

Impact of Excellence Models on Organisational Excellence

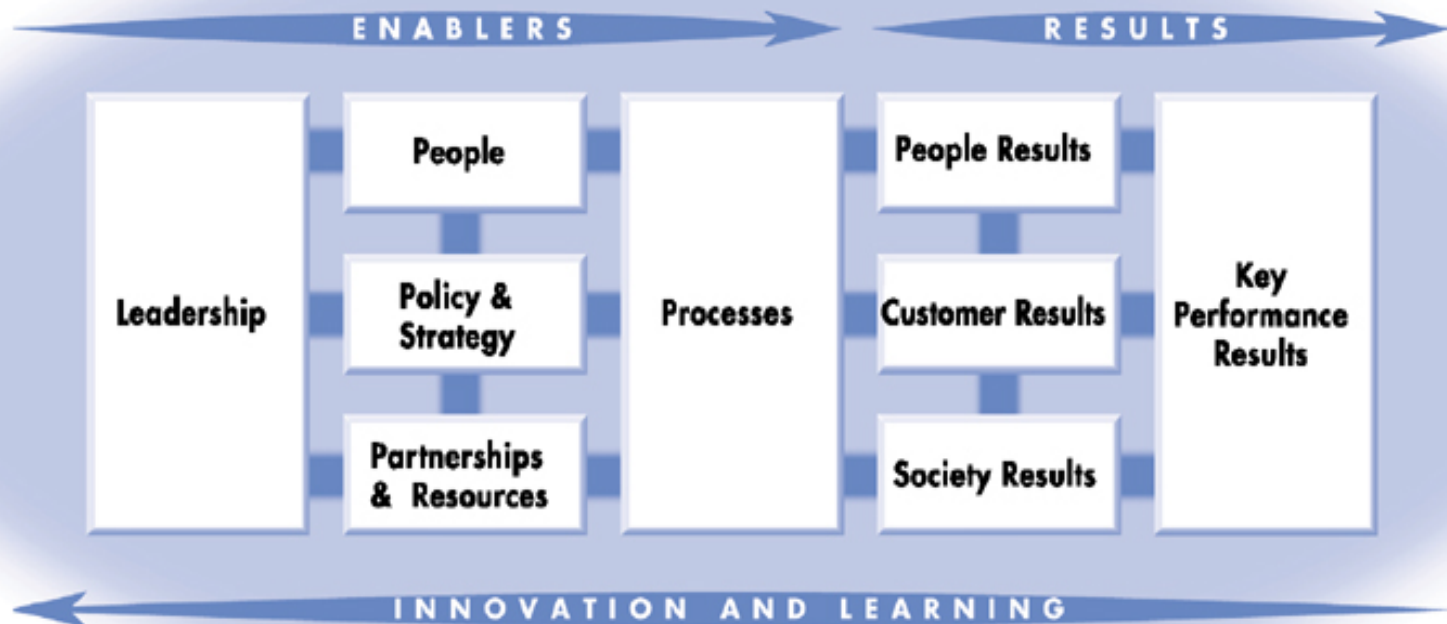
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- To explore the philosophy behind and the benefits of using the EFQM Excellence Model
 - 1. The EFQM Excellence Model
 - 2. Business Value of Excellence Models

