



Asian Productivity Organization

UNDERSTANDING BUSINESS EXCELLENCE

An awareness guide for SMEs

Prepared by:

Dr. Robin Mann & Musli Mohammad

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Outline

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Business Excellence (BE)

- Developing and strengthening the management systems and processes of an organization to improve performance and create value for stakeholders.
- Much more than having a quality system in place.
- Achieving excellence in everything that an organization does (including leadership, strategy, customer focus, information management, people and processes) and most importantly achieving **superior business results**.



BE Core Values and Concepts

- Attributes, beliefs and/or behaviors that BE organizations exhibit.

- Visionary leadership.
- Customer-driven excellence
- Organizational and personal learning
- Valuing workforce members and partners
- Agility
- Focus on the future
- Managing for innovation
- Management by fact
- Societal responsibility
- Focus on results and creating value
- Systems perspective

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Core Values and
Concepts of
2011-2012
Baldrige Criteria
for Performance
Excellence (CPE)

Business Excellence Models (BEMs)

- Were first called Total Quality Management models.
- Now used in at least 83 countries as a key mechanism to help businesses to improve.
- Used to assess how well BE core values and concepts are embedded in an organization.
- Help organizations to assess their strengths and areas for improvement and guide them on what to do next.
- Serve as the organization's own internal business consultant – ensuring that business decisions incorporate the needs of all stakeholders, are aligned to the organization's objectives and take into account current thought on international best practices.

