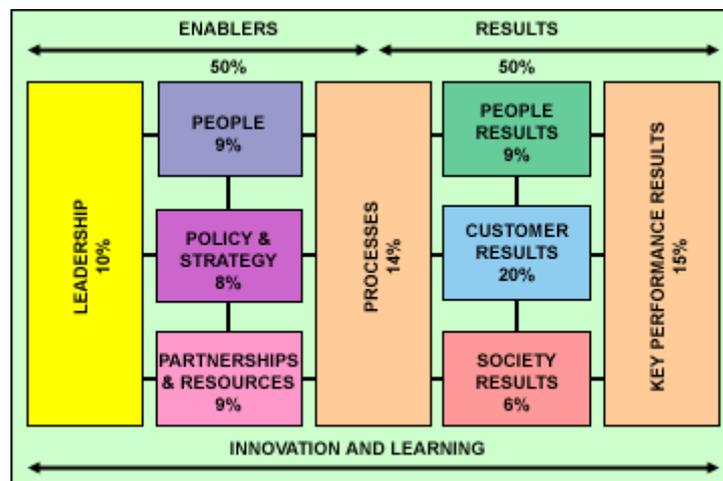**The Business Excellence Model (BEM)** (First published in the 1990s)

John Seddon, widely known for his critical view of ISO 9000, might be expected to level the same criticisms at the Business Excellence Model. However, John jokes that he only has two problems with the BEM: Content and Method. He says the BEM cannot be faulted in the way of ISO 9000 because, unlike ISO 9000, the BEM has no theory and, as the guidance indicates, you can interpret it in whatever way you choose. All the more reason to get it right, first time.

If you are not familiar with the Business Excellence Model (BEM), you will be in the near future. British and European Governments are committed to encouraging organisations to use it. The SME sector is to be encouraged to use the BEM by Business Links and TECs – the Government has already set targets to get the ball rolling. Whatever you think or believe about excellence, quality, models and fads, this one is definitely coming.

What is the Business Excellence Model?

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The Business Excellence Model is a nine-box model, originally developed by the European Foundation for Quality Management (EFQM). Its purpose is to **"*support the management of Western European organisations in accelerating the process of making quality a decisive influence for achieving global competitive advantage"*** (EFQM publication).

How does the Model work?

The idea is that you conduct a Self-Assessment by comparing your organisation to the Model. The Model presents a plausible logic. **Results** - financial, customer satisfaction, people satisfaction and impact on society are achieved through acting on **Enablers** - leadership, policy and strategy, people management, resources and process management. By improving the 'how', it is argued, improved results - the 'what' - will follow. *But how well does a Self-Assessment describe the relationships between results and enablers? Can managers act with confidence in their actions leading to improvement?*

Many early users of the Model are disenchanted, they haven't seen a rise in quality, excellence or the bottom line. This is how a director of an engineering organisation spoke of her experience with Self-Assessment:

> *"We did what most companies would do. Some of us were trained as assessors and we did a company assessment, identified gaps, prioritised actions and so on. It was after about two years, as we were going round the cycle for the third time, that we suddenly stopped ourselves and asked what we were getting out of it. It may seem silly, but we had not thought to question it. We implicitly assumed it would be beneficial, perhaps*

> *because we were told to believe it to be so. However, when we questioned what we had been achieving, the bottom-line benefits were not obvious."*

Rather than drop the use of the BEM, her management team carried on questioning what they had learned. She now advises others:

> *"My advice to anyone using the BEM is start with processes. We didn't appreciate how important processes were. We now know that we didn't get the quantum leap we were hoping for because we went down the scoring route – Self-Assessment by comparison to the Model. We should have started with a definition of our work processes and focused on the value work – how we deliver what matters to our customers. Once we discovered these ideas we were on our way."*

This is, perhaps, the most important point to emphasise. If it were to be put more broadly, the advice is that **change should not start with comparison to a model, it should start with a thorough understanding of the 'what and why' of current performance.**

The problem of method

Self-Assessment by comparison to the Model is an unreliable method for starting change. In so many cases I have found that it does not lead to a good understanding of what is going on in an organisation – 'how the work works' - and hence leads managers to decisions and actions that have little or no basis in knowledge. The consequence is often plausible but fruitless actions for improvement.

