

Chapter 16

Next-Generation Business Excellence Model: Integrating Flexibility Dimension

Rakesh Kumar Gupta and Sarita Nagpal

16.1 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, and increased and intense competition are some of the major external factors making a significant impact on the business. The outstanding organizational practices and results call for the continuous need for creativity and innovation, sustainability, inclusiveness, corporate governance, and organizational agility/flexibility.

Business excellence (BE) 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 models as well. Therefore, BE models are in the evolution stage. Flexibility and organizational excellence seem to be interrelated. 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., the European Foundation for Quality Management (EFQM) and the Malcolm Baldrige National Quality Award (MBNQA) models have undergone revisions in 2010, and there is an attempt to address these concerns, the study was done and the gap existing in the BE models was highlighted (Gupta and Nagpal 2011).

R. K. Gupta (✉)
ACE1 Consulting, C-137, Sector-15, Noida, UP, 201301 India
e-mail: rakesh137@gmail.com

S. Nagpal
CII, New Delhi, India
e-mail: sarita.nagpal@ciionline.org

16.2 Objective of Study

The objective of this study is to identify some key parameters which represent flexibility dimensions in each criterion of the BE model (EFQM BE model). The purpose of this research is to integrate flexibility dimensions in the BE 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 mechanisms, and freedom of choice.

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

16.3 Literature Review

A representative literature review has been carried out related to BE, flexibility and integration of flexibility and BE. Table 16.1 presents the literature on flexibility and Table 16.2 presents the literature on BE.

16.3.1 *Business Excellence*

Business excellence, as described by the 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.”

Some authors tend to use the term quality, total quality management (TQM), and BE. The term “business excellence” has gained popularity in recent years. Hence, there is a need to frame a suitable definition of BE, 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 practice enablers. It is necessary to have a balanced perspective about excellence. Thus, the 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 BE are given in Table 16.2.

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/BE award models (Fagerhaug and Anderson

Table 16.1 Views on the concept of flexibility

Author	View/contribution
Eppink (1978)	In relation to environmental changes, flexibility has been defined as operational, competitive, and strategic flexibility
Baharami (1992)	Flexibility is a multidimensional 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 advanced 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, 2014)	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

Table 16.2 Views on the concept of excellence

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

TQM total quality management

1998; Williams et al. 2006) and the need has been felt for studying the case of award winners (McDonald et al. 2002) and identifying factors critical for sustaining excellence.

16.3.2 BE Models

The BE model is a practical, nonprescriptive 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.

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

There are many BE models available in the world today; the most prominent ones are:

1. EFQM Award—This has been instituted and followed in the European countries.
2. MBNQA—This has been instituted by the US government.
3. Deming Application Prize—This has been instituted by the Union of Japanese Scientists and Engineers (JUSE), Japan.
4. Shingo Prize for Operational Excellence—This has been instituted by Utah State University, USA.

The EFQM BE model has undergone a 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.

In this study, the EFQM model has been selected because it has been adopted by the Confederation of Indian Industry (CII) in India and CII-EXIM Bank Business Excellence Award has been instituted.

16.4 The Next-Generation EFQM BE Model

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

16.4.1 The Framework of Excellence

The structure of the next-generation of EFQM BE model is shown in Fig. 16.1.

The next-generation BE 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 cover 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 emphasizes 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