2011-2012 Baldrige CPE model

Baldrige Criteria for Performance Excellence Framework A Systems Perspective

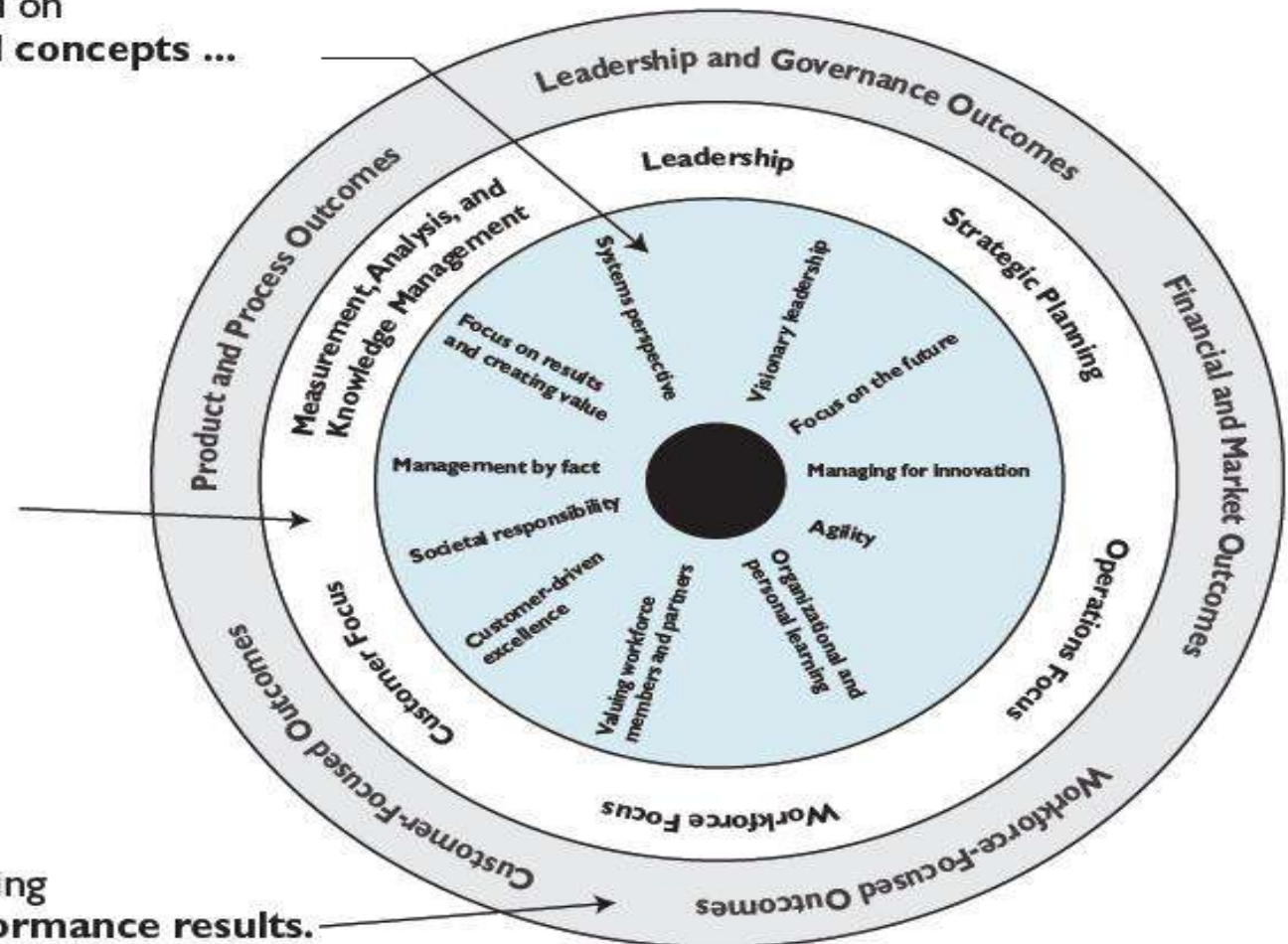


The linkages between processes, results and core values and concepts of Baldrige CPE

The Criteria build on core values and concepts ...

which are embedded in systematic processes ...
(Criteria categories 1–6)

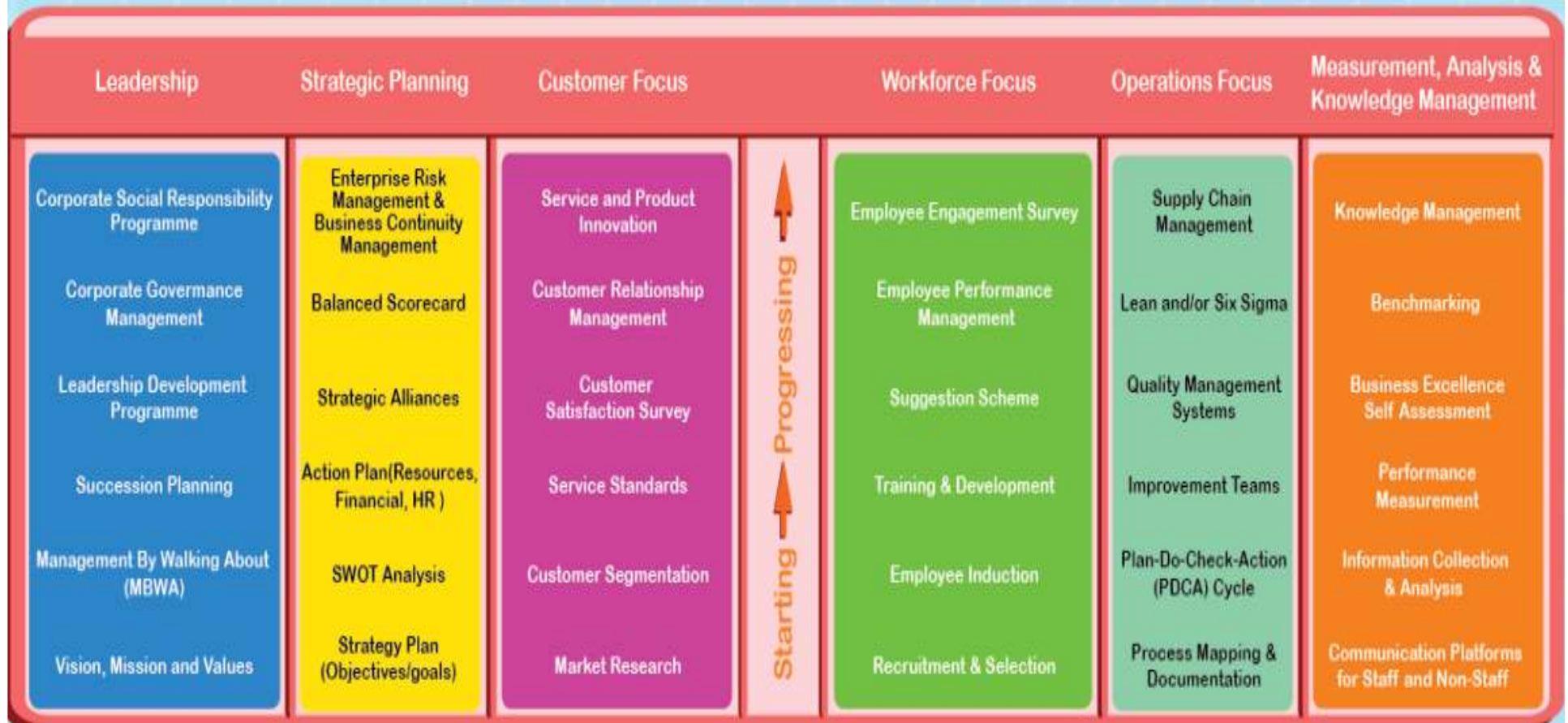
yielding performance results.
(Criteria category 7)