My first encounter with the idea of Self-Assessment was in 1994. A UK subsidiary of a US company was using the Baldrige Model (the American equivalent of the BEM). Self-Assessment in each of the business units generated a list of areas for improvement. These became projects and were assigned managers. After two years, a repeated Self-Assessment and little having happened, managers re-defined the projects, amalgamated some, dropped others and then put more managerial resource onto the new list to ensure they got done - otherwise bonuses would suffer. Managers did not look forward to Self-Assessment, they had become cynical about whether the process had any value.

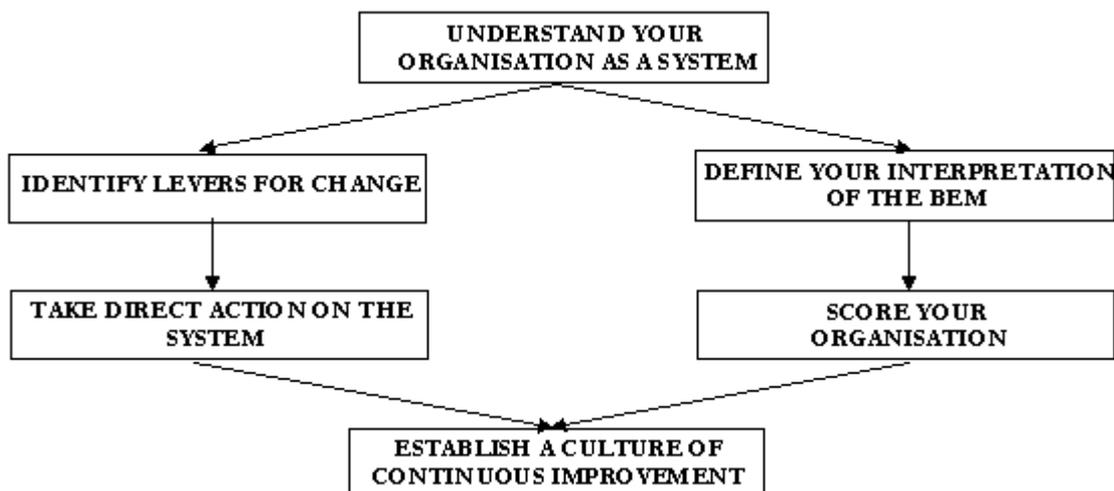*Performance improvement Self-Assessment*

Figure 1: The Vanguard Approach to Self-Assessment

The Vanguard Guide to Business Excellence encourages managers to start the process of Self-Assessment in a different place. Whether managers seek to improve performance or simply score their organisation, the best starting-place is a thorough understanding of the 'what and why' of current performance – to understand their current organisation as a system, warts and all. When managers start in this way, they have more confidence in actions for improvement producing results.

Take for example a professional services firm. They had conducted a Self-Assessment by the usual method and it led them to conclude the following: A good score for processes, as all processes were clear and documented and a good score for customer satisfaction, as they were achieving 95% attainment of service standards. However, senior management was conscious that morale was low and thus decided to conduct a staff survey (as encouraged by current guidance). They also decided to train their managers as coaches (again, encouraged by current guidance), justifying the need by pointing to the fact that the professionals had never received management training and arguing that this was a probable cause of low morale. Furthermore, they decided to construct and publish the organisation's mission and values, something the current guidance encouraged which they had never previously thought of doing.

Taking a systems view of the organisation, however, painted a wholly different picture. The starting place was to look outside-in. While the clients of the firm were other business professionals, the customers were consumers and what mattered to the consumers was the time it took to deal with their needs. The organisation currently had no measures of time taken to deal with cases, relying instead on measures of service standards. When 'end-to-end' times were established the managers had a shock. In broad terms it was taking over one hundred days to resolve cases that in themselves should take no more than a few days to complete. One inevitable consequence was progress chasing by the consumers. Administrative staff in branches would receive as many as a hundred progress chasing calls every week. In turn it was difficult to respond to these properly because the professional staff were out on the road progressing other cases. It also became apparent that the professional staff were unable to 'close' cases in the minimal number of visits because they had insufficient information to hand, this being largely due to central administrators focusing on shifting files quickly to meet service standards.