1. The EFQM Excellence Model

The EFQM Excellence Model

EFQM® 1999



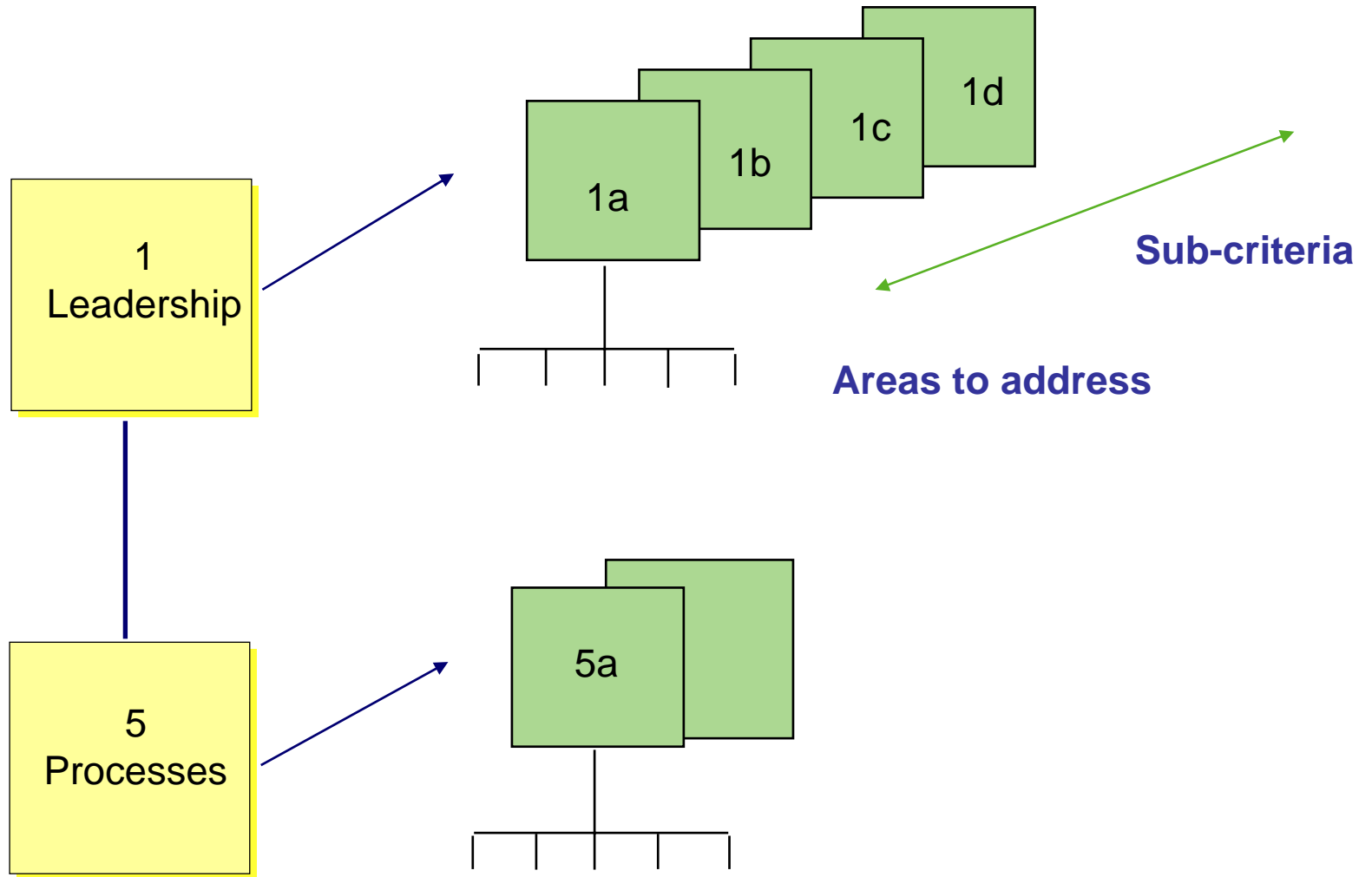
- 1988 - EFQM formed
- 1991 - EFQM Excellence Model launched
- 1995 - Public Sector version developed and launched
- 1996 - SME Model developed
- 1999 - Major review and improved Model launched
- 2001 - EFQM Excellence Model version for SME launched

