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Next Generation Business Excellence Model: Integrating Flexibility Dimension

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Abstract

The business excellence model is a non-prescriptive framework that enables organizations to provide a basic structure for the organization's management system to follow and excel. Need & Importance for flexibility has been felt in this era of complex and dynamic business situations. Organizations which are more flexible are able to adapt the changes quickly and are able to compete in the market successfully. The concept of flexibility is multidimensional in nature. It has been observed that the flexibility dimension is able to find its place in the business excellence models in a limited way. Flexibility dimensions have been identified in the existing EFQM business Excellence framework (year 2010) as explicitly defined in it. Flexibility dimensions for all the nine criteria of the framework have been captured from experts through a semi structured interview. There is an attempt to present a business excellence framework which incorporates the flexibility dimensions.

Keywords: Business excellence model, Flexibility, Integration

Introduction

Business in today's environment is facing various challenges. Globalization, changes in the global economy, Increase in the number of regulations, national and international environmental concerns, corporate social responsibility, increased and intense competition are some of the major external factors making a significant impact on the business. The outstanding organizational practices and results calls for the continuous need for creativity and Innovation, sustainability, inclusiveness, corporate governance, organizational agility (Flexibility).

Need for Flexibility in Business Excellence Models

Business excellence models have been created to help and guide the business on the path of excellence. Since the method of business is changing, the reflection must be there on the BE (Business Excellence) models as well. Therefore, BE models are in the evolution stage. Flexibility and organizational excellence seems to be inter-related. The type and extent of relationship is a matter of examination of the study.

It has been observed that "flexibility" dimension is not seemingly well integrated in the existing BE models therefore, the need is felt to examine it in light of ever increasing importance of this topic. Although, The BE models, viz. EFQM model (European Foundation for Quality

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Management) and MBNQA model (Malcolm Baldrige National Quality Award) have undergone revisions in 2010 and there is attempt to address these concerns. The study was done and the gap existing in the BE models was highlighted (Gupta and Nagpal, 2011).

Objective of Study

The objective of this exercise is to identify some key parameters which represent Flexibility Dimensions in each criterion of Business Excellence Model. (EFQM BE Model). The purpose of this research is to integrate Flexibility dimensions in the Business Excellence Model. Agility, Adaptiveness, Balance, Responsiveness and Autonomy are some of the connotations of the flexibility dimensions. The concept of flexibility is multidimensional in nature. Flexibility is related to Multiple Options, Change Mechanism and Freedom of Choice.

It has been observed that the flexibility dimension is able to find its place in the business excellence models in a limited way. This exercise is related to capturing the Flexibility dimensions for all the nine criteria of the EFQM Business Excellence framework through inputs from experts. The outcome of the research would be to present an enhanced business excellence model with flexibility constructs.

Literature Review

An extensive literature review has been carried out related to business excellence, flexibility and integration of flexibility and business excellence. Table 1 presents the literature on flexibility and Table 2 presents literature on business excellence.

Business Excellence

Business excellence, as described by the European Foundation for Quality Management (EFQM), refers to “outstanding practices in managing the organization and achieving results, all based on a set of eight fundamental concepts”. These eight fundamental concepts are “result orientation, customer focus, leadership and constancy of purpose, management by processes and facts, people development and involvement, continuous learning innovation and improvement; partnership development and public responsibility”.

Table 1: Views on the Concept of Flexibility

Author	View/ Contribution
Eppink (1978)	In relation with environmental changes, flexibility has been defined as operational, competitive, and strategic flexibility.
Baharami (1992)	Flexibility is a multi-dimensional concept demanding agility and versatility, associated with change, innovation, novelty coupled with robustness and resilience, implying stability, sustainable advantage and capabilities that may evolve over time.
Upton (1994)	Flexibility is the ability to change or react with little penalty in time, effort, cost or performance.
Boyer et al. (1996)	Application of advance manufacturing technologies in design, planning and manufacturing increases manufacturing competence.
Volberda (1997)	Organizational ‘flexibility mix’ also includes operational and strategic flexibility with structural flexibility.
Sushil (2000)	Flexibility is the exercise of free will or freedom of choice on the continuum to synthesize the dynamic interplay of thesis and antithesis in an interactive and innovative manner, capturing the ambiguity in systems and expanding the continuum with minimum time and efforts.

