Company background case study

Business, Company

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Introduction

The current paper relates topical issue of implementation of European Foundation for Quality Management (EFQM) for business excellence. For the purposes of this paper there was du Telecom chosen. Du Telecom is a telecommunications company located in UAE. Recently, the Company faced the issues related customers satisfaction and necessity to improve quality of the services provided. There was an assessment of criteria provided for the Company; benefits of implementing EFQM were outlined together with possible problems connected with implementation of the Model. Also, EFQM was compared to other business excellence models. Appropriate recommendations were developed on the basement of the analysis that was conducted.

Du Telecom is a provider of integrated telecom services in the UAE. Being founded in 2007, the Company operates across the UAE. The Company provides paid Internet, TV services, and services for voice telephony. After launching, the number of customers was 3 million of people in 2008 (du Telecom, 2012).

Du Telecom occupies the second place in UAE telecommunications industry with 2, 000 employees. It offers data, mobile, residential voice, and IPTV services for its customers. The Company serves more than 4, 000 customers. Du Telecom provides a wide range of services for its customers including scalable media platforms and telecommunication solutions. Also, it offers Master Control Room facilities. DU Telecom has its own network of 34 shops located in strategic regions of the UAE. It also involved in partnership with approximately 3, 000 authorized dealers. The Company has its own website for the customers' convenience (du Telecom, 2012).

Du Telecom offers a number of various services both for business customers and for individuals. Thus, the Company launched such well-known projects as Mobile TV, Pay by the Second billing system, Self Care and Mobile Payments for individual customers. For business users the Company offered services within preferred International Destinations and Closed Business User Group (du Telecom, 2012).

Du Telecom is governmentally owned company - 39. 5% stake is owned by the UAE Federal Government. Mubadala Development Company owns 19. 75% and 19. 5% are owned by Emirates Communications & Technology Company LLC. The remaining part of stake is owned by public stakeholders. The Company is listed in Dubai Financial Market (DFM) (Mubadala

Development Company PJSC, 2011).

Du Telecom has a number of awards including UAE Superbrand at the Superbrands received in 2010. It was awarded by Best Middle Eastern Local Currency Deal in 2008. Its e-shop portal gained a prestigious award in e-commerce category. The corporate brand was awarded by a Cristal MENA in 2008. Also, du Telecom obtained Silver Award from UAE Web Awards for the best website in 2007. The Company also received an award for its WoW TV Commercial which was marked out of 50 best TV commercials the same year (EITC, 2012).

Recently, the Company faced several technological problems. Besides, du Telecom faced the issues related customer services. The Company considers an opportunity to choose the right business excellence model to find solutions to the problem outlined (Bhatt, n. d.).

Issues Faced by the Company

Currently, the Company faces the issues related old platform, problems connected with upgrading customers to CallManager, limited services offering, and complicated customer service which is also slow and prone to errors. In a highly competitive environment the Company has to implement core principle of EFQM of continuous improvement. Also, innovative technologies and solutions help develop competitive advantage of a company operating in telecommunication industry. According to EFQM principles, the largest number of points – 140 out of 500 - among enablers was allocated for business processes. In the results section the largest quantity of points – 200 out of 500 - was allocated to customer satisfaction. It means that the excellence of the Company processes should be in the first

place (Leonard and McAdam, 2002a). Customer satisfaction is the primary concern for many telecommunication companies. Thus, the Company needs to increase the rate of customers' satisfaction through implementation innovative technologies (Kanji and Wallace, 2000).

Also, the customers' services provided by du Telecom are complicated. According to EFQM model concepts, leadership occupies the second place among enablers taking 100 points out of 500 thus making one-fifth of success of the Company. Leadership does not mean good management. First of all, leadership is the ability to incur responsibility for the actions. It also relates customers' satisfaction and delivery of high level of services (Tidd, Bessant and Pavitt, 2005).

Brief Description of EFQM Model

European Foundation for Quality Management is based on the idea of Total Quality Management (Tidd, Bessant and Pavitt, 2005). EFQM main principles are employee satisfaction and perception of a company by the community in which it operates. The EFQM consists of two parts: enablers (policy and strategy, resources, people management, leadership, processes) and results (people satisfaction, customer satisfaction, impact on society, business results). The idea of EFQ Model is that leadership is the main driver for enablers. Despite of the fact that EFQM offers new outlook of quality issues, some of the parameters of the Model are broadly defined. It is difficult to assess them objectively (Talwar, 2011).

Comparison of EFQM and DEM

Deming Excellence Model (DEM) associated with continuous organizational improvement and extension of quality management to company suppliers. As well as EFQM and MBEM models. DEM is concerned with quality results and quality assurance. Improvement of human resource management, utilization of information technologies, analysis of information, and management systems relates DEM model (Vorria and Bohoris, 2009). However, evaluation dimensions, such as delivery, productivity, cost, environment, and safety are considered in EFQM and MBEM models more explicitly. DEM focuses on total quality control across a company, relations with suppliers, and continuous improvement (EFQM, n. d.).

Comparison of EFQM and MBEM

Malcolm Baldrige Excellence Model (MBEM) is designed to promote quality awareness, implementation of successful strategies in practice, and to enhance excellence. MBEM emphasizes on customer satisfaction and development of competitive advantage through customer satisfaction. However, according to Gibbs (2009), organizational excellence is the process in which the whole organization is involved. The main statement of the Model is that leadership drives changes including changes in strategic planning, processes, information, human resources, and analysis (Leonard and McAdam, 2002a). Thus, MBEM focuses on benchmarking, customer satisfaction, and comparison to industry average, industry leader performance and competitors (Talwar, 2011).

