

TQM AND BUSINESS EXCELLENCE

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ABSTRACT: *Our paper discuss the „hot” topic of Business Excellence (BE) aiming to highlight and clarify the connections with Total Quality Management (TQM). Thus, we describe the quality movement from inspection to statistical quality control and the „Japanese Age” of quality followed then by Total Quality Control (TQC) and TQM developments that drived to the models of BE. After that, we present some perspectives of defining the excellence at national and international level and an overview of BE models with focus on the referential ones. Finally, we attempt to sketch the coordinates of the "journey" through TQM towards excellence in Romania.*

KEY WORDS: *Quality, Excellence; Total Quality Management; Business Excellence*

JEL CLASSIFICATION: *M10*

1. INTRODUCTION

Motto: Excellence is a journey and not a destination.

In today's global competition and economic liberalization, quality has become one of the important factors for achieving competitive advantage. Quality management has represented a rebirth in organization management with an emphasis on excellence. The market offers different alternatives for quality management implementation, such as the ISO standards, the European Foundation for Quality Management (EFQM) model, the Malcolm Baldrige model or the Six Sigma methodology. The difficulty in implementation of each initiative varies from case to case. The quality movement has gone through many transformations. In the past, controlling quality meant that the product had to be inspected after it was produced to check whether it met all the specifications or not. The transformation from inspection mode to prevention mode is

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considered to be a very important step in building quality from the very beginning of the manufacturing process. The quality movement focused on building quality in every task that is performed in an organization. Therefore, it was seen a dramatic shift in the quality management focus from a concentration just on manufacturing, to a wide company spectrum of activities and, more specifically, to the needs of the internal and external customers. The Figure 1 shows briefly the history of Total Quality Management (TQM), from inspection to Business Excellence.

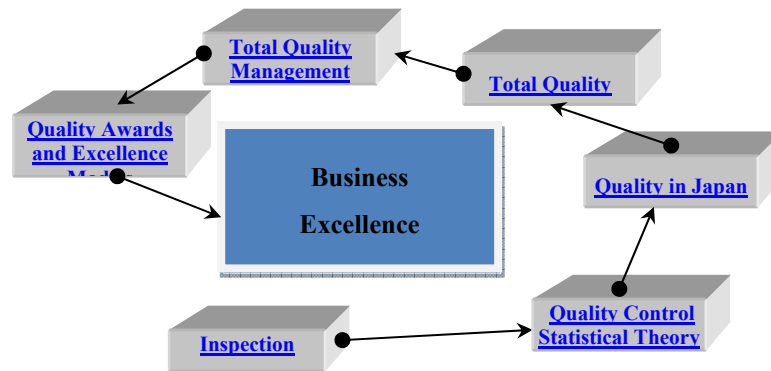


Figure 1. TQM from inspection to Business Excellence

2. DEFINING “EXCELLENCE”

Even if we fail to highlight all facets of the complex concept of excellence, we propose to present some definitions, approaches and representations that have contributed to the "enrichment" of the concept of excellence and to the “shaping” of the concept of Business Excellence. The starting point in achieving excellence is to improve quality. The natural sequence of steps to reach excellence is suggestive highlighted in Deming's chain (Figure 2).

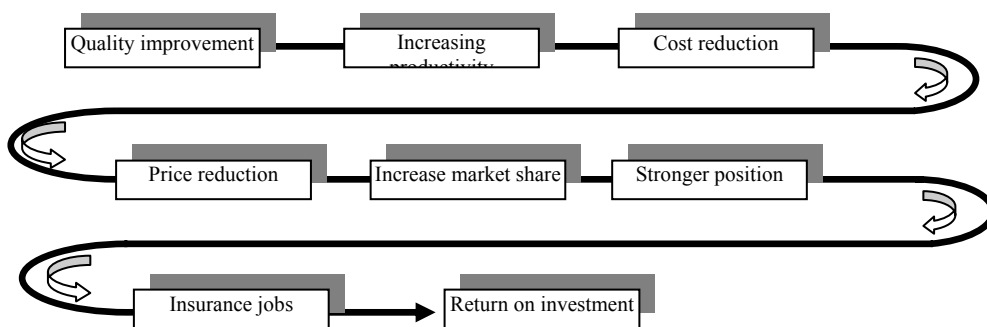


Figure 2. Deming's chain

Excellence is the state or quality of excelling. Particularly in the field of business and organizations, excellence is considered to be an important value, and a goal to be pursued. In Landier's opinion, excellence represents the essence of a

great managerial thinking, the “absolute”, a mythical ideal (Landier, 1991). Antonescu defines excellence in the following terms: “the ability of firms to make profits, while meeting the customers’ requirements” (Antonescu & Constantinescu, 1993, p.21). He also proposes a triangular representation in the so called “triangle of excellence” (Figure 3).

