensus.
Likewise, the nine internal fact-finding criterion teams in Askaynak, the department managers and the external consultants all came to similar conclusions about what needed to be done. This also meant that “people who had been involved in the process were likely to become committed to support the resulting actions and to take ownership as key players” [11,12].

4.3.8. Repeating the Self-Assessment

Askaynak management has soon decided that the Self-Assessment would need to be repeated in order to measure the effectiveness of the actions taken, and to identify the next steps. By building the Self-Assessment process into the annual planning cycle, the organization has created “a reliable mechanism to drive the continuous improvement process” [1,8]. Thus, the second Self-Assessment is performed in September 1997.

4.4. LEADERSHIP

In Askaynak all 50 senior, middle and primary managers with different titles from the General Manager to the foreman are referred as ‘leaders’ [9]. Minimum training which leaders at all levels should receive are defined in the ‘training needs matrix’ [9]. To improve the ability in using the EFQM model as a guide 36 white collar employees (35 %) have received training on the model until the end of 1997.

Performance evaluation system meetings (since March 1997) and year end departmental meetings provide input to the review of individual's leadership performance.

Leaders' way of driving improvement is reviewed in monthly held Total Quality Committee meetings to discuss the results achieved in comparison with the yearly plans.
4.5. STRATEGY & PLANNING

Prime process ‘strategy development and planning’ defines the framework and direction of all activities in Askaynak [10]. Department managers and their staff prepare the critical goal action plans and department plans in line with the priorities of improvement activities that are stated by Total Quality Committee through the announcement of the annual critical goals [10].

Individual goals (performance indicators, and ways of working) provide the deployment of planning activities down to each white collar employee. Deployment of target unity to blue collars is achieved by group targets and team oriented activities. The yearly action plan is the main source for individual goals, with the primary function to direct all individual efforts towards the company goals and personnel development.

4.6. QUALITY SYSTEM & PROCESSES

In Askaynak, any group of interrelated activities that deliver value are defined as a ‘process’ [10]. Every process has an owner that identifies the areas for improvement by receiving the feedback of the process' customers. This approach enables the organization to have a wider scope in planning its preventive and corrective actions from processes to customer needs and to supplier relations.

At yearly action plans, processes which have the most critical impact on key success factors are defined as ‘key processes’ [10]. A very important tool in management of key processes is benchmarking. It is the responsibility of the process owners to set up process standards.

In addition to the sole implementation of quality assurance procedures, Askaynak management tries to institutionalize an effective quality system in the organization as a way of TQM to deliver good products, to control its processes and to develop coordination mechanisms at a systems level [10].
Thus, the scope of Askaynak quality assurance system is not only limited with the requirements of ISO 9001 standards, but also covers other corporate processes. ‘Management by Objectives’ and ‘Quality Improvement Teams’ procedures are also integrated into the system and into the scope of the audit plan.

Askaynak’s current 73 process-focused procedures are grouped under 10 headings [10]:

- Management Procedures,
- Quality Assurance Procedures,
- Sales & Marketing Procedures,
- Product Development Procedures,
- Production Procedures,
- Production Planning Procedures,
- Storage-Transportation-Distribution Procedures,
- Maintenance Procedures,
- Purchasing Procedures, and
- Education-Training Procedures.

These procedures with ‘Askaynak Quality Manual’[10] lay the foundation of Askaynak’s **Quality Assurance System**. A Quality Assurance System Specialist is responsible for system updates and continuous improvements of the system.

To supply consistent products based on customer requirements, all manufacturing process steps from raw material entrance to final product delivery are kept under strict control by means of process control plans, check lists and final product tests [10].

For that purpose, the organization defines its supply process by establishing its sub-processes and the relationship among them. Foreign Trade Manager owns the main process ‘procurement and manage supplier relations’ [10]. For each type of raw material, incoming material control is made according to the related standard operating procedure and statistical follow up of supply performance is realized in case of significant non conformities [10].
Askaynak enlarges its quality assurance system and incorporates some of its suppliers in the audits. In this way, the organization is able to control its critical interface with its suppliers and to establish long term relationships.

In the organization’s supplier evaluation system, audits and performance results (based on test reports, incoming control results, complaints, problem solving approach, on time delivery, etc.) are considered [10]. In the supplier audits, supplier performance is based on ISO 9001 standards. Previous audit results are reviewed by evaluating actions against non-conformities.

External auditing of Askaynak’s quality assurance system is performed by the company’s customers, TÜV, and several international certification bodies including Bureau Veritas, and Lloyd’s Register of Shipping. Askaynak’s ‘zero minor non-conformities’ performance was reported in 1997 TÜV audit.

In addition to external audits, Askaynak quality assurance system is also internally audited by the company’s internal auditors, that is, the members of ‘Askaynak Auditors Committee’ [10].

Internal auditing system has been developed to spread improvement activities throughout Askaynak. Within this system, all departments are assessed according to a well defined audit procedure and a 6 monthly audit plan with Askaynak’s experienced internal auditors from different departments. Audit and auditor performance monitoring system is used as a standard tool to measure the effectiveness of the internal auditing system [10].

4.7. RESOURCES & PEOPLE FOCUS

Within the framework of its information technology policy, ‘management of information resources’ is defined as a main process [10].
Askaynak sees its human resources as essential to the organization's ability to perform and grow. All employees are managed within the framework of Askaynak human resources policy [10].

In coordination with the strategic plan and yearly action plan, career plans (by following 'career planning and substitution plan' procedure) and training plans are prepared [9]. Plans are reviewed each year by the employee, human resources manager and the department manager [9].

Career development needs of employees are supported by internal and external training programs and is reviewed in yearly career planning and substitution plan meetings [9]. In Askaynak, every new white collar employee has to take the standard training package including 'solution teams', 'total quality management' and 'ISO 9000 quality assurance system' [9].

Applying the principle 'managing the people with the minimum possible hierarchical structure' assists Askaynak to realize faster communication in its existing four levels [9]:
- Total Quality Committee,
- Middle Management,
- First Line Management and
- Blue Collar Employees.

'Open Door Policy' has been accepted and followed as a management concept to build a close and effective relationship with the employees.

In Askaynak, various mechanisms exist to promote involvement of people in every operation. Those mechanisms are conducted by the sub-process 'ensure employee involvement and enhance team work' [10].
4.8. CUSTOMER FOCUS

After having optimized its internal processes which led to ISO 9001 quality assurance system certification, Askaynak soon realized that it was not sufficiently customer focused and lacked a clear vision on the quality of its own competence areas (which are a combination of its technology, human capabilities and motivational values), that it has initially developed as a result of dealing with its internal problems, critical uncertainties and competitive pressures. Consequently, the company decided to work in a structured way on the development of its customer focus. This was in order to improve and to extend its profits.

Askaynak defines its vendors as well as its end-users as its external customers. Customer’s perceptions on the products and services are measured through yearly customer (vendor and end-user) satisfaction surveys and internally followed parameters (rejection rates, etc.) gathered from visits, reports and audits. Yearly customer satisfaction surveys have two aims:

- to measure the satisfaction level of all related (Askaynak’s and its two rivals’) customers by comparing Askaynak with other suppliers together with the importance rating of each parameter and,
- to receive feedback of the customers’ perceptions.

A professional market research firm does these surveys, compiles the results and proposes action plans to Total Quality Committee since 1996. Survey results bring improvement opportunities with the consideration of the priorities of the customers, which are used to determine Askaynak’s targets and action plans.

The statement ‘customer is the focus of our quality approach’ lies in Askaynak’s total quality principles by realizing the fact that its customers are the reason for it’s existence [9].
4.9. IMPACT ON SOCIETY

Askaynak strongly emphasizes the importance of its societal responsibilities. In doing this, the organization points to a set of values relating to issues like environmental management, working conditions and the contribution to societal initiatives.