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Some authors tend to use the term quality, TQM and business excellence. The term “Business Excellence” has gained popularity in recent years. Hence there is need to frame a suitable definition of business excellence which focuses on two aspects: achievement of all round business goals for satisfaction of all those who have a stake in the existence and continuation of business, and the efforts which include strategies, tactics, initiatives and practices, enablers. It is necessary to have a balanced perspective about excellence. Thus, sustained achievement of goals builds sustained competitive advantage and results in sustainable excellence, which in fact is the real challenge.

Select opinions on the concept of business excellence are given in Table 2.

Table 2: Views on the Concept of Excellence

Author	View/ Contribution
Dahlgaard and Dahlgaard- Park (2006)	Organisational excellence is a result of building quality into the four Ps: people, Partnership, processes of work and products.
Savolainen (2000)	Business excellence emphasizes the aspect of competitiveness enhancement.
Kanji (2002)	To achieve business excellence, outstanding performance is extremely important.
Kano (2007)	Deming Application Prize is given for setting challenging objectives and strategies, applying TQM for achieving the objectives and realizing the outstanding effects.

In recent years, the emphasis of Deming Prize and MBNQA and EFQM model has “shifted from technical quality to excellence of all organizational processes” (Kumar, 2007). There are of course authors who have questioned the academic and practical validity of the quality/ business excellence award models (Fagerhaug and Anderson, 1998; Williams et al., 2006) and need has been felt for studying the case of award winners (McDonald et al.,2001) and identifying factors critical for sustaining excellence.

Business Excellence Models – Introduction and Brief

The Business Excellence model is a practical, non-prescriptive, framework that enables organizations to:

- Assess where they are on the path to excellence; helping them to understand their strengths and potential gaps in relation to their stated Vision and Mission.
- Provide a common vocabulary and way of thinking about the organization that facilitates the effective communication of ideas, both within and outside the organization.
- Integrate existing and planned initiatives, removing duplication and identifying gaps.
- Provide a basic structure for the organization’s management system.

Whilst there are numerous tools and techniques commonly used, the Excellence Model provides a holistic view of the organization. The model can be used in conjunction with any number of the tools based on the needs and function of the organization as an overarching framework for developing sustaining excellence.

The Business Excellence Models in Existence Today

There are many Business excellence models available in the world today.

The most prominent ones are:

- I. EFQM Award (European Foundation for Quality Management). This has been instituted and followed in the European countries.

- II. Malcolm Baldrige National Quality Award. This has been instituted by US Government.
- III. Deming Application Prize. This has been instituted by the JUSE, Japan (Union of Japanese Scientists and Engineers).
- IV. Shingo Prize for operational Excellence. This has been instituted by Utah State University, USA.

The EFQM business excellence model has undergone major revision in the year 2010 and reflects the current business situations facing the issues related to corporate governance, environmental challenges, globalization and economy changes, etc.

In this study EFQM model has been selected for study because it has been adopted by CII in India and CII –EXIM Bank Business Excellence Award has been instituted.

The Next Generation EFQM Business Excellence Model

The Next generation business excellence model can be used by the organizations as a fundamental framework for managing, reviewing and improving their businesses in a holistic manner.

The Framework of Excellence

The structure of next generation of EFQM business excellence model is shown in the Figure 1.

