EFQM Performance Excellence Model 2020 - proposal

Background

The current nine criteria framework that forms the core of the EFQM Excellence Model has not changed substantially since it was first developed and is primarily a management excellence framework – seeking firstly through five criteria to set out all the things that most informed commentators would agree are ‘good to do’, and then to provide a set of results measures based on those ‘good to do’ activities, contained in four criteria. It is therefore ‘all embracing’ and consequently comprehensive. This is reflected ‘back’ in the Fundamental Concepts to which the five enabler criteria are linked – they are likewise comprehensive and ‘all embracing’. RADAR was added in 1998, primarily as a tool for assessment but since it was based on what it could be reasonably expected every ‘good’ manager should be both doing and questioning on a day-to-day basis, it was also seen as a tool that could be used in numerous management applications. In the intervening period RADAR has become more complex and more challenging to apply, with the consequence that few assessors, even the most capable, use it in the way originally intended.

Proposal Overview

It is suggested that after 30 years of use the time has come for a more fundamental review of the Model for 2020 than has previously been undertaken. It is considered that the opportunity should be taken to move away from a ‘management excellence model’ to a performance excellence one; one that instead of focusing on every management aspect of an organisation seeks instead to focus specifically and clearly on the delivery of performance excellence – that is the delivery of outstanding levels of value on a sustained basis to an organisation’s stakeholders. These it is suggested, are an organisation’s customers, investors, people, suppliers, partners and the wider society. This necessarily means that a model for this purpose does not focus on everything an organisation might do. Instead it should focus solely on the key activities required to deliver consistently high levels of stakeholder value, the measures that enable success in these terms to be monitored and reviewed, and the improvement actions needed to continuously enhance performance in terms of delivered value for stakeholders. One consequence of such a move is that ‘Fundamental Concepts’ as currently formed are no longer of direct value and can be discarded. It is considered that the opportunity should also be taken to considerably simplify RADAR, incorporating some current aspects into the revised criteria of a ‘nine box’ framework, and providing as a replacement for assessment purposes a simplified and more readily usable assessment tool than the current one.

Revised Criteria

Ideally the opportunity should be taken to ‘start with a blank sheet’. However if, as has been suggested, it is essential that EFQM retains the currently trade mark registered ‘nine box’
Instead of each of the revised Performance Enabler ‘criteria’ as shown above consisting of 4-5 criterion parts, each consisting of comprehensive guidance points relating to all aspects of management as present, it is suggested that each ‘criteria’ consists of a relatively small number of criterion parts setting out the key activities that are fundamental to the delivery of high levels of value for stakeholders. There would be no ‘guidance points’ for these since experience shows there is no ‘right way’ to undertake these activities; organisations must work out for themselves what is the best way for them. This of course involves learning internally and externally, employing the creative skills of their stakeholders, etc. However there would need to be some short guidance notes to elaborate as necessary on the meaning and scope of each criterion part. It should be noted that it is suggested that “Strategy” as in the existing model should change to “Strategies”. This is not intended to be merely semantics. Practically, ‘strategy’ as a high level, and often long-term plan to deliver key goals is becoming less relevant and of increasingly less value in the fast-paced world of today. However ‘strategies’ as plans, often shorter term, with objectives to deliver outstanding levels of value for stakeholders, are crucial to the achievement of Performance Excellence. It is as such, that “Strategies” is used in this proposal.

It is not proposed that the current Results ‘criteria’ should change substantially; a rename to “Performance Results”, a rename of two of the criteria to give better identification of the stakeholder groups included, and the renaming of each of the criterion parts to “Performance Indicators” and “Performance Outcomes” being the main changes proposed.

The content for each of the new criteria could be as follows. (Note this is simply a set of initial thoughts that would need refinement).
Performance Enablers

1. Leadership

Leaders are clearly focused on ensuring the delivery of outstanding levels of value, on a sustained basis, to the organisation’s stakeholders.

Specifically they:

   a. Lead the development and implementation of the strategies of the organisation and ensure that they all are clearly focused on the delivery of value both now and in the future to the organisation’s stakeholders.
   b. Ensure that the processes, systems and capabilities needed by the organisation to deliver its strategies are identified, developed, well managed, and improved as needed.
   c. Ensure that the performance of the organisation in delivering value for stakeholders is effectively measured, reported and monitored.
   d. Lead continuous performance improvement aimed at delivering enhanced value to stakeholders, through performance reviews, internal and external learning, and improvement activities.

2. Strategies

Strategies are developed, implemented and updated as needed that focus on the delivery of outstanding levels of value to the organisation’s stakeholders.

Specifically:

   a. The value expected by stakeholders at present and that anticipated for the future is fully identified and understood.
   b. Strategies are developed and updated as necessary to deliver outstanding value for stakeholders both now and in the future, effectively balancing those requirements across stakeholder groups as needed and taking into account the organisations present and anticipated future performance and capabilities, and where relevant, those of their suppliers and partners.
   c. Strategies are implemented effectively and efficiently throughout the organisation.