BEM as an overarching framework for managing improvement initiatives

Business Excellence

Achieving excellence through the successful integration and application of a range of improvement initiatives



BEM as an overarching framework for managing improvement initiatives

“I think where organizations get off track is when they think Baldrige is just an initiative, rather than a model for organizing and managing the enterprise and all its initiatives. If Baldrige is reduced to an initiative, rather than an overall model and a way of thinking, then organizations can say they have done it and moved on. We see this all the time. But in organizations that embrace the Baldrige Framework as an overarching model, they never move beyond it. This includes very high-performing organizations, including our Award recipients.”

*Jamie Ambrosi, Deputy Director,
Baldrige Performance Excellence Program*

BE Assessments

- BEMs are essentially assessment models. They are used to assess an organization's strengths and areas for improvement.
- There are many different ways that organizations can assess their systems and performance against BEMs. The five principal ways are:
 - 1) A questionnaire approach.
 - 2) A pro forma approach.
 - 3) A workshop approach.
 - 4) A matrix chart approach
 - 5) An award approach

The use of BEMs in Asia

- 1) Baldrige CPE (Hong Kong, Indonesia, Pakistan, Philippines, Thailand and Sri Lanka),
- 2) Japan Quality Award Criteria (Japan),
- 3) Singapore BE Framework (Singapore),
- 4) Malaysia BE Framework (Malaysia),
- 5) Taiwan National Quality Award Framework (Republic of China – Taiwan),
- 6) EFQM Excellence Model (India),
- 7) Rajiv Gandhi National Quality Award criteria (India),
- 8) IMC Ramkrishna Bajaj National Quality Award criteria (India) – based on Baldrige,
- 9) Golden Peacock National Quality Award criteria (India),
- 10) Fiji Business Excellence Award Framework (Fiji),
- 11) Iran National Quality Award Model (Islamic Republic of Iran),
- 12) Korean Quality Grand Award criteria (Korea),
- 13) National Productivity Award criteria (Mongolia),
- 14) FNCCI National Business Excellence Award criteria (Nepal),
- 15) Vietnam Quality Award criteria (Vietnam).

Criteria of several BEMs in Asia in 2011

No	Hong Kong, Indonesia, Philippines, Thailand and Sri Lanka	Japan	Singapore	Malaysia	Taiwan (ROC)	India*
	2011-2012 Baldrige Criteria for Performance Excellence	Japan Quality Award Criteria	Singapore BE Framework	Malaysia BE Framework	Taiwan National Quality Award Framework	EFQM Excellence Model
1	Leadership	Leadership	Leadership	Leadership	Leadership	Leadership
		Social responsibilities of management				
2	Strategic Planning	Strategic planning and deployment	Planning	Planning	Strategic Management	Strategy
3	Operations focus	Value creation process	Processes	Processes	Process Management	Processes, products and services
					R&D and innovation	
4	Customer focus	Understanding and interaction with customers and markets	Customers	Customers	Customer and Market Focus	Partnership and resources
5	Measurement, analysis and knowledge management	Information management	Information	Information	Information Management	
6	Workforce focus	Individual and organizational ability to improve			People	People
7	Results	Activity results	Results	Results	Results	People results
						Customer results
						Society results
						Key results

*Note:

India has four national quality / BE awards:
 (1) CII-EXIM Bank Award for Business Excellence (EFQM Excellence Model),
 (2) Rajiv Gandhi National Quality Award (Rajiv Gandhi National Quality Award criteria),
 (3) IMC Ramkrishna Bajaj National Quality Award (IMC Ramkrishna Bajaj National Quality Award criteria),
 (4) Golden Peacock National Quality Award (Golden Peacock National Quality Award criteria)

Benefits of BE for SMEs

- Research on the overall benefits of using BEMs indicates that organizations with a BE approach obtain significant operational and financial benefits. Also, research has shown that SMEs obtain benefits more quickly than large organizations as they can move quickly to make changes to how their business is run.
- BEMs help managers and employees to understand their business better and so support better decision making. BEMs help organizations to understand how well all the different functions, units, processes, systems are working together to produce the desired business results.

