

# [Criteria for performance excellence business essay](https://assignbuster.com/criteria-for-performance-excellence-business-essay/)

The Baldrige framework benefits any organization whether it is starting a journey toward performance excellence or fine-tuning its current improvement efforts. Use of the Baldrige framework leads organizations to identify industry best practices guided by feedback provided by experts. Thus organizations using the this framework improve and align processes, go for measurement and analysis, and strategic planning, further leading to better decision making, stronger leadership, and greater organizational alignment and success.

## Criteria for performance excellence

The Baldrige Criteria for Performance Excellence provide a systems perspective for understanding performance management. They reflect validated, leading-edge management practices against which an organization can measure itself. With their acceptance nationally and internationally as the model for performance excellence, the Criteria represent a common language for communication among organizations for sharing best practices. The Criteria are also the basis for the Malcolm Baldrige National Quality Award process.

The Baldrige criteria form an excellent model of Total Quality Management (TQM). The criteria are divided into seven key categories:

Leadership

Strategic Planning

Customer Focus

Measurement, Analysis, and Knowledge Management

Workforce Focus

Process Management

Results

Each category is scored based on the approach used to address the category, how well it is deployed throughout the organization, the cycles of learning generated, and its level of integration within the organization. An excellent way to improve your TQM maturity is to use the criteria as a self-assessment and then compare your organization's methods and processes with winners of the Baldrige award. An integral part of the Baldrige process is for winners to share non proprietary information from their applications so you have a ready-made benchmark for your organization's TQM maturity.

As part of our assignment we would focus on the category 4 that is Measurement, Analysis and Knowledge Management and category 5 which is Workforce Focus.

## Category 4: Measurement, Analysis and Knowledge Management

The Measurement, Analysis, and Knowledge Management category looks at how an organization uses data to improve its operations. This includes how data is gathered, analyzed, managed as well as the use of information technology. This category holds 90 points. These 90 points are further divided into two parts which are Measurement, Analysis, and Improvement of Organizational Performance (45 pts.) that is how do you measure, analyze, and then improve organizational performance? And Management of Information, Knowledge, and Information Technology (45 pts): that is how do you manage your information, organizational knowledge, and information technology?

The division and sub- division of category 4 can be illustrated in the diagram below:

## 4. 1: Measurement, Analysis, and Improvement of Organizational Performance:

This item examines your organization's selection and use of data and information for performance measurement, analysis, and review in support of organizational planning and performance improvement. It serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and nonfinancial data and information. Its aim is to guide your organization's process management toward the achievement of key organizational results and strategic objectives, to anticipate and respond to rapid or unexpected organizational or external changes, and to identify best practices that may be shared.

Performance Measurement

Here it is mostly about how the organisation select, collect, align and integrate data fro tracking daily operations and overall organisational performance. These include progress related to strategic objectives and action plans. They should identify the key organisational performance measures, both long term and short term financial measures. The frequency of tracking these measures as well as how they use this information to support corporate decision making and innovation should be included.

Alignment and integration are key concepts for successful implementation and use of your performance measurement system. They are viewed in terms of the extent and effectiveness of their use to meet your performance assessment and improvement needs and your strategy development and execution; it also include how the performance measurement requirements are deployed by senior leader to track group work and process- level performance.

Baldrige also lays emphasis on the use of comparative data and information to know the organisational needs to know where they stand compared to competitors and the best practices. Comparative performance projections may reveal organisational challenges as where innovation is needed. It may also support business analysis and decisions relating to core competences, partnering and outsourcing.

Another point is customer data. Here it is about how the organisation makes use of the voice-of customer data and information to support operational and strategic decision making and innovation. The goal is to achieve customer engagement. Voice of customer can be in terms of customer complaints and feedback for services to improve offerings.

Measurement agility is about how you ensure that your performance measurement system is able to respond to fast pace growing, unexpected, or external changes.

Performance Analysis and review

Here it is about how the organisation reviews and analyses organisational performance and capabilities. How they use these information to assess organisational success, competitive performance, financial health, and progress relative to strategic objectives and action plans. Also how the organisation uses the information to assess its ability to respond quickly to the changing organisational needs and challenges in the operating environment.

Performance Improvement

Here is about how the findings from reviews are used for lesson learnt and best practice sharing across departments to improve performances. It also includes how the competitive and comparative data is used to project future performance. Also, how these information are used for continual improvement and identify opportunities for innovation. How these are deployed to workgroup, functional-level operations, suppliers, partners and collaborators to ensure organisational alignment.