3. Processes & Systems

The key processes and systems required to deliver the strategies of the organisation effectively and efficiently are identified, developed, implemented and improved as needed.
Specifically:

a. Processes are identified, developed, implemented and improved as needed to deliver the strategies of the organisation effectively and thereby deliver outstanding value to stakeholders.

b. Systems are identified, developed, implemented and improved as needed to support the processes deliver the strategies of the organisation efficiently and thereby deliver outstanding value to stakeholders.

4. Capabilities

The capabilities required to deliver the strategies of the organisation effectively and efficiently are identified, understood, developed, maintained and enhanced as needed.

Specifically, this is done with respect to:

a. People.
b. Practices.
c. Technology including I.T.
d. Infrastructure.
e. Suppliers.
f. Partners.*

(* organisations, other than suppliers with whom the organisation works closely on an ongoing basis to deliver exceptional value to one or more of its groups of stakeholders)

5. Performance Measurement

The key effectiveness and efficiency performance measures needed to manage the delivery of outstanding value to stakeholders, and those needed to measure the outcomes produced, are identified, understood, implemented and updated as needed. Effective system(s) of measurement, monitoring, and reporting are in place and improved as needed.

Specifically:

a. Key effectiveness and efficiency performance indicator measures relating to processes, systems and capabilities, and the value based key performance outcomes measuring delivery of value to stakeholders are identified, understood, developed, implemented and updated as needed.

b. Systems for measuring, recording and reporting all key performance measures accurately and in a timely way are identified, developed, implemented, and improved as needed.
Performance Results

6. Customers

Results provide a measure of the effectiveness and efficiency of the processes, systems and capabilities of the organisation in delivering its customer focused strategies, and the outcomes in terms of value delivered.

Specifically:

   a. Performance Indicators
   b. Performance Outcomes*

(*includes perceptions but is not limited to these)

7. People

Results provide a measure of the effectiveness and efficiency of the processes, systems and capabilities of the organisation in delivering its people focused strategies, and the outcomes in terms of value delivered.

Specifically:

   a. Performance Indicators
   b. Performance Outcomes*

(*includes perceptions but is not limited to these)

8. Suppliers, Partners and Society

Results provide a measure of the effectiveness and efficiency of the processes, systems and capabilities of the organisation in delivering its supplier, partner and society focused strategies, and the outcomes in terms of value delivered.

Specifically:

   a. Performance Indicators
   b. Performance Outcomes*

(*includes perceptions but is not limited to these)

9. Investors

Results provide a measure of the effectiveness and efficiency of the processes, systems and capabilities of the organisation in delivering its investor focused strategies, and the outcomes in terms of value delivered.
Specifically:

a. Performance Indicators  
b. Performance Outcomes*

(*includes perceptions but is not limited to these;  
+ all those who have a financial interest in the organisation)

Revised RADAR

As indicated earlier RADAR has become complex to the point where it is seldom used in the way originally intended. This relates both to the elements and attributes and to a lesser extent the scoring system.

It is suggested that RADAR is replaced with a simplified guide for assessing, incorporating a simplified scoring mechanism.

For assessing – the identification of the strengths and opportunities for improvement – it is suggested that for the:

- Performance Enablers, assessors are asked to determine the extent to which what is contained in each of the criterion parts text is demonstrated by the organisation, and to formulate their strengths and opportunities for improvement statements based on this.
- Performance Results assessors are asked to determine the extent to which the results for each criterion part demonstrate sustained and outstanding levels of performance over a relevant time period. (Note: Current “Scope and Relevance” would be covered under the “Performance Measurement criterion – see earlier).

For each, more detailed guidance would need to be provided on how to do this, for example how to determine what is a “relevant time period”.

For Scoring – it is suggested that:

- a single five ‘category’ “Able to Demonstrate” 0-100 point scale similar to the existing one is used for each criterion part in both the Performance Enablers and the Performance Results. There would however only be one rating for each criterion part based on the points for assessing given above.
- Each criterion part in the Performance Enablers is given equal weighting when deriving, as at present an overall score for each Performance Enabler.
- The weighting applied to the Performance Results criterion parts should be 40% Performance Indicators and 60% Performance Outcomes for each of the four Performance Results criteria.
- Each Criteria should have a similar weighting to the present system when arriving at any overall points out of 1000 total, namely:
  - Leadership 10%  
  - Strategies 10%
Summary

What has been set out in this paper is not intended to be complete and comprehensive. Instead it seeks to provide just sufficient detail to present a clear picture of what is proposed and upon which more detail could be built as a result of consultation and discussion as part of the Model 2020 project.

It has sought to provide suggestions on how the 2020 Model could:

- Move away from an all embracing management excellence model to a performance excellence model that has the delivering of outstanding value for stakeholders at the core;
- Focus on the essential few, rather than the useful many in terms of what is expected of organisations and what they are encouraged to do in order to deliver “performance excellence”;
- Simplify the existing ‘3 part’ model of Fundamental Concepts, Criteria Framework and RADAR into a single performance excellence framework augmented by greatly simplified assessing/scoring tools/guidance.

Mark Webster
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