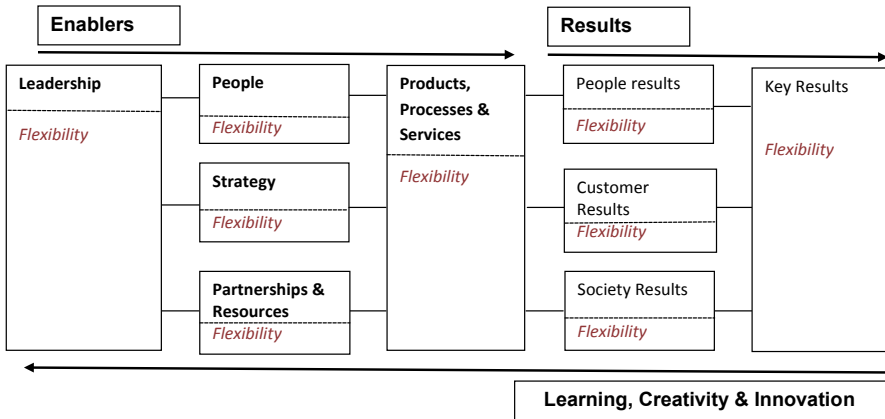


Fig. 16.1 Structure of the next-generation EFQM model (The original model has been adapted from EFQM Excellence Model 2010)

supported to a number of criterion parts. The 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.

16.4.2 Definitions of Each Criterion

Criterion 1: Leadership Excellent organizations have leaders who shape the future and make it happen, acting as role models 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 and 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 the 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 the key results based on the needs and expectations of their customers, in-line with their chosen strategy.
- Demonstrate positive or sustained good customer results more than at least 3 years.
- Understand how the key results they achieve compare to similar organizations and use these 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 for more than 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 the 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 for more than 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 the 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 for more than at least 3 years.

16.5 Research Methodology

The literature has very limited discussion about the constructs related to flexibility dimensions in the EFQM BE model. Therefore, we have decided to identify the flexibility dimensions by grounded theory approach. In this approach, semi-structured interviews have been conducted with eight 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 responses were noted and consolidated in some constructs that are discussed in the next section.

16.6 Identification of Flexibility Constructs

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

Criterion 1: Leadership

1. Flexibility in Leadership

1a. Leading Change

1b: Communication & Decision making

1c: Reverse Mentoring

1a: Leading Change

- Challenging status quo and reexamining the established processes
- Developing shared leadership culture
- Ability to see the change in the horizon
- Preparing the organization for an expected change in the future
- Review, adopt, and realign the direction of the organization
- Responsiveness to the changing market needs
- Adaptiveness to new environment

1b: Communication and Decision Making

- Regular communication within the organization
- Communicate for preparing the organization mind-set
- Openness in functioning
- Promoting a culture of empowerment, involvement, and ownership

1c: Reverse Mentoring

- Leaders are willing to appreciate and accept the new ideas and suggestions from juniors
- Leaders adopt juniors as mentors on the identified subject
- Leaders assist others to understand complex situations

Criterion 2: Strategy

<p>2. Flexibility in Strategy</p> <p><i>2a. Managing confluence of continuity & change</i></p> <p><i>2b. Managing strategic risk</i></p>

2a: Managing Confluence of Continuity and Change

- 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 an effective mechanism to manage strategic risk
- Understand the future scenario and manage strategic risk

2b: Managing Strategic Risk

- Achieving optimum balance of efficiency and effectiveness
- A bias for excellence in implementation or execution
- Having annual operating plans derived from the strategy
- Monthly and 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. Flexibility in People**
.....***3a. Learning organization******3b: Alignment******3c. Flexible HR policies*****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 an open mind-set and use creativity/innovativeness to respond quickly to challenges

3b: Alignment

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

3c: Flexible HR Policies

- 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 and engaged in continuous improvements and innovations

Criterion 4: Partnerships and Resources

4. Flexibility in Partnerships and Resources

.....

4a. Flexibility in partnership and relationships

4b. Resource management

4a: Flexibility in Partnership and Relationships

- 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: Resource Management

- Effective utilization of IT and other technologies for providing a 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 an organization's performance
- Emphasis on the use of resources and not on the ownership of resources
- Global sourcing of resources
- Efficiency in resource management

Criterion 5: Processes, Products, and Services

5. Flexibility in Products, Processes and Services

.....

5a. Operational Flexibility

5b: Flexible New Product Development and technology

5c. Flexible Customer Service

5a: Operational Flexibility

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

5b: Flexibility in New Product Development and Technology

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

Criterion 6: Customer Results

6. Flexibility in Customer Results

.....