## 4. 2: Management of information, Knowledge, and Information Technology

This item examines how your organization ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers and partners, collaborators, and customers, normally and in the event of an emergency. It also examines how your organization builds and manages its knowledge assets. The aim is to improve organizational efficiency and effectiveness and to stimulate innovation.

Data, information , and knowledge management

This section lays emphasis on the different properties that the organisation should focus on. That is, how do they manage organisational data, information and knowledge to ensure accuracy, integrity and reliability, timeliness and security and confidentiality?

Also how you make data and information available to your stakeholders that is workforce, suppliers, partners, collaborators, and customers.

MBNQA also lays emphasis on knowledge management that is how do you manage organizational knowledge to accomplish the collection and transfer of workforce knowledge, the transfer of relevant knowledge from and to customers, suppliers, partners, and collaborators, the rapid identification, sharing, and implementation of best practices, the assembly and transfer of relevant knowledge for use in your innovation and strategic planning processes

Management of information resources and technology

It deals with how you ensure that hardware and software are reliable, secure, and user-friendly.

In the event of an emergency, how do you ensure the continued availability of hardware and software systems and the continued availability of data and information to effectively serve customers and business needs?

## Category5: Workforce focus

## 5. 1 Workforce Environment

## 5. 2 Workforce Engagement

Research has brought evidence that high level of psychological well-being and employee engagement play a central role in delivering some of the important outcomes that are associated with successful, high performing organisations. (Robertson and Cooper, 2009). In an interview by Bob Gorman from Robert E. Gorman Communication, Ray Baumruk from Hewitt Associates (2006) talks about three interesting general behaviours that characterise engaged employees. These are:

Say: the employee advocates for the organisation to co-workers and refers potential employees and customers.

Stay: the employee has an intense desire to be a member of the organisation despite opportunities to work elsewhere.

Strive: the employee exerts extra time, effort and initiative to contribute to the success of the business.

Workforce Performance.

'To achieve workforce performance it is vital for managers or leaders to firstly understand the elements inhibiting engagement within employees through workforce surveys and focus groups for instance. An organisational culture that works towards achieving workforce engagement should be created to eliminate those inhibiting elements. In an article written by Krugel (ManpowerGroup Russia & CIS) published by the Moscow Times (February 2013), four areas of action are recommended for immediate managers to enhance workforce performance:

Communicate! Help your people understand change.

Conversations make change management possible since they clear out doubts and confusions employees may have. Managers cannot assume that employees understand; employees should know what exactly is expected from them, what is the organisation's mission, how they contribute to meeting customer's needs and what is the business strategy.

Provide learning and development opportunities.

Employees may feel less secured and frustrated by a sudden reduction of workforce or by major changes in the workplace. Hence they worry about their future in the organisation. The same situation is faced by employees who are asked to take on new responsibilities. A solution to this could be to show such employees you are committed to them by providing them with learning and career development opportunities.

Empower your people.

Managing change often means learning to manage differently. This implies changing the traditional command and control modes of management to respond to the needs of a diverse workforce and to retain employees with specialised skills. According to ManpowerGroup Surveys, engagement is positively impacted when employees are empowered to succeed. Therefore everyone should be treated with respect, their opinions counted, encouraged to take ownership of their work and provided with the authority they need to do their job well by managers or leaders.

Organise work processes to minimize stress.

Engagement impacts on productivity and empirical evidence from the ManpowerGroup Russia & CIS research shows that engagement is strongly impacted by " the appropriateness of an employee's workload, by the pressure he or she experiences at work, and by his or her ability to balance work with family life and personal interests.'' Hence too much pressure on employees and high demands from them will lead to their low engagement and poor productivity. Managers should play a significant role in engaging their employees. They should at least recognise that emphasizing balance could actually lead to higher productivity. This could be achieved by optimizing work processes.

Assessment of Workforce Engagement.