Parallel to ‘resources are used in a rational way and recycling techniques are applied’ statement in its environmental management policy, Askaynak is devoted to minimize both internal and external pollution [10]. Askaynak’s environmental management policy is based on ISO 14000 since February 1997. To improve the ability in using the ISO 14000 standards, 24 employees have received a 3 day seminar.

4.10. ASKAYNAK’S APPROACH TOWARDS IMPROVEMENT

The statement ‘...Askaynak will be administered by a philosophy targeting business excellence in the international competitive arena by providing best quality welding products in the most economical way through continuous improvement’ in Askaynak’s quality policy expresses its approach to improvement activities [10].

To tackle particularly with thorny problems, solution teams were empowered in May 1996 to provide an opportunity for employees who wish to voluntarily contribute to improvement activities.

Based on the company culture, honoring methods are preferred by Askaynak instead of monetary awards. The first ‘General Manager Special Award’ has been institutionalized in 1997 to recognize and reward employee excellence.

Total quality awareness and commitment to improvement activities of employees is evaluated by their superiors during performance evaluation system meetings [9].
Askaynak's 6 internal auditors, 'Internal Audit' procedure and 6 monthly audit plan provide improvement opportunities to all functions with the participation of blue and white collar employees to the planned audits. Review of the internal audit system is performed within the quality system [10].

The review of the effectiveness of managing processes of continuous improvements is performed in the yearly action plan with the review of 'Process Management Committee' [10]. The other platform to evaluate the effectiveness of the continuous improvement studies is the Self-Assessment inputs that are taken into account in company plans.

Askaynak develops its own approach with its management style, by formulating a set of clear and consistent core values and developing them into mechanisms to transfer its ideas into concrete objectives and actions for all of its employees at all levels, that allows the organization to adjust its strategies and practices.

The definition of clear and measurable goals to give direction to improvements helps Askaynak to put the market and customer focus in a central role, diagnose its own strengths and weaknesses and develop a strategy based on its own competence aiming at its customers. This approach enriches more by involving employees.

4.11. BENEFITS & RESULTS

Being sensitive to its own situation (in terms of its market, the developments within its market), needs and problems, Askaynak is learning from models, organizational experiences, and success stories, but above all it combines these insights into an approach that fits with the specific conditions, problems and challenges of its own organization.
The primary reason of Askaynak’s adoption of the EFQM model as a framework for its Self-Assessment process is to drive continuous improvement as this model underlying the EQA is “non-prescriptive and relatively open” [4]. “By creating a link between what the organization needs to achieve and how it puts in place its strategies and processes to deliver its objectives”, the Self-Assessment framework provides guidance and an overview [4].

The Self-Assessment process offers Askaynak to ‘learn’ about it’s strengths and areas for improvement. To learn about “what TQM means when applied to the organization” and “how far down the quality road the organization has traveled over time, how much further it has to travel and how it compares with other organizations” by activating and structuring thinking about the organization’s problems and situation [12].

Thus, by using the Self-Assessment process, Askaynak structures and guides its change process (the implementation of challenging and feasible improvement activities connected with its TQM objectives), and defines clear and ambitious objectives in order to improve its quality performance through “the development of an organization which is in control” [11].

By working on its processes, the Self-Assessment methodology helps Askaynak to address “how work is done and in which way the organization controls it, learns from it and use the outcomes to work on improvements” [4]. Thus the organization looks at its processes with an open mind, simplifies and improves them by listening to its customers, employees and other stakeholders, and responds effectively to their wishes, needs and suggestions. In controlling and improving its processes, Askaynak puts a lot of effort into the development of its quality assurance that further secures its system.

So, by helping the organization in understanding, controlling and improving its business processes, the Self-Assessment process helps Askaynak to identify its critical processes, to make them measurable (by defining related performance indicators), and to use the outcomes to learn and translate into improvements.
Askaynak’s performance through improvements is also reflected in its business results:

- Net local sales revenue increased by more than 70% in 4 years although the total number of employees are nearly the same. Started in 1995, exports have also been booming by tripling the number of customers in two years.

- The company increased its competitiveness by decreasing its product costs by 25 to 40% in 3 years.

- Rejection rates exhibit an ever decreasing trend by 10 times for electrodes and 4 times for wires in a period of 7 years.
• Electrode productivity increased by more than 50% in 5 years.

Electrode Productivity (kg/man.hour)

• Wire productivity increased by more than 120% in 5 years.

Wire Productivity (kg/man.hour)

• With the adoption of just-in-time production, Askaynak has been able to increase its delivery performance through the years and delivers 68% of the orders in the first day and 80% in the third day.
CHAPTER 5

ANALYSIS & RECOMMENDATIONS

Askaynak management is aware of the fact that the Self-Assessment process does not improve the organization by itself. It is "a means to an end and not the end itself" [4]. It just provides an instant picture of the status of the organization expressed in terms of its strengths, areas for improvement and a benchmark score. If the outcomes are not acted upon, nothing will change as a result of the process. If the department managers have an active involvement in the process and have a sound grasp of the EFQM model, then there may be a very great chance of success, not just in implementing the Self-Assessment, but also, in managing the outcomes.

5.1. ANALYSIS OF ASKAYNAK'S TQM APPROACH

Some people in the organization believe that the efforts, time and money spent towards the Self-Assessment process is in vain and argue that, the structure and the requirements of Askaynak's approach just increases the bureaucracy as if the key indicators of success are the papers/files produced. They also perceive quality as an extra activity that is demanded by the top management.

Since most of them belong to the ‘neglected group’ (who are mostly blue-collar and first-level white collar employees that have not received any training on the EFQM model and the Self-Assessment framework), they see themselves outside the improvement plans and see the Self-Assessment process as a responsibility of a group of people (the fact-finding criterion team members).
They believe that by performing the Self-Assessment process, Askaynak just informs its rivals about the organization’s strategic information and the results coupled with its long term strategic objectives, and takes nothing in return. They also see some improvement activities as for show and believe that the actions towards improvement are not systematic and performed only to be eligible to be written in "the book" (the nickname of the Self-Assessment document) to get a higher score.

5.2. RECOMMENDATIONS FOR ASKAYNAK

My recommendations for Askaynak are as follows:

**Involvement and Commitment:**

1. All improvement opportunities should be carefully prioritized, evaluated and systematically reviewed for their effectiveness. Department managers should be personally involved in improvement activities and continuously review the effectiveness of their leadership. They might have a number of related goals of supporting and increasing employee involvement in improvement activities.

2. The right attitude of Askaynak employees towards quality is essential for the success of the Self-Assessment process. However, only the fact-finding criterion team members are actively involved in the Self-Assessment process. Other employees should also be motivated and empowered to take part in the Self-Assessment studies to identify barriers to effective work and to have a sense of confidence and pride of being able to improve the company’s performance.

3. All employees should know what the overall strategy is and what contribution to its realization is expected from them. Thus, a part of employees’ salary might be related to their compliance with the nine criteria of the EFQM model and to the increases in customer satisfaction, customer retention, and productivity indexes.

4. Quality should be integrated in all functions and into daily activities of all employees to provide a basis for the development of a culture of continuous improvement and learning. The commitment to total quality might be enhanced by making use of systematic recognition, award and appraisal systems to gain employee cooperation in quality improvements. Team-work activities should be reorganized to encourage innovation and creativity. Teams and individuals might be honored at the end of improvement studies to make the efforts visible.
**Education and Training:**

1. Askaynak management’s approach should be based on creating an atmosphere of trust in which opportunities are created for employees to learn and practice new skills and to increase their level of understanding in TQM by investing in their development through proper education and training.

2. On-the-job training offers a cost effective way to train and to better link training with work processes. The overall approach to training and development should be regularly reviewed for effectiveness and where possible, the cascade form of training should be used to reduce the amount of money spent on external training.