Fundamental concepts

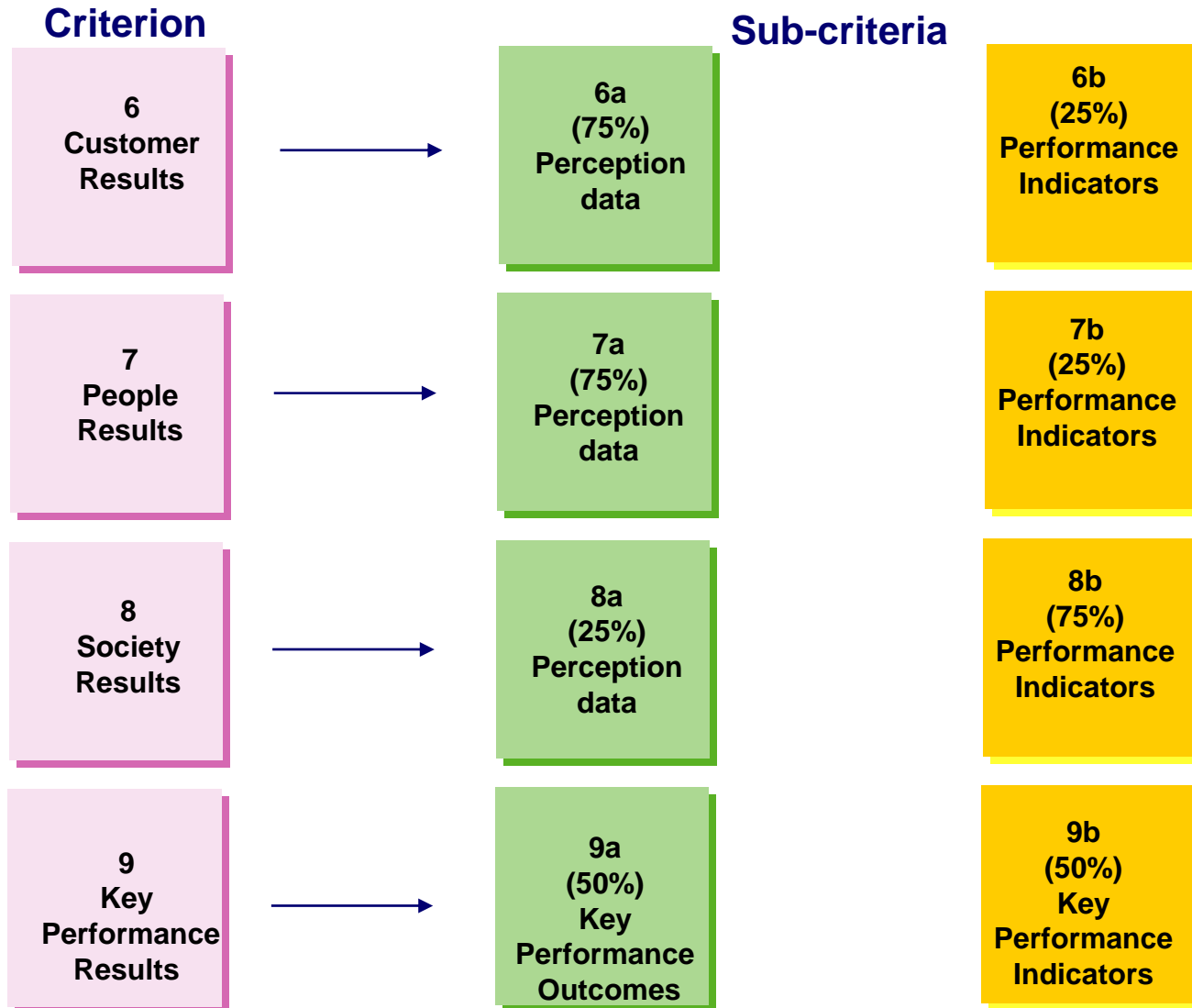
The eight fundamental concepts which underpin the model are:

- **Customer focus**
- **Partnership Development**
- **People development and involvement**
- **Management by Processes and facts**
- **Continuous learning, innovation and improvement**
- **Leadership and constancy of purpose**
- **Public responsibility**
- **Results orientation**