Organisations should make use of indicators showing workforce engagement to assess how engaged their employees are. For instance, the institute for employment studies (IES) carried out extensive research on defining and measuring engagement and identifying engagement drivers. In 2004, the IES came out with a report on the 'Drivers of Employee Engagement' and according to the report, an engaged employee:

believes in the organisation

works to make it better

understands business context and the 'bigger picture'

respects colleagues and helps others

is willing to 'go the extra mile'

Therefore the latter brings business benefits. Moreover, according to Smythe (2007 cited in Certificate in Internal Communication, 2008) engagement is quite a recent development of older theories of motivation and communication which originates from social psychology. Hence classic theories of employee motivation such as McGregor's Theory X and Y (1960), Hertzberg 'Two Factors'(1966), Alderfer 's ERG Theory (1969) and Maslow's hierarchy of needs (1943) could be used as indicators of engagement. Others, such as absenteeism rate, workforce retention, grievances, safety and productivity could also help to assess employee engagement. All these factors should be linked to business results and analysed so as to make improvements to workforce engagement and business results.

## Workforce and Leader Development.

Each organisation may have its own workforce development, learning and career development systems. Nowadays knowledge is a critical business asset, hence organisations should do their best to capture and retain that knowledge which is significantly stored is employees' minds. A set of core and complementary HR practices were proposed by Evans(2003) namely competency framework, recruitment and selection, induction, performance management, reward and recognition, resource management, learning environment, training and development, career development, and retention. In fact all these HR aspects are essential to achieve organisational performance.

Training and development needs of both the leaders and the employees should be identified. Self-directedness in learning has been recognised by various authors as having an important role to play in the competitiveness of enterprises in the 1990s (Smith et al. 2007) and hence should not be ignored. According to a recent BusinessWeek. com/Hay Group survey, the twenty best companies in leadership share some common characteristics. They address leadership development from various dimensions, from articulating how leadership behaviour needs to change to meet the challenges of the future to managing their pools of successors for mission-critical roles and make leadership their top priority despite of bad situations.

## Baldrige and Other models

There are different alternatives to achieve the Total Quality Management implementation for instance, the ISO standards, the Malcolm Baldrige model and the European Foundation for Quality Management (EFQM) Excellence Model. The first quality model was established in Japan. Business Excellence model is a crucial mechanism for refining the performance of organisations, along with national competitiveness.

## The EFQM model

The EFQM is a non- profit foundation created in 1988 by fourteen leading European organisations with the aim to become the leading force of excellence in Europe. Nowadays, EFQM has a population of 30000 members across the world. This model is similar to excellence models used in Japan (the Deming prize) and America (the Malcolm Baldrige). EFQM is a model used for self-assessment that an organisation of any size can use by applying the criteria.

EFQM provides assistance to understand the gaps and to find the appropriate solution. This model is updated every three years to ensure if it corporates with the current environment. The European Quality Award (EQA) was established in 1992 with the aim to encourage and access the development of quality improvement activities and also to identify the business excellence companies in Europe.

The EFQM provides for guidance through 3 important components:

The Fundamental Concept of Excellence

The Criteria

The Radar

## The Fundamental Concept of Excellence

Achieving Balanced Results

It is a must for any organisation trying to achieve excellence to meet their mission and progress towards the vision set and also to meet both the short and long term needs of stakeholders.

Adding Value for customers

Due to fast moving trend customers will be attracted to innovating and creative organisation.

Leading with vision, Inspiration and Integrity

The leaders must act as role model to shape others so as to achieve the targeted aim.

Managing by processes

The main vein of organisation is the processes. It must be managed in a structured manner to generate stable and continuous results.

Succeeding through people

The organisation must value the talents of its employees and encourage them to participate in the empowerment projects for the company to achieve organisational goals.

Nurturing Creativity and Innovation

Organisation generates increased value and levels of performance through continual improvement and systematic innovation by joining the creativity of their stakeholders.

Building Partnerships

Organisation maintains good relationship with various partners that can contribute to success.

Taking responsibilities for a sustainable future

A good culture must prevail and processes must be ethical as consumers are attracted to such company.

## The Criteria

The Enabler Criteria:

Leadership

This relates to the behaviours that the leaders adopt to facilitate the achievement of mission and vision.

People

The organisation helps to improve the skills of the employees and promote justice and equality. In addition they cater for the proper communication and rewarding people.

Strategy

The organisation reviews its mission and vision and implements it with the concept of continuous improvement.

Partnership and Resources

It refers how the organisation manages and develops its external partnerships and internal resources so as to accomplish the mission.

Processes, Products and Services

This is related how the organisation designs, manages its processes with the intention of satisfying its stakeholders.

The Results Criteria:

People Results

Excellent organisations systematically measure and achieve outstanding results that meet or exceed the needs and expectation of their people.

Customer Results

Measures what the organisation is doing to meet the expectation of its targeted customers.