**Communication:**

1. Communication in Askaynak seems to be going mostly top-down (from management to employees); and there seems to be no systematic approach for bottom-up (from employees towards management) dialogue. Vertical communication is seldom followed by an upward feedback. A bottom-up approach like the construction of self-directed teams may help to increase the deployment of TQM (especially to blue collar employees) and the generation of new ideas especially in cost reduction, safety, and innovation. Also, a structure may be created to support the collection, evaluation and realization of all employees’ suggestions.

2. Inter-departmental communication needs progress. This may be performed through the removal of obstacles to cross-functional cooperation and the creation of network relationships among departments to better accomplish the overall goals.

**Benchmarking:**

1. An internal benchmarking system may be developed to share best practices within the organization.

2. Askaynak may persuade its competitors to cooperate in a benchmark study; although they may initially reject this idea.

3. Benchmarking should also be performed against global best-in-class organizations to determine how they perform their processes.
4. Special emphasis should be given to the selection and analysis of critical data and measurable performance indicators of key processes and results. Approaches that are used to collect data should be systematically reviewed with respect to the business effectiveness. Besides supporting its decision-making process and the company purposes (such as planning, performance review, operational improvements), selected data and performed analysis should be comparable with benchmarks.

In addition to the above recommendations, a few general recommendations may also be given to Askaynak:

**General:**

1. Many approaches have been recently implemented and more experimentation of the EFQM model and the Self-Assessment methodology is needed.

2. Askaynak may involve its customers in its quality improvement efforts by actively studying their feedback and share its TQM approach with its suppliers.

3. Askaynak may be engaged in scenario analysis to envision alternative futures.

4. Quality costs (failure, appraisal and prevention costs like product replacement costs) should be properly identified and measured.

5. Career planning process should not be limited to management positions.

6. A comprehensive management information system (MIS) may be established to create a common, faster and more efficient reporting system.

7. Concepts like Quality Function Deployment (QFD), Failure Mode and Effect Analysis (FMEA), Total Preventive Maintenance (TPM), Design of Experiments (DOE), Statistical Process Control (SPC) and Process Reengineering might be considered as useful quality elements and might be applied where possible.

8. People Opinion Survey should be performed by an external organization to increase the trustworthiness of the results.
5.3. RECOMMENDATIONS FOR COMPANIES PURSUITING BUSINESS EXCELLENCE

Just like Askaynak, organizations implementing Self-Assessment identify a number of areas for improvement ranging from issues that need a strategic decision to specific quick-fix issues. Every organization however, may not have the necessary resources to address all these opportunities at the same time and it would be unrealistic for them to try.

During the Self-Assessment process, some improvement opportunities may also be inappropriate to address due to the business nature. A small consultancy firm scoring 10 points out of 60 in the 8th criterion “Impact on Society” of the EFQM model may feel that there are more important areas to address in other criteria than those listed in the 8th criterion. Conversely, a chemicals manufacturing organization or a nuclear power plant would see the same score in that criterion as a major improvement opportunity.

Once the organization has completed the Self-Assessment process, it may care to respond to the following questions [12]:

- What identified strengths should be maintained to maximum effect?
- What identified strengths should be developed and exploited even further?
- What identified areas for improvement does the organization acknowledge, but will not pursue, because they are not core to the business?
- What identified areas for improvement does the organization acknowledge and see them as principal to address?
- How will the organization progress against the agreed improvement actions?

Therefore, a key step in implementing the Self-Assessment process within the organization is to identify the "vital few" [4]. Among many others, a wide variety of management techniques can help this identification process including: the cost/benefit analysis, industry benchmarking, industry trend analysis, and force-field analysis.
Given that the Self-Assessment framework helps to identify a number of areas for improvement, grouping the improvement opportunities may help the prioritization process [11]. Establishing the priorities for action following the Self-Assessment process ensures that a high level of motivation is maintained rather than a morale sinking situation where there are too many items to resolve [11].

Once the improvement actions are prioritized, they may be implemented in the organization’s business planning process by identifying the pitfalls and realizing that every change or improvement activity does not require the same level of implementation effort. Accurate determination of an improvement activity being a major change is crucial for the implementation effort and special allocation of resources.

The process by which the actions are integrated with the business planning process varies with the operation of an organization’s business planning process. Plans for improvement should “recognize the priorities” of the organization. As with any other activity, progress in implementing the improvement actions and the whole process for linking Self-Assessment and the business planning should be reviewed regularly and improved for the next Self-Assessment.

The major problem facing most organizations today is the way they are implementing their major improvement processes. Major successful improvement processes that bring substantial value to an organization have two essential ingredients: a better concept and effective implementation, that is the achievement of the prioritized stated objectives on time and within budget.

In order for a quality action to bring real and sustainable business improvements, “it is imperative that leaders at all levels of the organization, should have the ability and willingness to deal with the tough issues associated with implementing major change” [11]. By maintaining the integrity of this implementation, leaders must be capable of guiding their organization safely through the change process.
This involves convincing people to leave the comfort of the status quo and move through the new behaviors and way of doing things to arrive a point where change initiatives are implemented and integrated with the behavior patterns that are required by the change (with a special emphasis on the ability to manage people that must change in order to help them to become more adaptable in the process).

Remembering that people are control-oriented and perceive that they lose control when their environment is disrupted, an explicit or implicit resistance to change might be expected to occur during the implementation of the improvement processes. The greater the change and the more disruptive it is to the status quo, the stronger the resistance will be.

Therefore, the resistance to change during the implementation of the improvement processes must be expected and managed in order for improvement objectives to be successful. To effectively manage this resistance, management must understand the specific reasons behind this resistance and should continually provide targets with information to keep the organization's people informed of the progress by marking the ending and celebrating the successes.

In coherence with the philosophy underlying the EFQM model, the success stories of quality award winners prove that companies can improve their competitiveness with increased profits, even if they make their companies better places to work and their communities better places to live.
CHAPTER 6

CONCLUSION

The world is changing. So does Turkey. Its geography puts Turkey in both Europe and Asia and its $170 billion economy is growing at about 5% annually.

The move within the Turkish business to embrace TQM is part of the effort to adapt to change, because at its core, TQM is becoming more competitive by changing the way an organization does business to match the changing markets. And because world markets are changing faster than ever in terms of new technologies, competitors, regulations, etc., the winners are those who can keep up with or stay ahead of the changes. Managing change is no longer a luxury. It is a necessity. Success will be determined by those organizations that are able to learn and transform.

An important step that companies must take to adapt to change and achieve a competitive position is to radically improve their internal processes and focus more on their customers. In fact, these are now an absolute minimum requirement for entry into the global arena. This is where TQM, plus ‘the willingness to accept change as an opportunity to become even better’, play a decisive role. An outstanding product can bring temporary success; but a set of values and a business culture focused on ‘making the customers more competitive’ are the key to long-term success.

The creation of organizations such as EFQM and several national quality organizations including KalDer in Turkey owe their birth to the top management of organizations that, recognizing the strategic importance of TQM, have provided the resources and impetus to create them.
6.1. SUMMARY

The development of quality from inspection and control through quality assurance to total quality can also be seen in the evolution of quality awards. The EFQM model underlying The European Quality Award is one of the outcomes of the insight that in creating good management of quality, one has to create true quality of management.

In this thesis, a real life case that analyzes a middle-scale Turkish firm trying to adopt the EFQM model as a Self-Assessment framework to improve, grow and increase its competitiveness by creating a continuous learning organization is presented.

After having achieved the ISO 9001 certificate, Askaynak soon realized that the operations covered by this standard does not cover all the relevant business processes, as the ideal outcome of an ISO 9001 system compliance audit is that there is nothing more to. But this does not mean that the organization could not become more efficient and do a better job.

