

Free effective quality management (efqm) report sample

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During many decades researchers are trying to identify the most effective ways of organizations' management. It has been proven by a lot of investigations that the company's success very significantly depends on its management strategy and actions. Management approach is considered to be a critical factor in organizations' development. This report is devoted to the EFQM Model's implementation in the financial services provider company (insurance broker).

Theoretical Background

Total Quality Management (TQM) is the method of managing organization for the future; it is significantly wider in its sense than providing service or product quality, TQM is a method of managing business processes and people to ensure full client satisfaction at each step, externally and internally. TQM, together with efficient leadership, leads to the company doing all things correctly.

The TQM's core is the client-supplier interfaces, internally and externally, and at every interface there are many processes. The above-mentioned core should be surrounded by ensuring quality, quality message communication, and understanding of the necessity to change the organization's culture to establish a total quality. These are the TQM foundations, and they are connected with the key functions of people, systems and processes management in the company.

The Meaning of the Quality

An often used quality definition is delighting the clients by completely meeting their expectations and needs. It can include appearance,

performance, delivery, availability, maintainability, reliability, price and cost effectiveness. Therefore, it is important that the company knows what these expectations and needs are. Also, having determined them, the company should understand them, and assess its capacity to achieve them.

Quality begins with the research of the market in order to understand the real product or service requirements and the true customers' needs. In order that the company can be really successful, quality should be ensured in all functions, departments, employees and all actions and be a main goal for improvement. Everyone's cooperation at each interface is required to achieve an organization of total quality, in the way that the companies of Japan reach it with quality control throughout the whole company.

Poor practices. In order to be able to reach a goal of a total quality company, many of the poor practices should be identified and corrected. Some of them can include: organization's leaders not providing clear direction; ignoring or not understanding competitive positioning; every functional department operating separately only for itself; trying to manage employees by means of systems; confusing grade with quality; agreeing that the errors or defects level is inevitable; reactive behavior, firefighting; the attitude of "it is not my problem", and etc.

The Obligatory Quality Management Components (Leadership & Commitment)

Quality management foresees improving the effectiveness, competitiveness and flexibility of a company for all stakeholders' benefit. It is an approach of organizing, planning and understanding of every activity, and of all the wasted energy and effort removing that is routinely spent in the company. It

foresees that the leaders follow a strategic quality overview and focus on problems not detection's prevention. While it should involve all the employees, in order to be effective, it should begin at the top with the organization's leaders.

The task of implementing TQM may be daunting. There is a points' list that leaders have to take into account; they are the various beliefs' distillation of some of the gurus in quality:

The company requires a long-term continuous improvement commitment;

Adopt a zero errors/defects philosophy in order to change the organizational culture;

Train employees to understand the supplier/customer relationships;

Do not purchase services or products considering only price;

Understand that the systems improvement should be controlled;

Employ modern ways of training and supervising, eliminate fear;

Eliminate numbers based standards, purposes without methods, obstacles to pride of fiction and workmanship, receive facts by examining processes;

Continuously retrain and educate, cultivate experts inside the company;

Create a systematic approach to control the TQM implementation.

Change of the Organization's Culture

The failure to address the organization's culture is often the reason for a lot of initiatives of management either failing altogether or having limited success. Understanding organization's culture and using this information to efficiently map the steps necessary to organize an effective change, is a

significant part of the journey of quality (Total Quality Management, n. d., pp. 1-5).

EFQM Excellence Model

Nowadays the world is not the same as before. It is constantly changing. The interdependencies between communities, organizations, economies and countries are getting more complex and strong. In order to remain competitive in such environment, all the organizations have to continually improve and innovate. More than ever before, now, an organization must balance, understand and effectively manage the expectations and needs of their stakeholders. The EFQM Excellence Model is a way to manage and understand this complexity. The Model is practical and pragmatic, created and developed by high-performing organizations, to ensure constant improvement.