Evaluation of EFQM Model

EFQM is split into two parts – enablers and results. Results are measurable indicators of success in business and enablers measure practices inside of an organization inside of it. Interestingly, the results are not necessarily measured according to financial criteria. The Model is built in compliance with balanced scorecard method: success factors and results are assigned points. There are 500 points in total, each success factor or result weighs points in accord with its importance (Tidd, Bessant and Pavitt, 2005). In the Table 1 below contains the score of enablers and results of EFQM.

In the Table 2 there is an assessment of EFQM for du Telecom. There were 40 points subtracted from processes because this is the major weak point in enablers section. Also, there were 20 added to resources and strategy sections because the Company succeeded to overcome the issues it faced using these advantages (du Telecom, 2012).

In the section of results there were 50 points deducted from customer satisfaction because du Telecom failed to provide high quality services to its customers. Further, there were 30 points added to the section of people satisfaction and 20 points added to impact on society section. There was no evidence found related poor human resource management or negative impact on society (du Telecom, 2012).

The main issue faced by du Telecom during implementation of EFQM is that the customer satisfaction at the expense of processes excellence. For example, it may take a long time to improve the processes or employees will not be ready to accept necessary changes (Tidd, Bessant and Pavitt, 2005).

The main benefit of EFQM is that it addresses important issues of necessity of continuous excellence having limited resources in hand. Recently, organizational excellence also concerns the issues of sustainable development (Fang, 2004). After Fang (2004) organizational sustainability relates the issues of environmental, social, economic, and technical sustainability.

EFQM helps evaluate current performance of the Company, its weaknesses and strengths helping develop an appropriate strategy aiming to satisfy customers, to manage pressure of resource utilization, to effectively compete in the market, to improve service quality and to satisfy customers having little resources in hand. Often, implementation of business excellence models is conditioned by the necessity of supply chain re-engineering or quality improvement. Re-engineering of supply chain is connected with rationalization of operations. Quality improvement is connected with process and product improvement and innovation (Armitage, 2012).

Recommendations

The analysis of du Telecom issues showed that success of the Company depends on two factors: technology and human resource management. High level of competitiveness in the industry forces the Company to constant improvement and excellence. Leonard and McAdam (2002b) considered two levels of implementation of TQM for the purposes of organizational excellence: strategic and tactical. There are more opportunities for introducing TQM at tactical level. Tactics is a transforming mechanism from goal setting to goal achievement through planning, structuring and measurement (Leonard and McAdam, 2002b).

Recently, the Company faced the necessity of changing its platform to optimize dial plan management. CISCO and VOSS systems were used to help the customers migrate from old platform to a HUCS provided with multi-tenant voice architecture. VOSS allowed the Company to use shared building function. In addition, this solution includes CallManager 5 which supports Movius voicemail; attendant services; IPUnity and Netwise services; and unified message system (du Telecom, 2012).

Implementation of innovative technologies (CallManager, CISCO, VOSS) will help improve quality of services provided. In addition, introducing this innovative technology will help expand the range of services and make service simpler with less errors thus improving supply chain (Armitage, 2012).

It is important to identify stakeholders and define the time frame in the process of implementation of EFQM techniques. Then du Telecom management should brainstorm the ideas with regard to stakeholders' interests. Development of vision statement and ensuring its consistence is an essential point when planning organizational excellence (Leonard and McAdam, 2002a). Further, the vision should be communicated to other employees and their reactions must be observed to make appropriate conclusions. A review should be made if there is a necessity (Vorria and Bohoris, 2009).

Benefits of introducing VOSS platform are as follows: provision of scalable solution when managing large quantity of small customers, empowerment of control over architecture management, opportunity to add new customers quickly and support of migration efforts. Being a significant competitive

advantage, CISCO and VOSS will allow the Company to improve customers' satisfaction and maximize revenues while removing deployment blockers. Besides, the implementation of VOSS and CISCO will help increase the speed of connection and reduce the probability of errors (du Telecom, 2012). Gibbs (2009) stated that IT is the major factor of excellence. Being a driver for total organizational improvement, IT defines capabilities and viability of a company (Gibbs, 2009).

Changes in performance are impossible without changes in changes in quality of the services provided. Quality service depends on people working in organization. Thus, any changes are impossible without changes in corporate culture (Kanji and Wallace, 2000).

Particular attention should be paid to the development of the base of loyal customers. Kanji and Wallace (2000) stated that acquisition of customers is expensive while retention of existing is significantly cheaper. Thus, du Telecom can improve quality services through improvement of quality of personnel and corporate culture. Quality culture is based on the principles of Total Quality Management (TQM), namely: customers' delight, leadership, continuous improvement, management by fact, and people-oriented management (Kanji, 1998).

As quality of the services provided depends on employees providing these services to the customers, they have to pass tests aiming to reveal the ability to provide quality services, improve their professional and leadership skills, to aim to gain more knowledge and to aspire for personal growth (du Telecom, 2012).

Conclusion

Du Telecom was analyzed with the help of EFQM tools. The Company faced several problems that made negative impact on the Company performance. EFQM has several benefits helping to reduce the negative impact of the problems. This Model helps evaluate the strengths and weaknesses of the Company in the market. There were three models discussed in comparison to each other. Each of the model helps analyze different aspect of the Company success. EFQM is seen as the most effective model that could be implemented to improve the Company performance with regard to its particular issues. The benefits and the problems the Company may face when implementing EFQM were discussed. The solutions proposed are supported with appropriate recommendations.

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