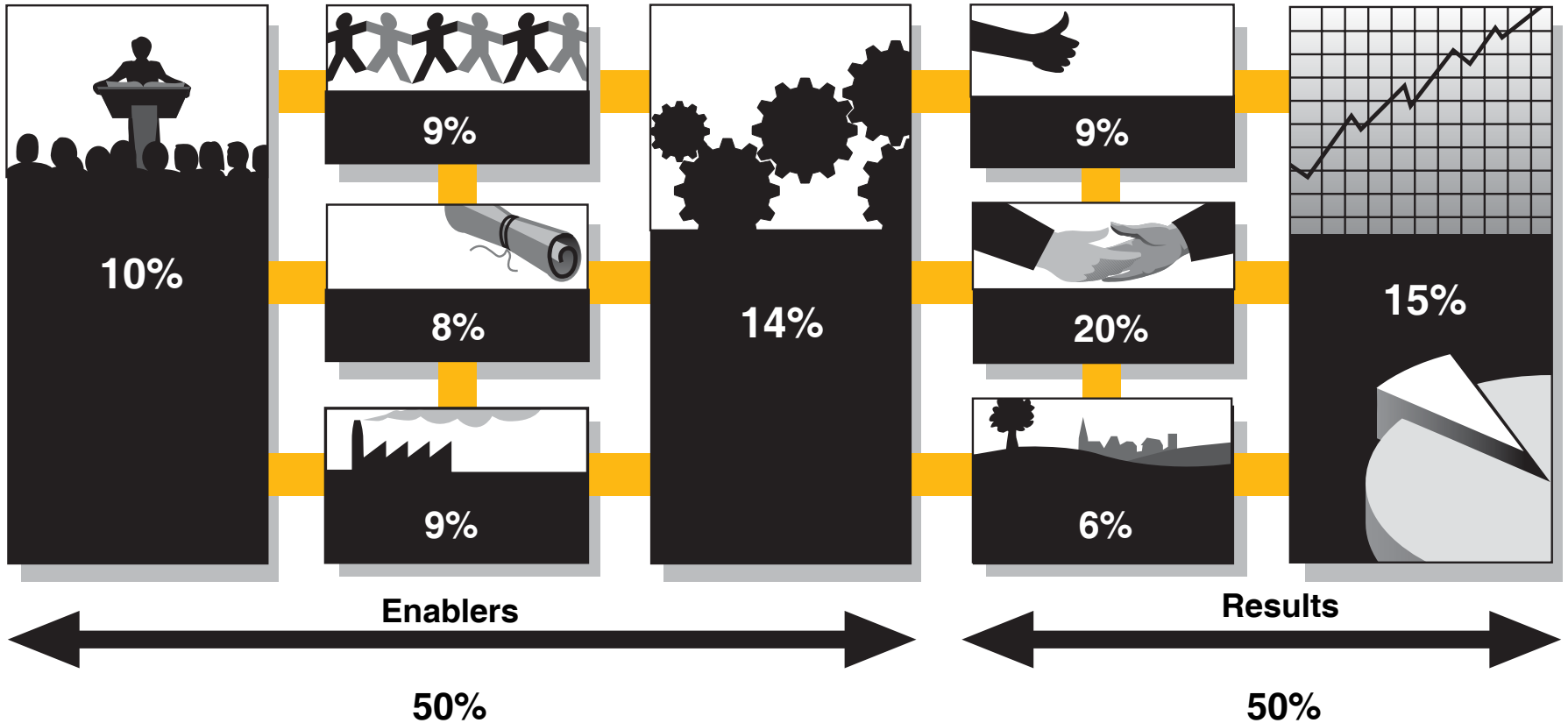
Structure of the enablers



Structure of the Results



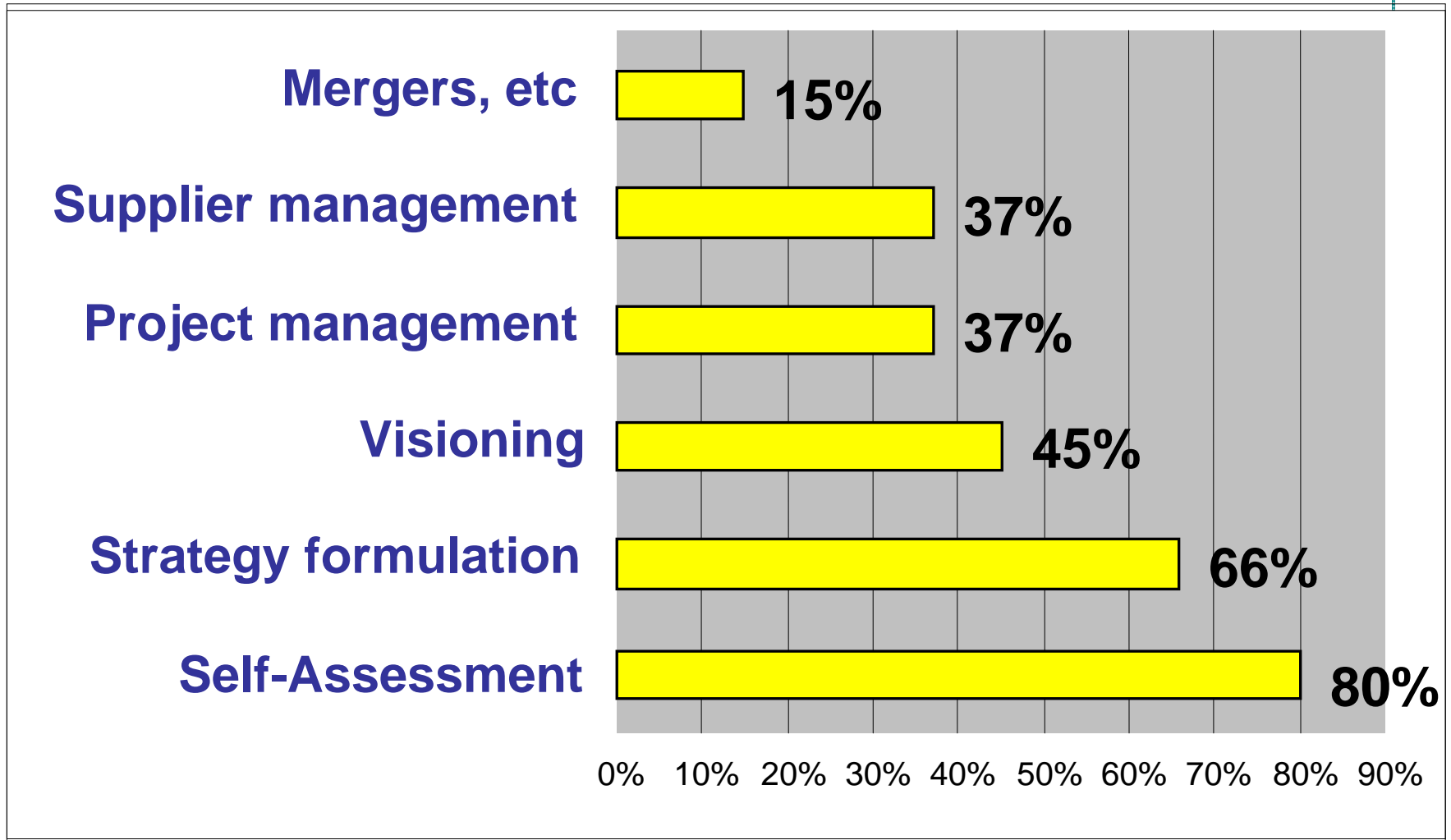
Allocation of percentages



The Model is used by

- more than 20000 organisations across Europe
- 60% of Europe's largest 25 companies
- 9 of the 13 European companies in the FT's 50 World's Most Respected Companies
- at least 10000 SMEs

What do you currently use the Excellence Model for?