The EFQM Excellence Model makes possible for individuals to understand the effect and cause relationship between the actions of their organization and the achieved results. The Model consists of the following three components:

The Fundamental Concepts determine the basic principles that provide the foundation for sustainable excellence achieving in any company;

The Criteria forms a framework to help companies to implement the RADAR thinking and Fundamental Concepts into practice;

RADAR (Results, Approaches, Deploy, Asses and Review) means a simple but effective tool for driving constant improvement in all organization's areas (An Overview of the EFQM Excellence Model, 2012, pp. 2-7).

EFQM is a powerful instrument that can help any organization to become more efficient and, thus, successful. It can be applied in any industry for companies manufacturing products or offering services. I suppose, implementation of EFQM in the financial services organization (international insurance broker) is not easy but a very promising project. The company's main task is servicing of clients worldwide and providing the full scope of insurance policies' management.

As known, there are many insurance brokers in any country nowadays, especially in the developed states. The task of each of them is to provide the level of service that is higher than the one provided by the competitors and thus attract and retain clients. The company's management always has many ideas and initiatives in this respect; however, current economic situation requires more progressive and innovative ideas in order to stay competitive.

There are two main parts that are used to increase the competitive advantage of the company: outstanding performance of the employees and implementation of new IT systems that help to organize and control the whole process of working. The company has been operating in the market for many years and has already elaborated many schemes and standard procedures of servicing clients. This allows to teach and train employees more efficiently and to develop IT systems that would be helpful during the processes.

Fundamental Excellence Concepts

The Fundamental Excellence Concepts form the foundation for reaching sustainable excellence in any company. It can be considered as the foundation to describe the excellent organizational culture's attributes. Such Concepts also work as a language for senior management. Thus, there are eight Fundamentals Concepts:

Value Adding for Customers

Excellent companies consistently work on adding value for clients by anticipating, understanding and fulfilling needs, opportunities and expectations (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). This is probably the most important aspect of insurance broker's work. 99% of the company's activity is servicing clients (e. g. written and oral communication, consulting, negotiations, discussing policy wordings, and etc.). In fact, the broker is adding value to the work of the insurance company that can basically work with the clients itself. Thus, the clients need to clearly understand what they are paying for to the broker. The Broker exists for customers' convenience, the employees should be competent in all the questions regarding insurance and claims handling, legal regulations in this field, always ready to answer the clients' questions and explain the clauses from the policy wording, efficiently handle the requests, demonstrate their availability and willingness to help customers.

Sustainable Future Creating

Excellent organizations influence the world surrounding them in a positive way by improving their performance and, at the same time, enhancing the

environmental, social and economic conditions inside the communities in which they exist (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). The company should pay a significant attention to the Corporate Social Responsibility (CSR) and enhance its activities in this respect. First of all, it is necessary to create a comfortable and sustainable workplace for the employees. In order to do it, it is possible to start with the creating of comfortable working conditions and elaborating the employee benefits program that has to include health and life insurance, paid lunch, pension programs, and etc. The second element of creating the sustainable future is the harmony with the surrounding community and environment. The company should initiate various events devoted to its commitment to the problems and issues of the other people, local economic situation and society in general. To start with, it is useful to organize some charity events, whether financially based or not, in order to engage employees in understanding of the company's CSR. As regards to the environmental issues, the company is not supposed to create much harm as it is not a products manufacturer, but a financial services provider. From its side, it can reduce the amount of documents' printing in the office and organize different events devoted to cleaning of the territory near the office or any other part of the city.

Organizational Capability Developing

Excellent companies enhance their performance by managing change effectively inside and outside the boundaries of the organization (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). The company has to

ensure quality and sustainability of its work both inside and outside its offices. The employees should understand that the requirements remain in force even in case they are at the meeting in another company or in a business-trip abroad. Understanding and ensuring the sustainable principles and development of the company should not be forgotten anytime.