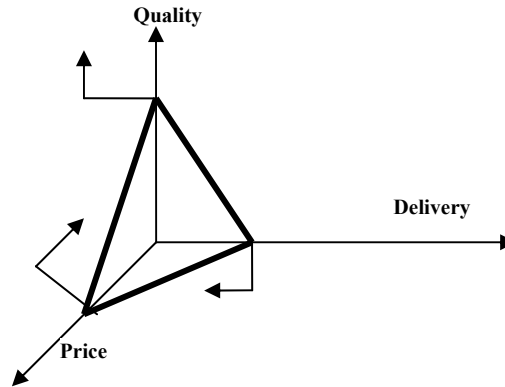


Figure 3. Triangle of excellence

The evaluation of excellence is done in the space delimited by the three axes. The arrows indicate the path of improvement measures to achieve excellence. Therefore, excellence means success in the competition by obtaining high quality products and services, offered to customers in shortest time, in terms of efficiency (Olaru, 1995). Another representation of excellence take account of other three coordinates: business, engineering/technology, and organization (Figure 4).

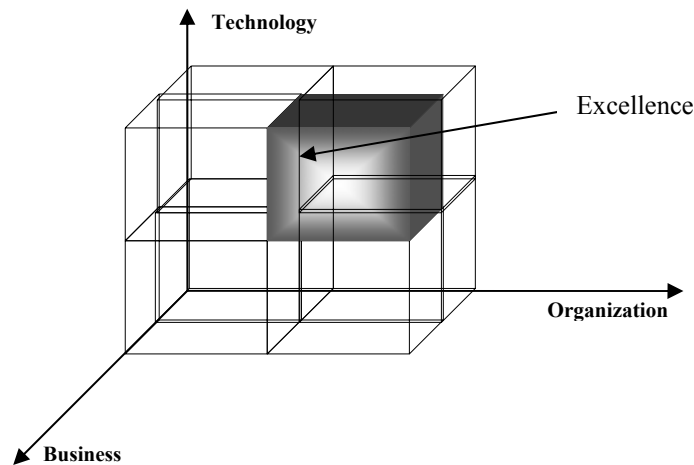
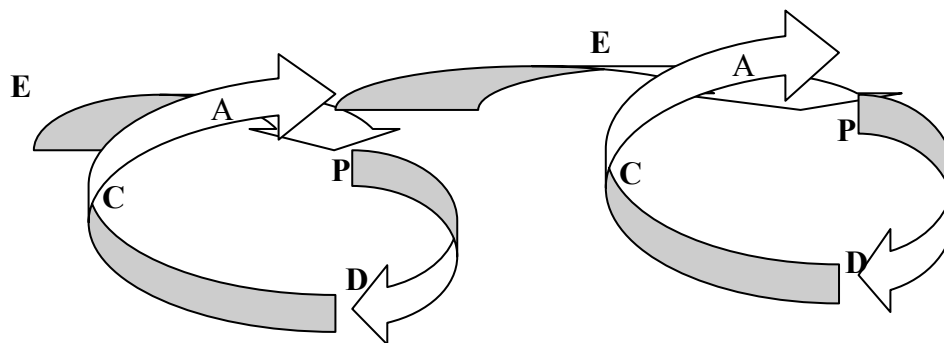


Figure 4. Coordinates of Excellence

Obvious, we cannot neglect the suggestive image proposed by Oakland based on the famous Deming’s cycle that leads to excellence (Figure 5), known as “the helix

of never-ending improvement” (Oackland, 1996). More recently, the new imperatives of sustainable development led to some tries of approaching excellence from this perspective. For example, the term "sustainable excellence" is used to designate "a firm that maintains itself in an exemplary situation - success, profit - for a long time and that adapts rightly and efficiently to the exigencies of socio-economic environment" (Popescu, 2005, p. 138). Thus, the excellence can be viewed as a successful combination in using internal and external resources by the management, through systematic generating and maintaining the positive long-term synergies.