In order to target further opportunities for continuous improvement, and to create a link between what the organization needs to achieve and how it determines its strategies and processes to deliver its objectives, a methodology was needed to find useful activities to do; this is what the Self-Assessment framework based on the EFQM model is designed to accomplish. Thus, Askaynak adopted the Self-Assessment framework which focuses both on customers and employees, two groups which until then were not sufficiently covered.

First, a seminar on the Self-Assessment principles and criteria is provided. The next step was the creation of nine internal fact-finding criterion teams with their leaders. The external validation and evaluation were carried out by outside quality experts. Then, detailed improvement plans were developed. Askaynak management have soon decided to repeat the Self-Assessment process to measure the effectiveness of the actions taken, and to identify the next steps. By building the Self-Assessment
process into the annual planning cycle, the organization has created a reliable mechanism to drive the continuous improvement process.

The Self-Assessment process activates and structures thinking about the organization's problems and situation by providing an instant picture expressed in terms of organization's strengths and areas of improvement.

However, the Self-Assessment process does not improve the organization by itself. If the outcomes are not acted upon, nothing will change. If the department managers have an active involvement in the process and has a sound grasp of the EFQM model, then there may be a very great chance of success, not just in implementing the Self-Assessment, but also, in managing the outcomes.

By using the Self-Assessment process, Askaynak structures and guides its change process (the implementation of challenging and feasible improvement activities connected with its TQM objectives), and defines clear and ambitious objectives to improve its quality performance through the development of an organization which is in control. In controlling and improving its processes, Askaynak puts a lot of effort into the development of its quality assurance that further secures its system.

So, by helping the organization in understanding, controlling and improving its business processes, the Self-Assessment process helps Askaynak to identify its critical processes, to make them measurable by defining related performance indicators, and to use the outcomes to learn and translate into improvements.

Askaynak's performance through improvements is also reflected in its business results. Its net local sales revenue increased by more than 70%. Exports have also been booming by tripling the number of customers in two years. The company increased its competitiveness by decreasing its product costs. Rejection rates exhibit an ever decreasing trend. Productivity increased by 50 to 120% in 5 years. With the adoption of just in time production, Askaynak is also able to increase its delivery performance through the years.
However, the ‘neglected group’ in Askaynak believes that the efforts, time and money spent towards the Self-Assessment process is in vain and argues that the approach just increases the bureaucracy. They see themselves outside the improvement plans and the process as a responsibility of a group of people.

6.2. BENEFITS OF THE SELF-ASSESSMENT PROCESS

Being sensitive to its own situation in terms of its market and the developments within its market, its needs and problems, any organization can learn from models, experiences, and success stories, but above all it should combine these insights into an approach that fits with the specific conditions, problems and challenges of its own organization. As the EFQM model underlying the EQA is non-prescriptive and relatively open, many organizations from a small consultancy firm to a giant group with several subsidiaries (in accordance with their specific needs and characteristics) may use the model as a Self-Assessment framework. The benefits of the Self-Assessment process can be summarized as follows:

- Besides providing a structured approach to business improvement based on facts and not on individual perceptions, the Self-Assessment process provides a powerful diagnostic tool in the sense that it provides an objective assessment against a set of criteria that has become widely accepted across Europe.

- The Self-Assessment framework also provides a means to benchmark internally as well as against successful organizations, as the scoring profile released by EFQM at the end of each year’s award process provides benchmark data against which organizations can compare themselves.

- By helping to integrate various quality initiatives into normal business operations, the Self-Assessment process also provides a means to educate people in the organization on how to apply the principles of TQM in a meaningful way.

- By providing a means to achieve consistency of direction and consensus on what needs to be done, the Self-Assessment process provides a methodology for application at all levels ranging from individual business units to the organization as a whole.
• In addition to providing a means to **create enthusiasm** among the people within the organization, to **involve them** in the improvement process and **give fresh driving force** to their pursuit of business excellence, the Self-Assessment process provides **opportunities to recognize** progress and outstanding levels of achievement through internal awards and **opportunities to share** and promote excellent approaches within different areas of the organization.

Thus, the Self-Assessment process based on the EFQM model offers Askaynak to ‘**learn**’ about it’s **strengths** and **areas for improvement**. To learn about “what TQM means when applied to the organization” and “how far down the quality road the organization has traveled over time, how much further it has to travel and how it compares with other organizations” [12].

Once these strengths and opportunities for improvement have been identified, improvement plans are developed by focusing on a few priority areas that have the greatest leverage. And by integrating the self-assessment process into the annual planning cycle, the self-assessment process can be used to drive further quality improvements.

Customer perceptions are the only true measure of quality. The customer's point of reference lies in the things they see, the actual goods and services. They are not primarily interested in the organization behind the goods and services. However, success stories show that organizations are able to deliver goods and services that are wanted, because they have a “good organization” and the “right policies”.

Quality is searching and accepting responsibility for finding and developing solutions. Quality must be cultivated and enriched through capable leadership at every level. If it is to be successfully developed and integrated through an organization, it must be assimilated and internalized until it becomes the natural and preferred way of doing business.
6.3. AREAS FOR FUTURE WORK

Once an organization is familiar with the Self-Assessment process, it may apply for a quality award (EQA or MBNQA) to be recognized as having demonstrated excellence in business performance. Award prospects then receive a site visit which allows the assessors to verify the application document's contents and check points which are unclear. Based on the assessing team's findings from the site visits, the jurors then select the Award recipients.

A further study may be based on an analysis of an organization applying for the award by identifying its approach to the site visit preparation by reviewing its systems.
REFERENCES


16. İpek Kağıt Başvuru Dökümanı, 1996


• **Action Plans**: Action plans refer to principal company-level drivers, derived from short-and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the company must do well for its strategy to succeed.

• **Alignment**: Alignment refers to consistency of plans, processes, actions, information and decisions among company units in support of key company-wide goals.

• **Continuous Improvement and Innovation**: There is a culture of continuous improvement. Continuous learning is the basis of becoming better. Original thinking and innovation is encouraged. Benchmarking is used to support innovation and improvement.

• **Customer Focus**: The customer is the final judge of product and service quality. Customer needs, requirements and how to deliver value is deeply understood. Customer satisfaction is measured and analyzed as are the issues that influence loyalty.

• **Cycle Time**: Cycle Time refers to time performance; the time required to fulfill commitments or to complete tasks.

• **External Customers**: The immediate external customer of the organization and all other external customers in the distribution chain to the final customer.

• **Financial Resources**: The short term funds required for the day-to-day operation of the business and the capital funding from various sources required for the long-term financing of the organization.
• **High Performance Work:** High Performance Work refers to work approaches used to systematically pursue ever higher levels of overall company and human performance, including quality, productivity and time performance.

• **Information Resources:** Business and technical data and the means of making the information available and accessible.

• **Leaders:** The people who coordinate and balance the interests of all who have a stake in the organization; including the executive team, all other managers and those in team leadership positions or with a subject leadership role.

• **Leadership and Consistency of Purpose:** Leaders develop the organization's culture. They drive the resources and efforts of the organization towards excellence. Policy and strategy are deployed in a structured and systematic way across the whole organization.

• **Materials:** Physical items in all their forms including stocks of raw materials, finished products and material in progress.

• **Measures and Indicators:** Measures and Indicators refer to numerical information that quantifies (measures) input, output and performance dimensions of processes, products, services and the overall company (outcomes).

• **Mission:** Mission is the purpose of the organization and the reason to justify the continued existence of the organization.

• **Parameter:** A measurable or quantifiable characteristic or feature.

• **Partnership:** A long term working relationship between two or more parties.

• **People:** All of the individuals employed by the organization including full time, part time, temporary and contract employees.