Benefits of BE for SMEs

- BEMs help managers and employees to have a common viewpoint on the health of their organization and the key issues that are faced. This enables managers and employees to unite together to tackle the issues and move the organization forward.
- Many SMEs cannot afford to have independent directors or consultants to assess and appraise the management and health of their organization on a regular basis. Regular BE self-assessments can go some way in fulfilling this role and ensuring that due diligence is paid to the development of the business and key risks are identified and addressed.

Benefits of BE for SMEs

- BE helps SMEs to implement a cohesive improvement strategy which integrates a range of improvement initiatives, such as Improvement Teams, Lean, Statistical Process Control (SPC), and Balanced Scorecard. BEMs can be used as an overarching framework for managing and aligning various organizational improvement initiatives.
- BE helps organizations to address various business challenges. 'Strategic Planning' helps to address changes in the business environment such as the financial crisis. 'Workforce focus' helps to address human resources, cultural and social issues. 'Operations focus' helps to address multiple legal requirements and international standards. 'Leadership' helps to address accountability, corporate governance, environmental and societal issues.

Benefits of BE for SMEs

- BE assessments serve as an organizational health check.
- External BE assessments provide an outsider's view on the health of the organization and enable the organization to be considered for a quality / BE award.
- Achieving BE certification or winning a quality / BE award provides public recognition.
- BE assessments enable organizations to compare their performance against others both domestically and globally.
- BEMs provide a common framework for learning and sharing 'best practices' both within and between organizations.
- BEMs help SMEs to develop a systematic and robust system that supports rapid growth and expansion whilst ensuring alignment of strategy.

Success Story – Teckwah Industrial Corporation Ltd

- The leading provider of print, value-chain management and logistics services in Singapore was one of the early adopters of the BE framework back in 1997.
- It adopted a strategic business innovation process to develop new business models and business streams.
- It leveraged on technology to improve its processes and support the business innovations.
- It has established an international presence in 12 countries and it has become the preferred partner of global brands such as Microsoft, IBM and Hewlett-Packard.
- From 2003 to 2008, it tripled its productivity.

*Teckwah Industrial Corporation Ltd
SME recipient of the Singapore Quality Award (2006)*

Success Story – Tru-Marine Pte Ltd

- The company has progressed from a general ship repairer to a market leader in turbocharger repair solutions.
- It has a strong customer-focused ethos which is evident from its good track record of highly satisfied customers and ability to retain large shipping companies as key customers.
- By using the BE Framework, the company addressed the key challenges of maintaining its competitive edge, retaining its talents, optimizing resources, and continuously innovating.
- The framework enabled the company to align its productivity improvement initiatives such as Kaizen and Six Sigma with its business objectives, and integrate them with related initiatives.
- It's value-added per employee, averaged over a three-year period, was double the industry average.

*Tru-Marine Pte Ltd
SME recipient of the Singapore Quality Award (2009)*

Success Story – Bestcoat Contract Services

- The company provides waterproofing products and services and started its BE journey in 2002.
- It adopted a robust business planning process which was supported by a comprehensive performance management system and other initiatives to develop the capabilities of its people.
- These improvements have led to significant productivity improvements.
- Bestcoat's productivity was on average 32 percent higher than its industry counterparts.

*Bestcoat Contract Services
SME recipient of the Singapore Quality Class*

Success Story – Ingress Corporation Berhad

- The company started as a small automotive moulding manufacturer to Malaysian national cars (Proton and Perodua) and later expended its market to multinational companies such as Suzuki, Ford-Mazda, Mitsubishi, Toyota and General Motors.
- It was selected for the Japan-Asean TQM project as a first generation of TQM Model Company in Malaysia.
- Supported by a strong leadership and a successful implementation of improvement initiatives such as ISO9000, QS 9000, Kaizen, Lean Production System and Total Productive Maintenance. The implementation of these initiatives has led to significant quality, delivery, cost and moral improvement throughout the company.

*Ingress Corporation Berhad
SME recipient of the Malaysia Quality Management Excellence Award (2001)*

Further information

- For more information on your local National Productivity Organization (NPO), including contact address, please link to: http://www.apo-tokyo.org/04npo_list.htm
- For more information on BE, please refer to the following APO guidebooks :
 - 1) Understanding Business Excellence: An Awareness Guidebook for SMEs.
 - 2) Implementing Business Excellence: An Implementation Guidebook for SMEs.
 - 3) Engaging SMEs in Business Excellence: A guidebook for National Productivity Organizations