E- Evaluate; P-Plan; D-Do; C-Check; A-Amend

Figure 5. Helix of never-ending improvement

Promoting sustainable excellence in Europe is also the declared mission of the European Foundation for Quality Management (EFQM), organization that defines excellence as an expression of the following eight fundamental concepts (<http://www.efqm.org>): 1) Achieving Balanced Results; 2) Adding Value for Customers; 3) Leading with Vision, Inspiration and Integrity; 4) Managing by Processes; 5) Succeeding through People; 6) Nurturing Creativity and Innovation; 7) Building Partnerships; 8) Taking Responsibility for a Sustainable Future. It can observe that these concepts, which are the underlying principles of the EFQM Excellence Model (as described in the next section), have explicit or implicit connections with the basic principles of TQM.

3. BUSINESS EXCELLENCE IS TQM? AN OVERVIEW ON BUSINESS EXCELLENCE MODELS

Business Excellence is “excellence” in strategies, business practices, and stakeholder-related performance results that have been validated by assessments based on specific models proven to support the challenging journey towards excellence. TQM models are often called Business Excellence Models. Also, TQM itself is now often called Business Excellence. This is to distinguish the “new” TQM from the past work on TQM. There was confusion as to what TQM was in the 80s and early 90s. In a great measure, this was because a tendency of naming any business improvement programme as TQM. Therefore, the name TQM became tarnished. Business Excellence is really the same as TQM, but with a more clearly defined approach. In

this sense, an interesting point of view is emphasized by the authors of the paper “Quality is dead in Europe - long live excellence - true or false?” (Dale et al, 2000). It is a deliberately provocative paper that challenges the replacement of the terms quality and TQM with the term “excellence” in the model developed by EFQM.

The first Business Excellence models were developed in the mid-1980s and came about as a result of the quality movement in the West, which in turn was a response to the advancements in quality and competitiveness in Japan. The models themselves began as quality awards or TQM models, as TQM had emerged in the mid-1980s as the new philosophy and panacea for businesses. Over time, the term “Business Excellence” started to replace the terms “Quality” and “TQM”, partly as a result of the before mentioned considerable confusion as to the meaning of TQM (since all types of business improvement programmes were being called TQM). Today, many countries view Business Excellence models as a key mechanism for improving the performance of organisations, as well as national competitiveness.

The most popular of these models are manifestations of principles of TQM implementation in the entire organisation. By far the majority of organisations that use such a model do so for a self-assessment through they can identify improvement opportunities, areas of strengths, using the model as a framework for future organisational development. In the followings, we present an overview of some referential Business Excellence models.

3.1. The EFQM Model

The EFQM Excellence Model has recently been reviewed and revised so to align the framework with current business needs and trends. Used as a tool for assessment, it delivers a picture of how well the organization compares to similar or very different kinds of organizations. As a management model, it can be used to define aspirations for the organization’s capability and performance. EFQM model supports organizations in defining what sustainability means, providing approaches for its implementation and ensuring consistency between apparently conflicting responsibilities toward shareholders, employees and society.

In brief, the key changes of the reviewed EFQM Excellence Model 2010 (Figure 7) are:

- Fundamental concepts are now full integrated with the 9 criteria.
- Bullets from Fundamental Concepts for the basis of the bullets is in the relevant criterion parts.
- Language simplified, numbers of “may include” bullets reduced and now focus on what excellent organizations do in practice.
- Concepts incorporated or emphasised include Creativity and Innovation, Sustainability, Corporate Governance, Organizational Agility, Risk Management, Promoting products & services, Supplier Management
- Results focus on “key results required to achieve the organization’s vision and strategy”
- This is written into both the nine criteria and the RADAR e.g. scope, targets and benchmarks should focus on key results

- Future focus increased (sustaining excellent performance)
- Weighting applied to the criteria has been reviewed and simplified (as we can see in red in Figure 7, all are now of 10% except Customer Results and Key Results with 15% each).



Figure 7. EFQM Excellence Model 2010

According to some recent estimation there are at least 76 countries operating a national Business Excellence award and the Foundation (EFQM) believes that, in Europe alone, at least 30,000 organisations use its model. The EFQM estimation is based on the number of EFQM members, plus the members of its national partners and other organisations about there are information that they use the model. The purpose of use varies by the different managerial targets, from mergers up to self-assessment, as shows Figure 8.