Harnessing Innovation and Creativity

Excellent companies create increased value and performance levels by systematic innovation and constant improvement by harnessing their stakeholders' creativity (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). Innovation and creativity is an integral part of any successful organization nowadays. In case they are not present, the company may lose its competitive advantage very quickly. Innovation has to be applied to all the company's processes, e. g. IT systems, communication with the customers, level of employees' professionalism, and etc. Innovation and creativity help the organization to generate new ideas that help to receive better results and revenues.

Leading with Inspiration, Integrity, and Vision

Excellent companies have talented leaders who plan the future and implement it into life, being role models for its ethics and values (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). Nowadays, the definitions of managers and leaders are different. In general, leaders are considered to be better and more effective than managers. Therefore current executives usually work on leadership qualities' development in themselves in order to direct their companies to better results. If one has a purpose to be

a good leader, it is necessary to study a lot of theoretical background of this question. Many researchers devoted their works to the effective leadership. The leader has to be able to choose an appropriate leadership style that best suits to his or her organization and the relevant situation. In the case under analysis (international insurance broker) the most effective leadership style can be “ Democratic” taking into account that all the company’s employees are professionals of high level having relevant education and substantial work experience. The main task of the leader is to organize employees’ actions in order to achieve organizational goals.

Managing with Agility

Successful companies are broadly recognized for their capability to find and respond efficiently and effectively to threats and opportunities (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). Quick reaction is important for the insurance brokers. It is good to answer the e-mails, calls and other requests of the clients in a highly efficient manner and always leave the client satisfied. In case the customers do not see the appropriate reaction from the brokers’ side, they may decide to work with another broker or directly with the insurance company. That is why it is important to be always reachable and willing to help.

Succeeding through the People’s Talent

Excellent companies value their employees and develop a culture of achievement of the empowerment of both personal and organizational goals (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). The company has to develop a strategy of talents’ identification, their development and

motivation, as it is the main factor that creates a competitive advantage in the present economic conditions. The process starts with the hiring the right people, further training and developing, motivation and identification prospective leaders among them. Nowadays, it is not easy to find talented people willing to work and develop in insurance industry and moreover having a good education and relevant work experience. Therefore both insurance brokers and insurance companies face the problem of hiring an appropriate staff and its retaining.

Outstanding Results Sustaining

Excellent companies achieve outstanding sustained results that comply with both the long and short term stakeholders' needs, inside their operating environment context (An Overview of the EFQM Excellence Model, 2012, pp. 2-7). The fulfillment of the above-mentioned steps will lead the company to the sustainable development and outstanding results. Good financial condition and competitive advantage are necessary in order to continue working, developing and showing good results to the stakeholders. Poor leadership and strategy's absence are dangerous to the modern companies, especially to those providing services and consulting. It will make an organization uncompetitive very soon and lead to the decrease of revenues. The clients will use another service providers that are more efficient and suggesting lower costs.

It is possible to use the model to assess current capabilities of the organization. The assessment output is typically a set of opportunities and strengths to enhance future performance. Organization's strengths

identification is very important, not just because people do not stop doing the actions they are capable to do, but also due to the fact that these strengths can help in solving the identified issues. According to the definition, sticking to a certain standard does not mean excellence. Excellence means going beyond the expected achievements. Unlike standard auditing, an assessment provides the team of management with a number of options and opportunities. The points that they choose to take into account and how they deal with them will be defined by their strategic goals and priorities (An Overview of the EFQM Excellence Model, 2012, pp. 2-7).

EFQM is devoted to assist companies with achieving improvement by the use of the EFQM Excellence Model, a powerful framework of management used by more than 30000 European organizations. During the recent 20 years, this Model's development is taking place, incorporating the learning and experiences from these companies to ensure it complies with the reality. The organization provides assessment tools, training and recognition in order to help companies implement the Model. The Model's real success comes from good practices gathering and integrating them into the company's culture. The EFQM, a Foundation of not-for-profit membership, willing to share what is useful, via online seminars, case studies, conferences working groups, and similar events. The organization nurtures a world-class organizations' network and their successful leaders that also have passion for excellence in business (An Overview of the EFQM Excellence Model, 2012, pp. 2-7).