Why do they use it?

- **To give a realistic view of how good they are.**
- **To identify where to focus improvement effort**
- **To bring initiatives together into a single framework**
- **To encourage the sharing of internal and external good practice**

Why do they use it? (2)

- **To understand the drivers behind business results**
- **To provide a common language**
- **To move from “or” to “and” in achieving results.**
- **To create a balance between different stakeholder groups**

2. Business Value of Excellence Models

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Business Performance Measures

- Growth in operating income
- Growth in sales
- Improvement in efficiency
 - Operating return on sales
 - Operating return on assets
- Stock price performance (shareholder value)

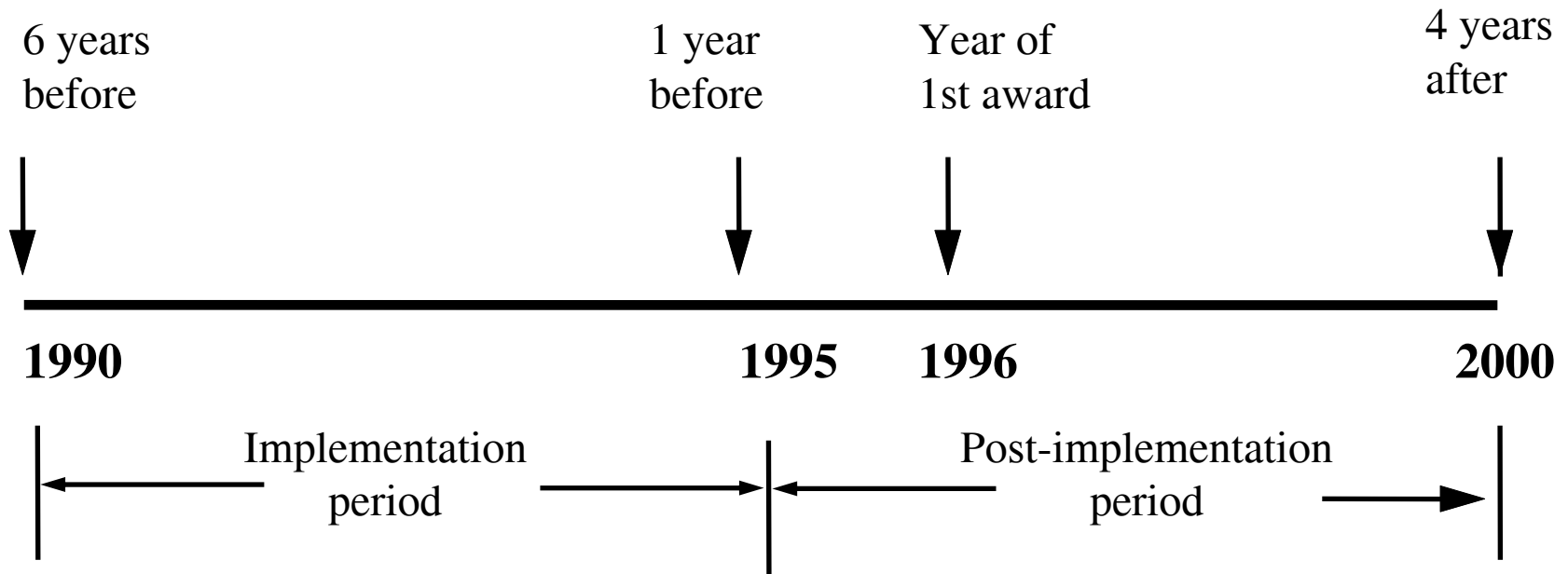
Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Business Excellence Study Methodology

- **Quality award as "proxy" for effective TQM implementation**
- **Winners from 140 different award givers**
- **Sample of about 600 publicly traded award winners**
- **Performance during implementation (5-year pre-award)**
- **Performance during post-implementation (5-year post-award)**
- **Compare winner's performance against benchmarks**