Society Results

It is concerned with what the organisation is achieving in satisfying the needs and expectations of relevant stakeholders within the society.

Key Results

This determines the success of the organisation's strategy and the satisfaction of stakeholders.

## The Radar

This model can be used to assess the current capabilities of the organisation. Meaning that, the organisation can know its strengths and opportunities by performing the RADAR. The application of the RADAR logic helps an organisation to:

Determine the Results it is targeting to accomplish as part of its policy and strategy making process.

Plan and Develop an integrated set of sound Approaches to deliver the required results both now and in the future.

Deploy the approaches in an efficient way to ensure implementation.

Assess and Review the approaches by monitoring and analysing the results achieved through ongoing activities.

## Comparison between the MBNQA and EFQM:

Both are results oriented awards

Both the awards give maximum weight to customer satisfaction results

The European Quality Award include the impact of society as one of its criteria while Baldrige covers this point in the leadership criteria

The Baldrige Awards does not include the financial performance whereas the European Awards in broad-based due to the inclusion of financial performance.

## Analysis

The 4th criterion of Baldrige which is the Measurement, Analysis and the Knowledge Management is similar to the Radar which is the Assess and Review approaches and their deployment. Both models lay emphasis on measuring and analysing past performance in order to improve their processes to achieve the desired results. Besides, the Knowledge Management focuses on the knowledge that employees will need to increase their performance together with the improvement of the processes so as to bring innovative solutions. Moreover, Baldrige and EFQM criteria help the organisation to know where it actually stands compared to its rivals and also where there is scope for improvement to reduce the gaps in their processes and performances.

The Workforce focus criterion of Baldrige can be compared to that of the People criteria in EFQM. The similarity between both is that they take into consideration the importance of an effective working environment for supporting their personnel. The crucial concept is to have a motivating workforce for the achievement of organisational and personal goals. Both models lay emphasis on compensating and rewarding the workforce. Such actions will motivate people which will result for benefiting the organisation as many studies have shown that motivated employees generate positive impact on the organisation's performance.

## ISO 9001: 2008

ISO 9001: 2008 Certification has been in place for over a decade now. Both customers and companies use ISO 9001: 2008 as a method of controlling their quality. ISO 9001: 2008 is an international standard for quality management system. The standard provides a framework to manage your business and ensure a common sense approach to the management of your business activities to consistently achieve customer satisfaction by providing a set of principles to the company.

The eight principles are:

Customer focus organization

It is where the organization depends on their customers and therefore the organization need to shape activities around the fulfillment of market need.

Leadership

Leadership is needed in order to provide unity of purpose and also a direction.

Involvement of people

The organization should create an environment where people become fully involved in achieving the organizational objectives.

Process approach

In order to achieve organizational objectives, resources and activities need to be managed as processes.

Systems approach to management

The effectiveness and efficiency of an organization depends on a systemized approach to work activities.

Continual improvement

An organization key objective is to adopt continual improvement as a part of everyday culture.

Factual approach to decision making

Effective decisions are based on the logical and intuitive analysis of data and factual information.

Mutually beneficial supplier relationships

Such relationship between an organization and its supplier will enhance the ability to create value for both of them.

The above eight principles are structured into the following 5 major section with reduced documentation requirements with high emphasis on continual improvement and customer satisfaction.

Quality management system

Management responsibility

Resource management

Product realization

Measurement, analysis and improvement

## ISO 9001: 2008 and Baldrige

Just like baldrige provides a category on workforce, in the same way ISO 9001: 2008 provides a section on resource management. However the main difference is that baldrige provides quantifiable data whose weightage is 85 points and it allows an organization to self-assess itself whereas ISO does not allow to self-assessment and also ISO allows you to have part of your organization to be ISO certified because of economic reason whereas with baldrige this is not possible.

## Section 6 of ISO 9001: 2008 Resource management

Section 6 of ISO 9001: 2008 consists of resource management which relates to resource needed for an organization which includes human resource, hardware and software. However baldrige talks about assessing your workforce capability and capacity needs.

Section 6. 1 provision of resources, here resources can be in terms of manpower or machine. The organization must determine and ensure that the determined resources are available. It should be ensured that the implantation maintain and continually improve the effectiveness of ISO 9001 system and make sure that customer are satisfied whereas baldrige focus on how to recruit and retain your workforce.

6. 2 human resources; is another critical resource for an organization and therefore ISO 9001 emphasis on human resource competency and training but baldrige makes sure that you organize and manage your workforce.