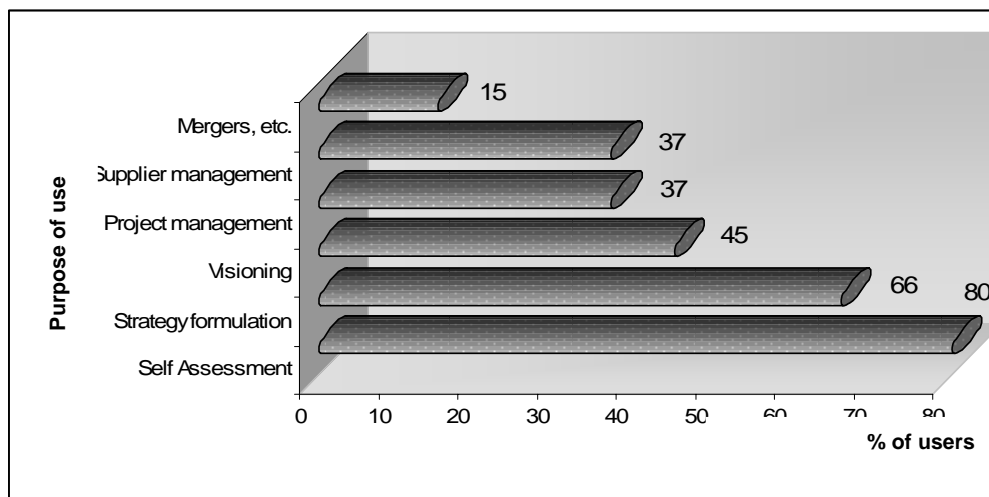


Figure 8. EFQM Excellence Model - purpose of use

3.2. The Baldrige Model

The most popular and influential model in the western world is the one launched by the US government called the Malcolm Baldrige Award Model (also commonly known as the Baldrige model, the Baldrige criteria, or The Criteria for Performance Excellence). More than 60 national and state/regional awards base their frameworks upon the Baldrige criteria. In the US nearly two million copies of the Malcolm Baldrige Model (Figure 9) have been distributed since the award's launch in 1988.



Figure 9. Malcolm Baldrige Model

The Baldrige model provides a systems perspective for understanding performance management and reflects validated, leading-edge management practices against which an organisation can measure itself. With their acceptance nationally and internationally as referential model for performance excellence, the Baldrige criteria represent a common language for communication among organisations for sharing best practices.

3.3. The Australian model: Business Excellence Framework

The Australian model, named Business Excellence Framework (BEF), is defined as „an integrated leadership and management system that describes the elements essential to sustainable organisational excellence” (<http://www.saiglobal.com/business-improvement/process/framework/excellence.htm>).

BEF is based on enduring principles of organisational improvement that are interpreted according to individual business settings using seven ‘Categories’ and seventeen sub-categories, or ‘Items’. The seven business settings (Categories) are the following: information and knowledge; leadership; customer and market focus; strategy and planning; people; process management, improvement and innovation;

success and sustainability. The organisation's performance against each Category and Item is evaluated using the Assessment Matrix ADRI that shows the extent to which the organisation's systems and operations are aligned to the principles of Business Excellence.

The dimensions used in assessment form an organisational learning cycle (Figure 10) which can be used to examine the organisation's performance against each Item. In a recent survey, organisations that used BEF were asked to estimate whether or not their performance had improved as a direct result of applying this approach. The main findings suggested that almost all these organisations have reported benefits and those that had used BEF for a longer period were more likely to indicate greater improvements of their performance.