• **People Development and Involvement:** The full potential of people is released through a shared set of values and culture of trust and empowerment. There is a widespread involvement and communication and this is supported by opportunities to learn and develop skills.

• **Performance:** Performance refers to output results information obtained from processes, products and services that permits evaluation and comparison relative to goals, standards, past results and to other organizations.

• **Policy and Strategy:** The top-level framework of the organization that sets out its underlying mission, values, objectives and strategies.
• **Processes and Facts**: Activities are systematically managed in process terms. Processes have owners. They are understood and there are prevention-based improvement activities within daily work of everyone. Facts, measurement and information are the basis.

• **Processes**: A process is a sequence of steps which adds value by producing required outputs from a variety of inputs.

• **Public Responsibility**: The organization and its people adopt an ethical approach and strive to exceed the regulatory and legal requirements.

• **Results Oriented**: Sustainable success is dependent on balancing and satisfying the interests of stakeholders: customers, people employed, stockholders and the society in general.

• **Society**: All those who are, or believe they are, impacted by the organization, its products, services and processes.

• **Suppliers**: The providers of goods and services. Suppliers can be either external or internal.

• **Supplier Partnerships**: Supplier partnerships are built on trust and appropriate integration, generating improvement and value both for customer and supplier.

• **Total Quality Management (TQM)**: Behaviors, activities or initiatives based on the way the organization is managed to achieve business excellence.

• **Values**: The understanding and expectations that describe how the organization's people behave and upon which all business relations are based (e.g. trust, support, truth).

• **Vision**: Statements that describe the kind of organization it wishes to be (e.g. “we delight customers by anticipating their needs and exceeding their expectations”, “the community takes pride in our presence and society values our contribution”)

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APPENDIX-B

THE MALCOLM BALDRIGE U.S. NATIONAL QUALITY AWARD CRITERIA FOR PERFORMANCE EXCELLENCE -1998 (TOTAL POINTS = 1000)

1. Leadership (110)
   1.1. Leadership System (80)
   1.2. Company Responsibility and Citizenship (30)
       1.2.a. Societal Responsibilities
       1.2.b. Support of Key Communities

2. Strategic Planning (80)
   2.1. Strategy Development Process (40)
   2.2. Company Strategy (40)
       2.2.a. Strategy and Action Plans
       2.2.b. Performance Projection

3. Customer and Market Focus (80)
   3.1. Customer and Market Knowledge (40)
   3.2. Customer Satisfaction and Relationship Enhancement (40)
       3.2.a. Accessibility and Complaint Management
       3.2.b. Customer Satisfaction Determination
       3.2.c. Relationship Building
4. Information and Analysis (80)
4.1. Selection and Use of Information and Data (25)
4.2. Selection and Use of Comparative Information and Data (15)
4.3. Analysis and Review of Company Performance (40)
   4.3.a. Analysis of Data
   4.3.b. Review of Company Performance

5. Human Resource Focus (100)
5.1. Work Systems (40)
   5.1.a. Work Design
   5.1.b. Compensation and Recognition
5.2. Employee Education, Training and Development (30)
5.3. Employee Well-Being and Satisfaction (30)
   5.3.a. Work Environment
   5.3.b. Work Climate
   5.3.c. Employee Satisfaction

6. Process Management (100)
6.1. Management of Product and Service Processes (60)
   6.1.a. Design Processes
   6.1.b. Production/Delivery Processes
6.2. Management of Support Processes (20)
6.3. Management of Supplier and Partnering Processes (20)

7. Business Results (450)
7.1. Customer Satisfaction Results (125)
7.2. Financial and Market Results (125)
7.3. Human Resource Results (50)
7.4. Supplier and Partner Results (25)
7.5. Company-Specific Results (125)
APPENDIX-C

FULL MEMBER ORGANIZATIONS OF
THE EUROPEAN ORGANIZATION FOR QUALITY
& OTHER QUALITY-RELATED SITES

http://www.eoq.org/
The European Organization for Quality (EOQ)

http://www.tse.org.tr/
Turkish Standards Institution

http://www.oevq.co.at/oevq
Austrian Association for Quality

http://www.netvision.be/VCK
Flemish Quality Management Center (VCK)

http://www.dfk.dk/
Danish Society for Quality (DFK)

http://www.sly.fi/
Finnish Society for Quality

http://www.evariste.anvar.fr/ref
French Quality Movement

http://www.dgq.de/
German Society for Quality (DGQ)

http://www.eede.gr/
Greece - Hellenic Management Association

http://www.skima.is/gsfi
Icelandic Association for Quality

http://www.failte.com/iqa
Excellence Ireland

http://aicq.green.it/
Italian Association for Quality

http://www.kwaliteitsdienst.nl/
Dutch Foundation for Quality (KDI)

http://www.nfk.no/
Norwegian Society for Quality and Leadership

http://www.apq.pt/
Portuguese Association for Quality

http://www.asoc-esp-calidad.es
Spanish Association for Quality (AEC)

http://www.sfkvalitet.se/
Swedish Association for Quality (SFK)

http://www.magnet.ch/saq
Swiss Association for the Promotion of Quality

http://www.euroqual.org/
UK Institute of Quality Assurance

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http://www.efqm.org/
The European Foundation for Quality Management

http://www.euroqual.org/
Euroqual

http://www.quality.de/english.htm
Quality Management - Germany, Austria, Switzerland

http://www.quality.org/qc/
Quality Organization

http://www.asqc.org/lynx.html
American Society for Quality Control (ASQC)

http://www.iso.ch/
International Organization for Standardization

http://europa.eu.int/
Europa - the European Union's server

http://www.juse.or.jp/
The Union of Japanese Scientists and Engineers
APPENDIX-D

EFQM'S 8 OBJECTIVES

OBJECTIVE 1: The EFQM Model for Business Excellence is recognized as providing the key strategic framework and criteria for managing an organization and identifying improvement opportunities regardless of the nature or size of that organization. The EFQM is acknowledged as having the lead role related to the development and integrity of this model. Activities include:

- Regular review and improvement through feedback from active users,
- Overview role of Steering Group,
- Benchmarking and collaboration with the MBNQA (U.S.), The Deming Award (Japan) and other similar organizations,
- Research into the overall model criteria and the individual criteria through collaboration with academic and business research groups,
- Research application of the model to new business areas.

OBJECTIVE 2: The winning of the European Quality Award or Prize is recognized internationally as a major achievement and the winners are acknowledged as role models of business excellence. Activities include:

- Current Award/Prize structure, eligibility and feedback process,
- Presentations of Award/Prizes within annual EFQM European Business Excellence Forum,
- Winners Conference,
- Increase the value of entering for the Award (e.g. site visit for all EFQM member entrants),
• Publication of Best Practice booklets and application documents,
• Extend awards to provide classes for the public sector and small and medium sized enterprises (SMEs),
• Increase harmonization with national and regional awards,
• Review potential for further extension of Award or Prize structure (e.g. sector awards),
• Promotion in business journals.

**OBJECTIVE 3:** The EFQM continuously improves member benefits with particular emphasis on driving the effective cooperation of members in the sharing of good practice and the development of improved approaches which lead to continuous improvement, business excellence and competitiveness. Activities include:

• Open days,
• Study missions,
• Conferences: Annual EFQM Europe Business Excellence Forum,
• Working groups,
• CEO days,
• Benchmarking services,
• CEO Specific Events,
• Active creation of further networking opportunities based on membership needs.