The EFQM Model foresees a self assessment. Conclusions follow from the analysis conducted. EFQM focuses on the processes and is customer-

oriented. The Model uses the continuous improvement means (reengineering or benchmarking of processes). It is based mainly on group work (by individuals from various departments).

The EFQM Model provides possibility to integrate other initiatives related to quality improvement. It is focused on facilitators and on results. The Model is not only about doing things, but it considers also actions' effects. It depends on the leadership level in the company and provides details regarding the ways of evaluation of such level. The EFQM promotes the constant improvement and not compliance with certain set of rules and expects the organizations to implement positive trends (Rosenmöller, 2015, pp. 1-2).

Control of the Process

On this stage the leader has to plan all the processes (installation, production, services) that influence quality. It means to establish the procedures; to determine the adequate environment and tools; to identify the norms and control whether some machinery and equipment have to be certified; to identify how the procedure of process control; to identify the maintenance.

Testing and inspection. Managers have to verify that the product or service their company is offering satisfies the highest requirements. They need to identify which parameters will be controlled, how and where. In case it is necessary, they should also describe the equipment required for such measurements and actions to be made if there are issues. It is possible to distinguish between the checks during the process and at the final stage. In case some obligatory checks are missed, then the service or product must

be marked explicitly and traceable as such with the purpose to find it again later if required.

Corrective Action

The non conformance treatment should follow the general scheme like this:

1. Describe the problems clearly (which criteria was used, which test did fail, and etc.);
2. Define short-term immediate responses and avoid new errors;
3. Determine the main non conformance cause;
4. Elaborate suitable corrective actions;
5. Create these actions' follow-up.

Storage, Handling, Delivery and Packaging (for Manufacturing Companies)

Managers should ensure that the manufactured product remains of high quality from the final control up to the delivery. The relevant operations are as follows: handling (manipulation ways); packaging (should include labeling and identifying); storing (storage area conditions); preserving (not taken inadvertently or getting stolen); delivery (the right carrier conditions and mode use).

Training

All employees training is an important requirement in case the management wants their company to improve. According to ISO-9001, it is necessary to ensure the employee can operate the new equipment that has been purchased and that the employee sticks to the procedures that have been established. In practice, the training needs a careful planning (identification

of what the people want, need and plan the teaching) (Shiba, A. Graham and Walden, 1993). The financial services sector employees also require training in order to work successfully and improve their skills. On average, training should take place not less than 2 times a year.

Quality Motivation and Improvements Suggestion

The aim of the Act phase in the TQM leadership model is to elaborate an environment that motivates employees for quality and that encourages workers to make suggestions about improvement of quality.

Motivation for quality is not enough to establish TQM culture in the organization. Motivation for quality should be combined with different methods with the purpose to ensure that all employees actively participate in products, processes and services quality's improving.

Nowadays quality motivation is considered to be a significant factor towards work objectives' achieving considering human needs and using human resources. The motivation theory basis therefore can be explained by taking into account some human needs' common elements. Maslow described the human needs hierarchy and, according to him, they can be of the following types: (1) physiological, (2) safety, (3) social, (4) ego or esteem, (5) self-fulfillment.

According to this scientist, a person starts with physiological needs and after he fulfils such need, then the person moves on to the other level of hierarchy, for instance, social needs and so on (Muñoz Casas, 2011, pp. 74-76). This hierarchy has to be taken into account by the leaders in order to improve their strategies of people management.

Conclusion

Quality management is very important in the present economic conditions. It is necessary and useful in all the organizations' types. Quality management can be applied either to manufacturing companies or to service providers. The report has analyzed the main methods and principles of EFQM Model's implementation in the company using the example of international insurance broker that is a financial service provider and involved into customer serving in different countries. The company faces a large competition and has to constantly improve the quality of its services. The report analyzes the ways of EFQM Model's may help with it. The result shows that it can be very useful and successful and bring better revenues and competitive advantage for the company.

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