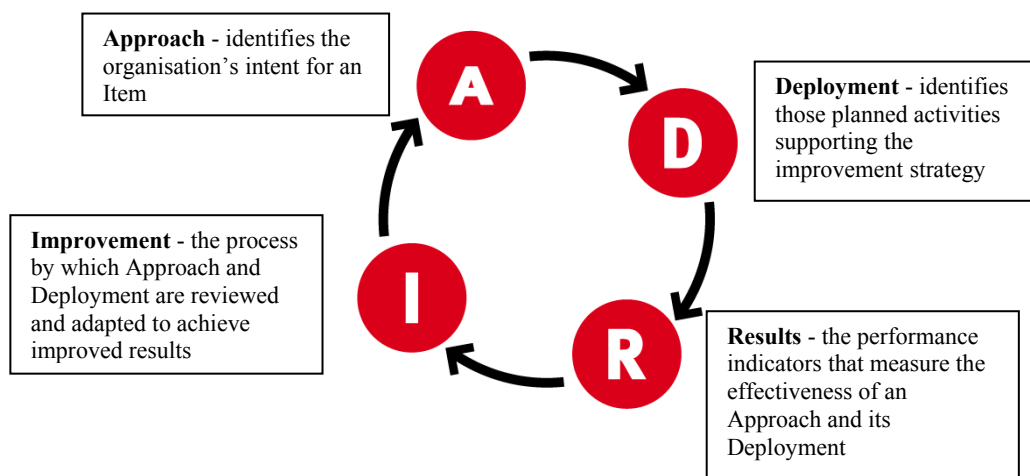


Figure 10. Assessment Matrix ADRI

4. THE STATE OF "EXCELLENCE" IN ROMANIA

In Romania, "the journey" through TQM toward Business Excellence began in fact after 1990 with the transition to the quality assurance approach. Very likely, the major driving force was the imperative of EU integration that imposed a series of necessary changes related to harmonizing national legislation, structures and procedures with those of European Community countries. In a pertinent analysis of the existing situation after a first decade of attempts aiming at quality assurance, Professor Drăgulănescu (Drăgulănescu, 2004, p.2) noted that: "Between 1991-2000, a third of Romanian companies were privatized and a lot of companies (both state-owned or private) attempted to become profitable and even competitive on foreign markets, by adopting ISO 9000 quality systems and by certifying them. That was a difficult step aimed to initiate and achieve the transition from Inspection to Quality Control and Quality Assurance. The State Quality Control was dead but its heritages are still alive (some of them are: lack of managers' commitment for quality, lack of employees' motivation for quality, and even some resistance to change). Thus, in Romania, quality is no longer the "State's problem" but everyone's problem! The former bottom-line

orientation in quality matters begun to be replaced by a general concern of all employees for quality”.

Concerning the implementation of the Business Excellence models, in 2000 it was launched in Bucharest, the “Joseph M. Juran Romanian Quality Award”. Subsidiarily this was also a decision with emotional loading for us: to pay thus a modest homage to a guru of quality, Dr. Joseph Moses Juran (1904-2008), that was born in Romania, in Brăila and immigrated with his family in USA in 1912 (<http://www.enotes.com/management-encyclopedia/quality-gurus>).

This national Quality Award is based on the former version of EFQM Model, i.e. the framework for European Quality Award used in Europe until 2000, so he adopted the same criteria, sub-criteria and weights. According to J.M. JURAN Foundation Romania, after the ninth edition of the national competition awards (November 2009), one can consider that there are at least 50 organizations in our country who have assimilated and applied with great results this know-how in management (<http://www.fundatia-juran.ro/>).

Another significant step could be considered the emerging interest of Romanian organizations from different sectors in becoming members of EFQM. Thus, according membership list available at EFQM site among the member organizations (in number of over 500, in March 2010) are included ten organizations from our country (<http://www.efqm.org/en/PdfResources/EFQM%20Members.pdf>). This is encouraging even if we think just that the name of some Romanian companies appears along with worldwide famous names like Bayer, BMW, Coca Cola, Fujitsu, Hugo Boss, Microsoft, Nestle, Philips, Rolls-Royce, TUV, Volkswagen, Volvo, Xerox.

On the other hand, we must remember that Professor Drăgulănescu showed in 2004 that in Romania were more than 700,000 companies, of which over 1000 already certified ISO 9000 but without an actual implementation of TQM, as European version of American approach of Total Quality Control (TQC). Thus, he points out the need to co-operate further with US organizations and professionals interested to promote quality approach of TQC in Romania. His personal implication, including as founder member of Romanian Foundation for Quality Promotion, is justified in the following terms: “They will be welcome in order to help us to remove the heritages of the former passive-repressive approach of quality and to define, promote and implement a future Romanian National Policy of Quality. The US Baldrige National Quality Program is a model for Romanians!” (Drăgulănescu, 2004, p.4).

5. CONCLUDING REMARKS

Our paper synthesized the results of a literature review in the “hot topic” of excellence in business, thus joining various conceptual approaches and applicable models at the national and international level. By highlighting the connections between the referential concepts & models of BE and basic principles of TQM we tried to contribute to a better general understanding of what means today excellence in business and how worldwide organizations should act to achieve it. In brief, on this general direction, the paper argues that TQM is the *sine qua non* condition for any organization which targeting excellence in business. Furthermore this is not a simply

target but rather a continuous journey toward higher levels of organizational performance which imply a continuous process of quality improvement. Of course, this is true for the organizations from our country too.

By describing the steps taken so far in Romania, the paper reveals certain directions that our organizations should and could act in the future, while providing as points of reference few updated versions of relevant excellence models and opinions of the Romanian specialists in this matter.

As a final remark, we may consider our journey to achieve excellence in business as being just in progress. Therefore is very important for each of us to understand clearly that entering and maintaining in this helix of never-ending quality improvement is a resultant of daily individual actions (starting with top managers and ending with bottom-line workers).

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