The senior managers learned that they were creating their own problems. The focus on service standards and working to procedures was creating work. Parts of the organisation were meeting their service standards but the expense of the whole. The systems perspective led the managers to re-design the work. The first step in the new process was to determine what work had to be done to resolve each and every case. It soon became apparent that it made no sense to treat all work to the same process but instead ensure that each piece of work created its own process – doing only the work required to close the case. When the solution was implemented the time taken to resolve cases fell dramatically and, as a consequence, consumer progress chasing calls ceased. Administrative staff now spent less time fire-fighting.

Fire-fighting had been one cause of low morale, the new way of working removed another. Now every case was controlled by the staff who did the work, addressing demand – what came in, value – what it required to be closed, and flow !h how to do that and only that. The natural consequence was a rise in morale, for people felt in control of the work instead of feeling 'controlled' by the requirement to meet arbitrary standards and duty-bound to avoid being paid attention to for failure to meet the standards.

Managers had understood the work of the organisation as a system, something they could not have achieved from the usual method of Self-Assessment. They were able to act on the system, producing improvements in service efficiency and morale, all at the same time. By contrast, the original course of action would have led no-where, except, perhaps to cynicism.

The problem with content

Quality is, quite simply, a better way to do work. Most of our organisations are designed and managed on mass-production principles: Top-down hierarchy, functional specialisation of work, measurement of budgets, targets, standards and so on. Quality teaches managers to work in a different and better way (see figure 2). Rather than think top-down, you think outside-in. The design of work is less concerned

with functional issues and more concerned with the nature of demand and flow. To work this way requires different and better measures – measures of capability and variation. This way of thinking is distinguishably different from mass-production thinking, the two are diametrically opposed – they cannot co-exist.

Mass-production Thinking		Quality thinking
Top-down, hierarchy	**Perspective**	Outside-in, system
Functional specialisation and procedures	**Design of work**	Demand, value And flow
Contractual	**Attitude to customers**	What matters?
Separated from work	**Decision-making**	Integrated with work
Output, targets, activity, standards: Related to budget	**Measurement**	Capability, variation: Related to purpose
Contractual	**Attitude to suppliers**	Co-operative
Control budgets, manage people	**Management ethos**	Learn through action on the system

Figure 2: Traditional thinking versus Systems thinking

Rather than making this distinction explicit, the current BEM guidance is interspersed with 'mass-production' ideas and thinking.

Some examples:

The current guidance encourages the use of 'targets' and 'standards'. As we saw with the example of the professional services firm, it is more important to know what you are predictably achieving than to set arbitrary targets and standards. The reader of the current guidance is given no help in understanding the pitfalls of such measures and how to develop more useful measures (of capability and variation).

The current guidance talks of management as a 'review' function. By contrast we have found that managers who see themselves as hands-on leaders achieve far more in terms of staff morale and performance improvement.

The current guidance treats people management as distinguishable from the design of work (the reason for so much alienation in the work-place). This is why, for example it encourages staff surveys. Staff surveys will only measure symptoms. As we saw with our case study, the causes generally lie elsewhere and, in our experience, they are usually found in the design of the work.

By continuing to promulgate these ideas the current guidance runs the risk of not helping managers on their quality journey, providing yet another false start. Less any managers should doubt the need to understand quality thinking, they might dwell on the fact that Toyota use less man hours making a Lexus than a German competitor uses re-working a comparable luxury vehicle at the end of the line after it has been made. Should managers think this all belongs in the 'too difficult' drawer, it is well to remind them that most organisations don't make cars and many are as simple as our professional services firm. In organisations that don't make things, rapid change can be achieved by changing work methods in accordance with quality thinking.

Managers need practical contrasts between what they do today and what they might do instead if they are to change the way they think and work. Based on what we have seen happening in organisations, The Vanguard Guide compares 'traditional!e or 'less helpful' interpretations of the BEM with 'quality thinking' or 'more helpful' interpretations. Managers can thus make their own choices for interpretation and can test the value of their assumptions in terms of impact on performance.

That, after all, is the reason why any manager ought to be interested in quality – it is a better way to do work, it produces more for less. If managers don't get value from their experience with the BEM, it will pass into history as just another fad.