**OBJECTIVE 4:** The philosophy, processes, tools and techniques of Total Quality are a key element of curriculum at all levels of education and training in Europe. Activities include:

• Learning Edge Conference,
• Education and training materials,
• Public sector task force (working group on education),
• 1995 TQM directory (inventory of institutions),
• Case studies and Case Study Award,
• 1996 Public Sector (education) Award,
• Joint programs with national and regional quality organizations.
OBJECTIVE 5: There are coherent and constructive relationships between the EFQM and EOQ, national quality organizations, European Union, and relevant international organizations (e.g. OECD, ILO, UN) with the purpose of raising the effectiveness, efficiency and competitiveness of all European organizations. Activities include:

- Annual meeting between the EFQM and national organizations,
- European Quality Platform,
- Periodic meetings with individual national organizations,
- Structured approach to harmonization,
- Bilateral meetings the EFQM (national organizations involving the EFQM members in the organization),
- European Quality Week,
- Jointly sponsored events,
- Project related meetings with European Community Directorate General III (DGIII),
- Structured policy/directional meetings with DGIII

OBJECTIVE 6: The EFQM will operate on a sound financial base on funding provided by membership fees, revenues from the sale of materials and services and other income. Activities include:

- Membership recruitment,
- Sale of materials and services,
- EC support to joint projects,
- Assessor training courses, including tailored courses for individual companies,
- Membership growth target on primary population based on market research,
- Benchmarking services,
- Self-Assessment courses,
**OBJECTIVE 7:** To continue to further improve the image and awareness of the EFQM, the EFQM Model for Business Excellence and The European Quality Award, ultimately leading to membership growth.

**OBJECTIVE 8:** A membership relations organization that fully satisfies the needs of members and stakeholders.
APPENDIX-E

EFQM'S MEMBERSHIP POLICY

Business enterprises, governmental and other public sector organizations may apply for General Membership; other organizations such as universities, employer associations, quality associations, etc. may apply for Associate Membership.

EFQM Members are organizations based and registered in Europe (who are either European owned or if not European owned, have existed in Europe for a significant period) are accepted as making a meaningful long term contribution to the European economy. They should also have most of the range of business functions and activities normally found in an independent European owned organization in their business sector.

Members subscribe to support the mission, vision and objectives of the EFQM. Members must be committed to Total Quality Management (TQM) in the context of the EFQM Model for Business Excellence. They should demonstrate this by offering evidence of their related activities. Members are willing to actively participate in and contribute to a European Business Excellence network.

Members subscribe for a period of 12 months. Membership for the following year is automatically continued unless notice is given to the contrary two months before the contract period expires. A decision to discontinue membership can also be taken by the EFQM Governing Committee.
General Members contribute an annual subscription which depends on the financial turnover of the organization applying. There are several General Membership options: If the Headquarters of an organization becomes a member, all other European subsidiaries operating under the same name and in the same line of business are considered part of that membership.

Individual operating subsidiaries of General Member organizations can register as Additional Representative Member. This allows the operating subsidiary to enjoy all benefits of full membership except voting rights, including licensing and direct relationships with the Brussels Representative Office, for an annual fee of ECU 1,000.

If a subsidiary of an organization becomes a member other subsidiaries belonging to the same organization will not be considered member. A fully owned subsidiary of an EFQM member operating in a different line of business and under a different brand name will not be eligible for Additional Representative membership and will apply for General Membership in its own right. Associate Members contribute an annual subscription fee of ECU 1,000.
APPENDIX-F

PREVIOUS EUROPEAN QUALITY AWARD AND PRIZE WINNERS

1997 Category for Large Companies:
Award: SGS-Thomson Microelectronics
Prizes: British Telecom, NETAS, TNT United Kingdom

1997 Category for Small and Medium Sized Companies (SMEs):
Award: BEKSA
Prize: GASNALSA

1996:
Award: BRISA
Prizes: BT, NETAS, TNT Express United Kingdom

1995:
Award: Texas Instruments Europe
Prize: TNT Express United Kingdom

1994:
Award: D2D (Design to Distribution) Ltd.
Prizes: Ericsson SA, IBM (SEMEA)
1993:
Award: Milliken European Division
Prize: ICL Manufacturing

1992:
Award: Rank Xerox Ltd.
Prizes: BOC Ltd., Special Gases, UBISA, Milliken European Div.
APPENDIX-G

THE APPLICATION DOCUMENT FOR THE
EUROPEAN QUALITY AWARD

The application document should be in type-script in English with no more than 75 pages in total length. Twelve identical copies are required. The document should be divided into the following sections:

- **Title Page:** The name of the organization making the application, its address and the date of the application.

- **Application Form:** A completed copy of the Application Form and have the highest ranking official sign. The signature indicates that all the information contained in the application is correct, and that all fees will be paid and that all requirements of the submission and the eligibility rules have been met. The application form should be requested from EFQM.

- **List of Contents & Overview:** The overview is a summary of up to four pages of information about the applicant with its activities and should include history, organization chart, principal products and services, basic values and objectives, customer and supplier base, quality or similar initiatives, partnership arrangements, technology, raw materials, business environment, regulatory environment and key product or service quality factors.

- **Support Material:** Support material comprises the majority of the application document and is generally have been derived from Self-Assessment of the organization's activities. This information must be closely aligned with the nine Award assessment criteria. The criteria are carefully and deliberately phrased in non-prescriptive terms, to allow an organization the freedom to present Self-Assessment information which is relevant to the specific situation.
APPENDIX-H

THE CRITERIA OF THE EFQM MODEL
FOR LARGE COMPANIES

1. LEADERSHIP (100 points out of 1000): How the behavior and actions of the executive team and all other leaders inspire, support and promote a culture of TQM.

1a: How leaders visibly demonstrate their commitment to a culture of TQM.

Areas to address could include how leaders:
- develop clear values and expectations for the organization,
- act as role models for the organization’s values and expectations,
- give and receive training,
- make themselves accessible, listen and respond to the organization’s people,
- are active and personally involved in improvement activities,
- review and improve the effectiveness of their own leadership.

1b: How leaders support improvement and involvement by providing appropriate resources and assistance.

Areas to address could include how leaders:
- define priorities,
- fund learning, facilitation and improvement activities,
- enable people to participate in improvement activities,
- use appraisal and promotion systems to support improvement and involvement.
lc: How leaders are involved with customers, suppliers and other external organizations.

Areas to address could include how leaders:

- meet, understand and respond to needs,
- establish and participate in partnerships,
- establish and participate in joint improvement activities,
- actively participate in professional bodies, conferences and seminars,
- promote and support TQM outside the organization.

ld: How leaders recognize and appreciate people’s efforts and achievements.

Areas to address could include how leaders are involved in recognizing in a timely and appropriate way:

- individuals and teams at all levels within the organization,
- individuals and teams outside the organization (e.g. customers, suppliers, universities, etc.).

2. POLICY & STRATEGY (80 points out of 1000): How the organization formulates, deploys, reviews and turns policy and strategy into plans and actions.

2a: How policy and strategy are based on information which is relevant and comprehensive.

Areas to address could include how the organization uses information relating to:

- customers and suppliers,
- the organization’s people,
- community and other external organizations,
- shareholders,
- internal performance indicators,
- benchmarking activities,
- performance of competitors and best in class organizations,
- social, environmental and legal issues,
- economic and demographic indicators,
- new technologies.
2b: How policy and strategy are developed.
Areas to address could include how the organization:

- develops its values, mission and vision,
- develops policy and strategy based on relevant information maintaining consistency with values, mission and vision,
- balances short and long term pressures and requirements,
- balances the needs and expectations of its stakeholders,
- identifies present and future competitive advantages,
- reflects the principals of TQM in its policy and strategy.

2c: How policy and strategy are communicated and implemented.
Areas to address could include how the organization:

- communicates policy and strategy,
- cascades policy and strategy to all levels of the organization,
- uses policy and strategy as the basis for planning of activities and setting of objectives throughout the organization,
- tests, evaluates, improves, aligns and prioritizes plans,
- evaluates people’s awareness of policy and strategy,
- is structured to deliver policy and strategy.