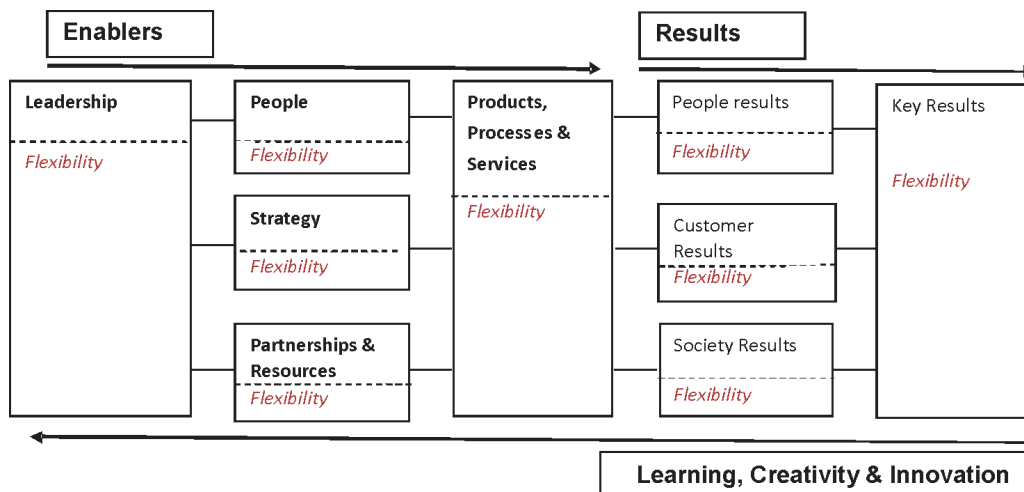


Figure 1: Structure of the Next Generation EFQM Model
 (The original model has been adopted from the source: EFQM Excellence Model, 2010)

The next generation business excellence model integrates the flexibility dimensions in all the nine criteria of the framework. Five of these are “Enablers” and four are “Results”. The “Enabler” criteria covers what an organization does and how it does it. The “Results” criteria cover what an organization achieves. “Results” are caused by “Enablers” and “Enablers” are improved using feedback from “Results”. The arrow emphasize the dynamic nature of the Model., showing learning, creativity and innovation helping to improve the Enablers that in turn lead to improved Results.

Each of the nine criteria has a definition, which explains the high level meaning of that criterion. To develop the high level meaning further each criterion is supported to a number of criterion parts. Criterion parts are statements that describe in further detail what, typically can be seen

in excellent organizations. Below each criterion part are guidance points. Many of these guidance points are directly linked to the fundamental concepts mentioned above.

Definitions of each Criterion

Criterion 1: Leadership

Excellent organizations have leaders who shape the future and make it happen, acting as role model for its values and ethics and inspiring trust at all times. They are *flexible*, enabling the organization to anticipate and react in a timely manner to ensure the ongoing success of the organization.

Criterion 2: Strategy

Excellent organizations implement their mission and vision by developing a stakeholder focused strategy. Policies, plans, objectives and processes are developed and deployed to deliver the strategy.

Criterion 3: People

Excellent organizations value their people and create a culture that allows the mutually beneficial achievement of organizational and personal goals. They develop the capabilities of their people and promote fairness and equality. They care for, communicate, reward and recognize, in a way that motivates the people, builds commitment and enables them to use their skills and knowledge for the benefit of the organization.

Criterion 4: Partnerships & Resources

Excellent organizations plan and manage external partnerships, suppliers and internal resources in order to support strategy and policies and the effective operation of the processes. They ensure that they effectively manage their environmental and societal impact.

Criterion 5: Processes, Products and Services

Excellent organizations design, manage and improve processes, products and services to generate increasing value for Customers and other stakeholders.

Criterion 6: Customer Results

Excellent organizations:

- Develop and agree a set of performance indicators and related outcomes to determine the successful deployment of their strategy and supporting policies, based on the needs and expectations of their customers.
- Set clear targets for Key Results based on the needs and expectations of their customers, in line with their chosen strategy.
- Demonstrate positive or sustained good Customer Results over at least three years.
- Understand how the Key Results they achieve compare to similar organizations and used this data, where relevant, for target setting.
- Segment results to understand the experience, needs and expectations of specific customer groups.