6a. Flexible Customer needs

6b: Change in customer perception

6c. Responsiveness to customer needs

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: Change in Customer Perception

- Anticipate future performance and results

6c: Responsiveness to Customer Needs

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

Criterion 7: People Results

7. Flexibility in People Results

7a. Innovation

7b: Engagement

7a: Innovation

- Number of innovative products launched

7b: Engagement

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

Criterion 8: Society Results

8. Flexibility in Society Results

8a. Sustainable development

8b: Inclusive growth

8a: Sustainable Development

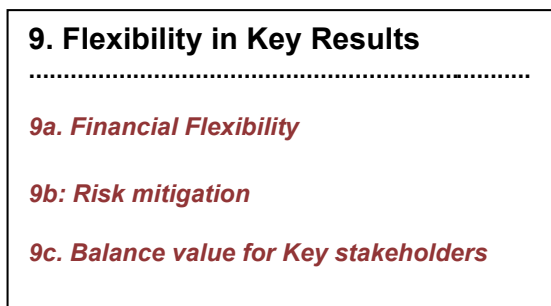
- Reduce wastages of natural resources—material, time, and effort
- Conservation of natural resources—water, soil, and air

- 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



9a: Financial Flexibility

9b: Risk Mitigation

9c: Balanced Value for Key Stakeholders

16.7 Conclusion

The literature review shows the gap which exists for flexibility dimension representation in the existing EFQM BE model framework. Through the 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 results of the criteria need to be further studied for the identification of flexibility dimensions. Furthermore, the flexibility constructs need to be empirically tested. This is also a further area of study.

References

- Baharami H (1992) The emerging flexible organization: perspectives from silicon valley. Calif Manage Rev 34(4):33–52 (Summer)
- Boyer KK, Ward PT, Leong GK (1996) Approaches to the factory of the future, an empirical taxonomy. J Oper Manage 14(4):297–313

- Committee, Union of Japanese Scientists and Engineers
- Dahlgard JJ, Dahlgard-Park SM (2006) Lean production, six sigma quality, TQM and company culture. *TQM Mag* 18(3):263–281
- EFQM Excellence Business Model (2010) CII Institute of Quality, Bangalore
- Eppink DJ (1978) Planning for strategic flexibility. *Long Range Plan* 11(4):9–15
- Fagerhaug T, Andersen B (1998) Honest marketing: a coherent approach to conscientious business operation. *Int J Bus Transform* 1:192–198
- Gupta R, Nagpal S (2011) Integration of flexibility in business excellence models: a study of select existing models. In: Proceedings of 11th global conference on flexible systems management, IIM Kozhikode, India
- Kanji GK (2002) Business excellence: make it happen. *Total Qual Manage* 13(8):1115–1124
- Kano N (2007) Quality award and its evaluation method. Incheon
- Kumar MR (2007) Comparison between DP and MBNQA: convergence and divergence over time. *TQM Mag* 19(3):245–258
- McDonald I, Zairi M, Idris MA (2002) Sustaining and transferring excellence. *Meas Bus Excell* 6(2):20–30
- Savolainen T (2000) Leadership strategies for gaining business excellence through total quality management: a finnish case study. *Total Qual Manage* 11(2):211–226
- Sushil (2000) Flexibility in management. Vikas Publishing House, New Delhi
- Sushil (2014) The concept of a flexible enterprise. In: Sushil, Stohr EA (eds) *The flexible enterprise, flexible systems management*. Springer, New Delhi, pp 3–26
- The Guide for the Deming Application Prize for Overseas (2010) The Deming Prize Committee, Union of Japanese Scientists and Engineers
- Upton D (1994) The management of manufacturing flexibility. *Calif Manage Rev* 36(2):72–89
- Volberda HW (1997) Building flexible organizations for fast-moving markets. *Long Range Plan* 30(2):169–148
- Williams R, Bertsch B, Van der Wiele A, Van Iwaarden J, Dale B (2006) Self-assessment against business excellence models: a critique and perspective. *Total Qual Manage Bus Excell* 17(10):1287–1300