2d: How policy and strategy are regularly updated and improved.
Areas to address could include how the organization:

- evaluates the relevance and effectiveness of policy and strategy,
- reviews, updates and improves policy and strategy.

3. PEOPLE MANAGEMENT (90 points out of 1000): How the organization releases the full potential of its people.

3a: How people resources are planned and improved.
Areas to address could include how the organization:

- aligns the human resources plan with policy and strategy,
- develops and uses people surveys,
- ensures fairness in terms of employment,
- aligns its compensation, deployment, redundancy and other terms of employment with policy and strategy,
• uses innovative work organization strategies and methods to improve the way of working.

3b: How people capabilities are sustained and developed.
Areas to address could include how the organization:
• identifies, classifies and matches people’s competencies with its needs,
• manages recruitment and career development,
• establishes and implements training plans,
• reviews the effectiveness of training,
• develops people through work experience,
• develops team skills,
• promotes continuous learning.

3c: How people agree targets and continuously review performance.
Areas to address could include how the organization:
• aligns individual and team objectives with its targets,
• reviews and updates individual and team objectives,
• appraises and helps people improve their performance.

3d: How people are involved, empowered and recognized.
Areas to address could include how the organization:
• encourages and supports individuals’ and teams’ participation in improvement,
• encourages people’s involvement through in-house conferences and ceremonies,
• empowers people to take action and evaluates effectiveness,
• designs the recognition system to sustain involvement and empowerment.

3e: How people and the organization have an effective dialogue.
Areas to address could include how the organization:
• identifies communication needs,
• shares information and has a dialogue with its people,
• evaluates and improves communication effectiveness,
• structures top down, bottom up and lateral communication.
3f. How people are cared for.
Areas to address could include how the organization:

- promotes awareness and involvement in health, safety and environmental issues,
- sets the level of benefits (such as pension plans, health care, child care, etc.),
- promotes social and cultural activities,
- provides facilities and services (flexible hours, transport, etc.).

4. RESOURCES (90 points out of 1000): How the organization manages resources effectively and efficiently.

4a. How financial resources are managed.
Areas to address could include how the organization:

- uses financial management to support policy and strategy,
- reviews and improves financial strategies and practices,
- improves financial parameters such as cash flow, profitability, costs, margins, assets, working capital and shareholder value,
- evaluates investments,
- manages risk.

4b. How information resources are managed.
Areas to address could include how the organization:

- gives access to relevant information to appropriate users,
- structures and manages information to support policy and strategy,
- assures and improves information validity, integrity and security.

4c. How supplier relationships and materials are managed.
Areas to address could include how the organization:

- develops supplier relationships in line with policy and strategy,
- maximizes the added value of suppliers,
- improves the supply chain,
- optimizes material inventories,
- reduces consumption of utilities,
- reduces and recycles waste,
• conserves global non-renewable resources,
• reduces any adverse global impact of its products and services.

4d: How buildings, equipment and other assets are managed.
Areas to address could include how the organization:
• optimizes assets in line with policy and strategy,
• manages the maintenance and utilization of assets to improve total asset life cycle performance,
• considers the impact of its assets on community and employees (including health and safety),
• manages the security of assets.

4e: How technology and intellectual property are managed.
Areas to address could include how the organization:
• exploits existing technology,
• identifies and evaluates alternative and emerging technologies in the light of policy and strategy and their impact on the business and on society,
• harnesses technology in support of improvement in processes, information systems and other systems,
• exploits and protects intellectual property.

5. PROCESSES (140 points out of 1000): How the organization identifies, manages, reviews and improves its processes.

5a: How processes key to the success of the business are identified.
Areas to address could include how the organization:
• defines key processes,
• conducts the identification of key processes,
• evaluates the impact of key processes on the business.

5b: How processes are systematically managed.
Areas to address could include how the organization:
• establishes process ownership and process management,
• establishes and monitors standards of operation,
• uses performance measurements in process management,
• applies systems standards in process management (e.g. quality systems such as ISO 9000, environmental systems, health and safety systems),
• resolves interface issues inside the organization and with external partners.

5c: How processes are reviewed and targets are set for improvement.
Areas to address could include how the organization:
• identifies and prioritizes methods of improvement, both incremental and breakthrough,
• uses information from employees, customers, suppliers, other stakeholders, competitors, society and data from benchmarking in setting standards of operation, priorities and targets for improvement,
• relates current performance measurements and targets for improvement to past achievement,
• identifies and agrees challenging targets to support policy and strategy.

5d: How processes are improved using innovation and creativity.
Areas to address could include how the organization:
• brings to bear the creative talents of employees in incremental and breakthrough improvements,
• discovers and uses new designs, technology and operating philosophies,
• changes organizational structures to encourage innovation and creativity,
• uses feedback from customers, suppliers and other stakeholders to stimulate innovation and creativity in process management.

5e: How processes are changed and the benefits are evaluated.
Areas to address could include how the organization:
• agrees appropriate methods of implementing change,
• pilots and controls the implementation of new or changed processes,
• communicates process changes,
• trains people prior to implementation,
• reviews process changes to ensure predicted results are achieved.
6. CUSTOMER SATISFACTION (200 points out of 1000): What the organization is achieving in relation to the satisfaction of its external customers.

6a: The customers' perception of the organization's products, services and customer relationships.

Areas to address could include customers' perceptions (e.g. from customer surveys, focus groups, vendor ratings etc.) relating to:

- overall image: accessibility; communication; flexibility; pro-active behavior; and responsiveness.
- products and services: conformance quality; delivery; design; environmental profile; innovation; price; and reliability.
- sales and after sales support: capabilities and behavior of employees; customer literature and technical documentation; handling of complaints; product training; response time; technical support; and warranty and guarantee provisions.
- loyalty: intention to repurchase; willingness to purchase other products and services from the organization; and willingness to recommend the organization.

6b: Additional measurements relating to the satisfaction of the organization's customers.

Areas to address could include measurements used by the organization to understand, predict and improve the satisfaction and loyalty of the external customers:

- overall image: number of awards and accolades; and press coverage.
- product and services: competitiveness; defect, error and rejection rates; guarantee and warranty provisions; logistic indicators; number and handling of complaints; product life cycle; and time to market.
- sales and after sales support: demand for training; and response rate.
- loyalty: customer share; duration of relationship; effective recommendations; frequency or value of orders; life time value; new or lost business; and repeat business.
7. **PEOPLE SATISFACTION (90 points out of 1000):** What the organization is achieving in relation to the satisfaction of its people.

7a. **The people’s perception of the organization.**

Areas to address could include people’s perceptions (e.g. surveys, structured appraisals, focus groups, etc.) relating to:

- motivation: career development; communication; empowerment; equal opportunities; recognition; involvement; leadership; opportunity to learn and achieve; target setting and appraisal; the organization’s values, mission, policy and strategy; and training and education.

- satisfaction: company administration; employment conditions; facilities and services; health and safety conditions; job security; pay and benefits; peer relationships; the management of change; the organization’s environmental policy and impact; the organization’s role in the community and society; and the working environment.

7b: **Additional measurements relating to people satisfaction.**

Areas to address could include measurements used by the organization to understand, predict and improve the satisfaction and involvement of its people relating to:

- motivation and involvement: involvement in improvement teams; involvement in suggestion schemes; levels of training and development; measurable benefits of teamwork; recognition of individuals and teams; and response rates to people surveys.

- satisfaction: absenteeism and sickness; accident levels; grievances; recruitment trends; staff turnover; strikes; use of benefits; and recreational use of organization-provided facilities.

- services provided to the organization’s people: accuracy of personnel administration; communication effectiveness; speed of response to inquiries; and training evaluation.
8. IMPACT ON SOCIETY (60 points out of 1000): What the organization is achieving in satisfying the needs and the expectations of the local, national and international community at large (as appropriate). This includes the perception of the organization’s approach to quality of life, the environment, the preservation of global resources, and the organization’s own internal measures of effectiveness. It includes its relations with authorities and bodies which affect and regulate its business.