According to the general requirement people who are performing the task will directly or indirectly affect the conformity of product requirement. Therefore the workforce must be competent base on education, training, knowledge, skills and experience. However in order to handle this requirement the competency must be well defined. In baldrige there is workforce change management which emphasize on changing your workforce capability and capacity needs.

The next section which is based on competence, training and awareness makes sure that an organization must identify the training needed for each job or task and review the gap between the people who perform the job to the requirements. Baldrige however focus on exceeding performance expectations by organizing and managing your workforce.

Moreover the organization must identify, provide and maintain the facilities needed to ensure to achieve conformity of product. This includes facilities like equipment, building, transport, communication method and so on.

The last section argues that organization must determine and manage the work environment needed to achieve the conformity of product requirement. One example can be the availability of enough lighting.

## Section 8 of ISO 9001: 2008 Measurement, analysis and improvement

ISO 9001: 2008 provides a requirement for measurement, analysis and improvement. The standard now requires that measurement and monitoring activities needed to ensure conformity. Moreover the achieve improvement must be defined, planned and implemented. In order for this to occur there must be appropriate measurement methods. Baldrige also focus on performance measures which will collect information on the overall organizational performance.

Section 8. 2. 1 which is customer satisfaction states that organization will monitor information on customer satisfaction/dissatisfaction. There must be a system in place which will address customer complaints and general feedback. Baldrige also ensure the effective use of voice-of-the-customer data and information to support operational and strategic decision making and innovation.

Section 8. 2. 2 which is internal audits argues that organisation should review their internal audit procedures to ensure the inclusion of responsibilities, requirements and methodologies for conducting the audits. However Baldrige focuses on benchmarking.

Furthermore organisations are required to determine the measurement and monitoring methods which will be used in order to ensure that both processes and product requirements are met. Baldrige also review the performance and capabilities of the organization.

Organisations must take action related to the consequences of non-conformity owing to the requirement control of nonconforming product. Baldrige also has a criteria on best practice sharing where the lessons learned are shared.

Section 8. 4 consists of analysis of data where organization must collect and analyse data to determine system sustainability and effectives so that improvements can be made. Baldrige focus on future performance.

Based on the section on improvement organization must facilitate continual improvement through the use of the quality policy, objectives, audit results, analysis of data, corrective and preventive action and management review. ISO 9001: 2008 clearly establishes top management responsibility for an organization improvement. It also states that actions taken must prevent recurrence. When reviewing actions taken over time, organization must ensure that repeat occurrences are addresses on the other hand Baldrige focuses on continuous improvement and innovation. To conclude, Baldrige and ISO are quite similar, the only difference is that with baldrige you can do benchmarking but with ISO it is not possible.

## Organisations who applied the Baldrige Performance Excellence Framework

The Baldrige framework is uniquely different than any other framework for organizational excellence and management. It contains criteria that relate to any organization in any sector which are as follows:

Manufacturing

Service

Small Business

Nonprofit

Education

Healthcare

The Baldrige Criteria are recognized globally as a premier excellence framework, and approximately 80 international quality or performance excellence awards either use the Baldrige Criteria or a derivative of it like for example the Japan Quality Award. The award is presented to Japanese companies displaying excellent overall management qualities that continue to create new values through the continuous improvement process. The " Fukuiken Saiseikai" hospital in Japan is the recent winner of the Japan Quality Award 2012.

There are many organisations who have won the Baldrige National Quality Award in the United States. We shall take examples of some companies having won this award which are as follows:

" Motorola Inc." which was the first company to have won the first edition of Baldrige award in year 1988 and in 2002 made it twice. Employing approximately 99, 000 employees in 53 different locations in the world, it aims at having the highest sales volume in world markets for electronic components and equipment. The only thing that counts is quality improvement leading to total customer satisfaction. In order to achieve this, the company made use of some techniques such as the " six-sigma quality" which aims at reducing the defects rate in the processes and manufacturing consistent products.

Second one is the reduction in " total cycle time" where the time a customer placed and order and the time at which it was delivered to him was reduced. Another concept adopted is the " benchmarking" programs that were used to compare the processes, resources, performance and products of rivals with that of the company. The company had what they called " Participative Management Program" where the employees had the opportunity to participate in the decision making process of the company helping in analyzing the past performances and results in order to set strategic objectives for the future.

" Ritz-Carlton Hotel Company" is another big company that has applied the Baldrige Framework. It has 23 business and resorts hotels in United States and 2