Criterion 7: People Results

Excellent organizations:

- Demonstrate positive or sustained good people results over at least 3 years.

- Segment results to understand the needs and expectations of specific groups within their organization.

Criterion 8: Society Results

Excellent organizations:

- Set clear targets for Key Results based on the needs and expectations of their external stakeholders, in line with their chosen strategy.
- Demonstrate positive or sustained good society results over at least 3 years.
- Segment results to understand the experience, needs and expectations of specific stakeholders within society.

Criterion 9: Key Results

Excellent organizations:

- Set clear targets for Key Results based on the needs and expectation of their key stakeholders, in line with their chosen strategy.
- Demonstrate positive or sustained good Key Results over at least 3 years.

Research Methodology

The literature has very limited discussion about the constructs related to flexibility dimensions in the EFQM business excellence model. Therefore, we have decided to identify the flexibility dimensions by grounded theory approach. In this approach, semi-structured interviews have been conducted with 8 experts. The profile of experts is whole time director, executive director, Business Consultant, business advisor and senior counselor. The semi-structured review was related to identification of flexibility dimensions in each criteria of the BE model. The response were noted and consolidated in some constructs which are discussed below:

Research Analysis

The flexibility constructs have been shown in each criteria box for easy understanding. The details of the flexibility constructs have been explained below the each criteria box:

Criterion 1: Leadership

1. Leadership 1a. Change Management 1b: Communication Management 1c: Risk Management 1d: Mentorship

1a: Change Management

- Challenging status quo and re-examining the established processes.
- Developing shared leadership culture.
- Ability to see the change in the horizon.
- Preparing the organization for expected change in the future.



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- Review, adopt and realign the direction of the organization.
- Responsiveness to the changing market needs.
- Adaptiveness to new environment.

1b: Communication Management

- Regular communication within the organization.
- Communicate for preparing the organization mindset.
- Openness in functioning.
- Promoting a culture of empowerment, involvement, ownership etc.

1c: Risk management

- Ensuring risks are identified and appropriately managed
- Agility in decision making
- Systems thinking
- Driving sustainable performance in turbulent times

1d: Mentorship

- Leaders adopt teaching roles
- Leaders assist others to understand complex situations.

Criterion 2: Strategy

<p>2. Strategy</p> <p>.....</p> <p>2a. Multiple options/ Choices</p> <p>2b: Flexibility in Execution</p>

2a: Multiple options/choices

- Balance of continuity and change forces , leverage strategic change with continuity
- Generating multiple options for strategies
- Limiting strategy to broad choices, not details
- Scenario planning and risk analysis
- Recognition of emergent factors even when inconvenient
- Adopting effective mechanism to manage strategic risk
- Understand future scenario and manage strategic risk.

2b: Flexibility in execution

- Achieving optimum balance of efficiency and effectiveness
- A bias for excellence in implementation or execution
- Having annual operating plans derived from the strategy
- Monthly, quarterly review of the annual plan and adjusting/making changes regularly
- Viewing execution as dynamic
- Maintaining and aligning organizational structure and a framework of key processes to the strategy



Criterion 3: People

3. People
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3a. Learning organization
3b: Alignment
3c. Engagement

3a: Learning organization:

- Allocation of time for learning on an ongoing basis
- Openness to new ideas
- Help people match the future capability needs of the organization
- Creating a constant learning and evolving organization
- Creative and innovative thinking
- Learn faster about the customers and other business aspects to follow increasing pace of change
- Unlearn and relearn
- Ensuring that people have open mindset and use creativity/innovative to respond quickly to challenges

3b: Alignment

- Mindset change towards change
- Aligning people plans with organization strategies, structure, technology
- Aligning individual and team objectives with organization's targets, reviewing and updating them in a timely manner.
- Right attitude, skill, knowledge of people will ensure positive and winning mindset most essential in an organization.

3c: Engagement

- Involve people in continually reviewing, informing and optimizing the effectiveness and efficiency of the processes
- Adopting approaches to ensure responsible work/life balance
- Establishing stretch in setting goals
- All the people should get involved means engaged in continuous improvements and innovations.