8a: Society’s perception of the organization.

Areas to address could include society’s perception (e.g. from surveys, reports, public meetings, public representatives, governmental authorities, etc.) of the organization’s:

- performance as a responsible corporate citizen: disclosure of information relevant to the community; equal opportunity practices; impact on local and national economies; and relationships with relevant authorities.
- involvement in the communities where it operates: involvement in education and training; support for medical and welfare provision; support for sport and leisure; voluntary work and philanthropy.
- activities to reduce and prevent nuisance and harm from its operations or within the life cycle of its products: health risks and accidents; noise; odor; hazards; pollution; and toxic emission.
- reporting on activities to assist in the preservation and sustainability of resources: choice of transport; ecological impact; reduction and elimination of waste and packaging; substitution of raw materials or other inputs; usage of energy, pure and recycled materials.
- accolades and awards received.

8b: Additional measurements of the organization’s impact on society.

Areas to address could include internal measurements used by the organization to understand, predict and improve the satisfaction of the society, such as:

- handling of changes in employment levels.
- dealings with authorities on such issues as: certification; clearance; import; export; planning; and product release.
- use of formal management system approaches (e.g. environmental management and auditing system).
• integration of society’s interest into business actions designed to improve customer, people and shareholder satisfaction.

9: BUSINESS RESULTS (150 points out of 1000): What the organization is achieving in relation to its planned business objectives and in satisfying the needs and expectations of everyone with a financial interest or other stake in the organization.

9a: Financial measurements of the organization’s performance.
Areas to address could include information relating to:
• profit and loss account items including: gross margins; net profit; and sales.
• balance sheet items including: long term borrowing; shareholder’s funds; total assets; and working capital (including inventory turnover).
• cash flow items including: capital expenditure; financing cash flows; and operating cash flow.
• other relevant indicators including: return on equity; return on net assets; credit ratings; long-term shareholder value (total shareholder returns) and value-added.

9b: Additional measurements of the organization’s performance.
Areas to address could include efficiency and effectiveness measurements of the organization’s performance. The measurements could be related to the key process described in the Enablers criteria.
Areas to address could include measures of performance relating to:
• overall performance: market share.
• key processes: cycle time; defect rate; maturity; productivity; and time to market.
• information: accessibility; integrity; relevance; and timeliness.
• suppliers and materials: defect rate; general performance; inventory turnover; price; response time; and utility consumption.
• assets: depreciation; maintenance costs; and utilization.
• technology: innovation rate; patents; and royalties.
APPENDIX-I

SELF-ASSESSMENT APPROACHES

A. The Award Simulation Approach

This approach involves writing for the business unit or whole organization implementing the Self-Assessment a full submission document up to 75 pages. An internal process similar to that employed is then established using a team of trained assessors. For a business unit, the assessors could originate from another division or subsidiary of the company. If the whole organization is involved, some external assessors could be used. Overall, this process provides a very comprehensive approach to Self-Assessment including a high degree of accuracy in the scoring profile.

Although it is potentially the most time consuming and resource intensive of the approaches, it is very comprehensive. Once the first report has been completed, subsequent reports are relatively easy to complete with a high degree of accuracy and consistency. It provides an easy way for units within an organization to compare processes and results and identifies examples of good practice that may be shared. For those organizations in the early days of their journey to Business Excellence this approach may be too ambitious as a first attempt at Self-Assessment.
B. The Pro Forma Approach

The creation of a set of pro formas is one way of reducing the amount of work in implementing and documenting the Self-Assessment. One page for each criterion parts is used in this approach. Although the data gathering part of this process may be as long as the award simulation approach, the task of preparing the pro forma, one page per part criterion, is easier and less time consuming than drafting a full award style report. However, the collection of pro formas do not tell the full story of the organization.

The description of the criterion part would be printed at the top of the page with areas beneath it. The rest of the page would be subdivided into sections for strengths, areas for improvement and evidence. The Self-Assessment pro forma could be prepared by individuals or teams within the organization and scored by trained assessors. Often provision are needed to check the results of Self-Assessment by external teams.

For organizations comprising several business units, the pro formas from the various units can be examined and the common strengths and areas for improvement can be identified. From this, current strategy can be reviewed and organization-wide improvement plans can be developed. As with other approaches the process should be repeated at appropriate intervals for continuous improvement.

C. The Matrix Chart Approach

The matrix chart approach can be used at any level within the organization, either by the management team or by a representative cross-section of the people from the business unit implementing the Self-Assessment process. This approach involves the creation of a company specific achievement matrix within the framework of the EFQM model. It typically consists of a series of achievement statements against a number of points. Although every organization is different and may face different issues, these matrix diagrams can help in understanding the criteria in a more practical way and offer teams a means to assess their progress quickly and simply.
The matrix chart forms part of a four step workshop approach which helps management teams to become involved and take ownership of the planning and implementation of continuous improvement within their unit. The four steps in the process are: (i) the briefing, (ii) individual rating, (iii) consensus meeting, and (iv) action planning.

A briefing is held to introduce team members to the matrix and clarify expectations of the process. At the briefing each team member receives a copy of the ‘Business Improvement Matrix’ in which they mark their own rating of the unit being assessed. Approximately one week later, the team meets for a full day consensus workshop assisted by a trained facilitator to agree on their rating. The final step is the action planning meeting in which the assessment team uses consensus rating and discussion notes as a basis for producing and implementing an action plan for improvement. It would be beneficial to repeat the workshop every six to twelve months as part of a continuous review of progress.

D. The Workshop Approach

In terms of resources required this approach does not take as long as the award simulation process, but, is likely to take longer than either the matrix chart or questionnaire approaches. The management team is responsible for gathering the data and presenting the evidence gathered to peers at a workshop. There are five components of the process: (i) training, (ii) data gathering, (iii) scoring workshop, (iv) agreeing improvement actions, and (v) reviewing progress against action plans. As with other approaches the process should be repeated at appropriate intervals for continuous improvement.

The advantage of this approach is that it requires the active involvement of the management team of the business unit implementing the Self-Assessment. Discussion and agreement by the management team on the strengths and areas for improvement helps to build a common view on the current state of the organization. This leads to ownership of the outcomes by the management team and facilitates its subsequent prioritization and agreement to action plans.
E. The Questionnaire Approach

This approach is one of the least resource intensive and can be completed very quickly. It is an excellent approach for gathering information on the perceptions of people within an organization.

Simple yes/no questionnaires may be used for widespread data gathering to support more complicated Self-Assessment process. More sophisticated questionnaires may also be used as the prime method for analyzing strengths and areas for improvement and establishing the basis for the business improvement plan. In these questionnaires, multiple choice answers rather than yes/no responses are needed. This approach can be used in parallel with the workshop approach to provide a more balanced view of deployment for the management team.

F. The Peer Involvement Approach

This approach has many similarities to the award simulation approach, but, allows the unit implementing the Self-Assessment complete freedom in putting together its submission, which may be a set of existing documents, reports, graphs, etc. and something very close to an award application document. It combines extensive involvement within the business unit with a contribution from trained assessors drawn from managers external to the unit to help the unit see itself objectively, not to judge, nor to advise or consult.

The combination of business unit involvement and a structured site visit can lead to a very high degree of accuracy in scores and feedback. It also leads to a high level of commitment from the business unit and a high level of cross-functional learning for the assessors. There are seven steps in this approach:

Step 1: When a business unit indicates that they wish to implement a Self-Assessment, an executive workshop is held with the executive team.

Step 2: The business unit then collects data relevant to the EFQM model.

Step 3: The data collected is reviewed by the team of trained assessors that meet and produce their assessment plan shortly before the scheduled unit visit.