Criterion 4: Partnerships & Resources

4. Partnerships & Resources
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4a. Networking
4b: Risk Analysis
4c. Resource Utilization



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4a: Networking

- Regular communication with suppliers and other stakeholders.
- Establish extensive networks to identify potential partnership opportunities.
- Adopting appropriate policies and processes to effectively manage partners and suppliers.
- True relationship with suppliers, collaborators, Government etc.
- Ensuring flexible supply chain.

4b: Risk analysis

- Joint risk analysis and mitigation
- Setting challenging goals for meeting and exceeding legal standards and requirements
- Adopting appropriate policies and processes to minimize local and global environment impact

4c: Resource utilization

- Effective utilization of IT and other technologies for providing quick response
- Manage technology portfolio by optimizing the use of existing technology and replacing outdated technology
- Identify and evaluate alternative and emerging technologies for their impact on organization's performance
- Emphasis on use of resources not ownership of resources.
- Global sourcing of resources.
- Efficiency in resource management.

Criterion 5: Processes, Products and Services

<p>5. Products, Processes and Services</p> <p>.....</p> <p>5a. Operational Flexibility</p> <p>5b: Flexible New Product Development / Innovation</p> <p>5c. Flexible Customer Service</p>
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5a: Operational flexibility

- Lean product and process design
- Reduce break even point through lean approaches
- Processes design to reflect customer requirements
- Adopting appropriate approaches to effectively manage and improve end to end processes

5b: Flexibility in new product development/Innovation

- Modularity in product design
- Platform concept in product design.
- Flexibility in launching new products
- Flexible product design
- Value proposition is based on latest product portfolio



- Use creativity to design and develop new and innovative products and services

5c: Flexible customer service

- Committed to customer's utility of products
- 24*7 working and serving customers
- Comparing product and service delivery performances with benchmarks and adopting approaches to maximize the value for customers.
- Monitoring and reviewing the experiences/perceptions of customers and responding quickly and effectively.

Results

Criterion 6: Customer Results

6. Customer Results

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6a. Flexible Customer needs

6b: Future Customer Needs

6c. Responsiveness

6a: Flexible customer needs

- Reduce cost and lead time
- More responsive to any of customer needs
- Ability to meet the changing customer demands in terms of:
 - Volume
 - Mix
 - Model change

6b: Future customer needs

- Anticipate future performance and results

6c: Responsiveness

- Real time approach for customer complaints and handling
- Speed of response

Criterion 7: People Results

7. People Results

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7a. Innovation

7b: Flexible HR policies

7a: Innovation

- No. of innovative products launched

7b: Flexible HR policies

- Flexibility in working hours

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- Options in pay packages, equity participation, etc.
- Career growth options
- Flexibility in rewards and recognition systems
- Motivated employees

Criterion 8: Society Results

8. Society Results 8a. Sustainable development 8b: Inclusive growth
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8a: Sustainable development

- Reduce wastages of natural resources- material, time, effort
- Conservation of natural resources-water, soil and air
- No negative impact on society
- Respect for nature

8b: Inclusive growth

- Satisfied employees
- Satisfied suppliers
- Sustained growth of the enterprise and hence creating job opportunities

Criterion 9: Key Results

9. Key Results 9a. Financial Flexibility 9b: Risk mitigation 9c. Balance value for Key stakeholders

9a: Financial flexibility

9b: Risk mitigation

9c: Balanced value for key stakeholders

Conclusion

The literature review shows the gap which exists for flexibility dimension representation in the existing EFQM BE model framework. Through grounded theory approach, an attempt has been made to capture the flexibility dimensions in each of the criteria of the BE model through experts inputs. The flexibility constructs have been identified in each criteria of the BE model. The result criteria needs to be further studied for identification of flexibility dimensions. Furthermore, the flexibility constructs needs to be empirically tested. This is also a further area of study.

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