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Choice of Time Period

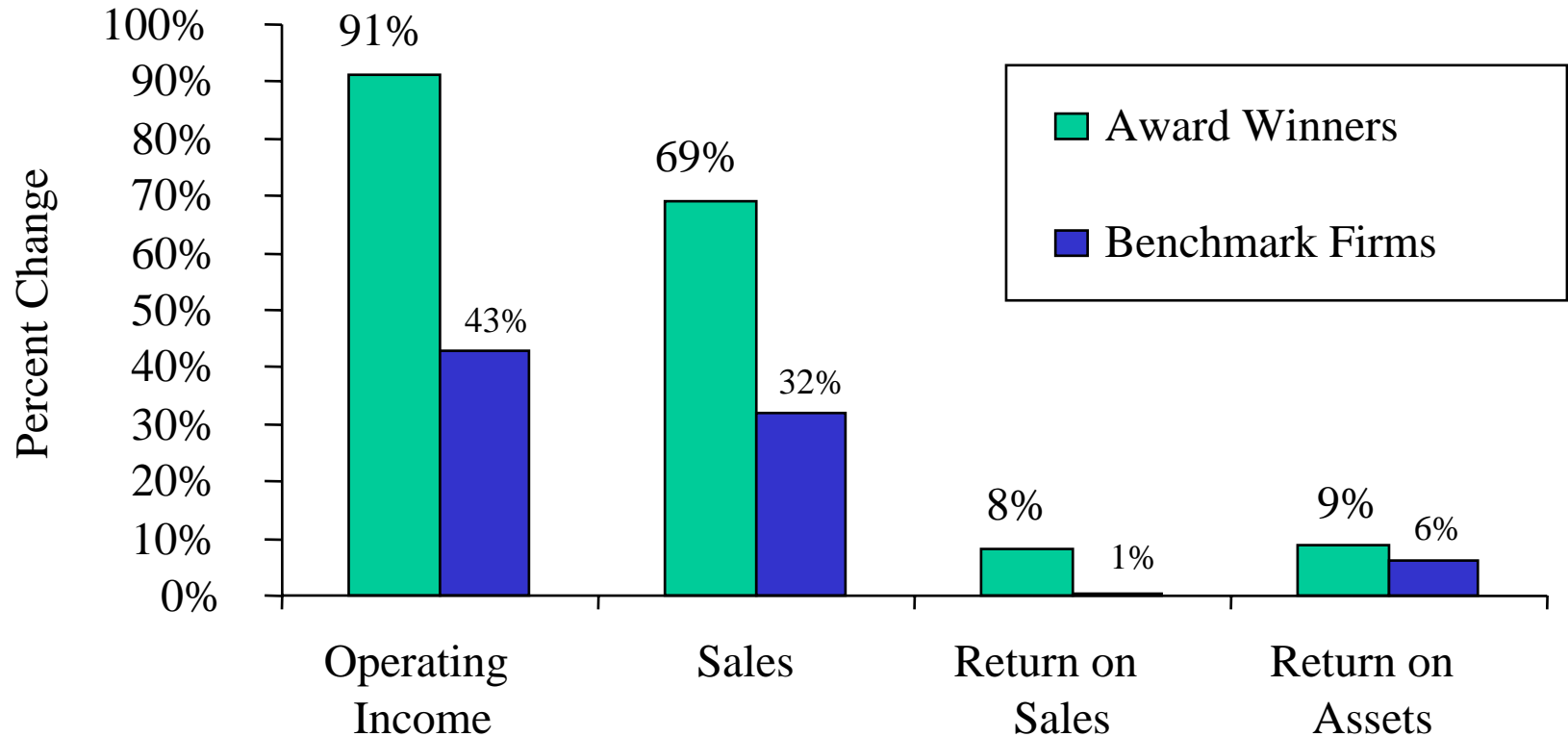


Implementation Period's Results

No difference in the performance of the award winners and benchmarks during the Implementation Period (5-year pre-award)

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

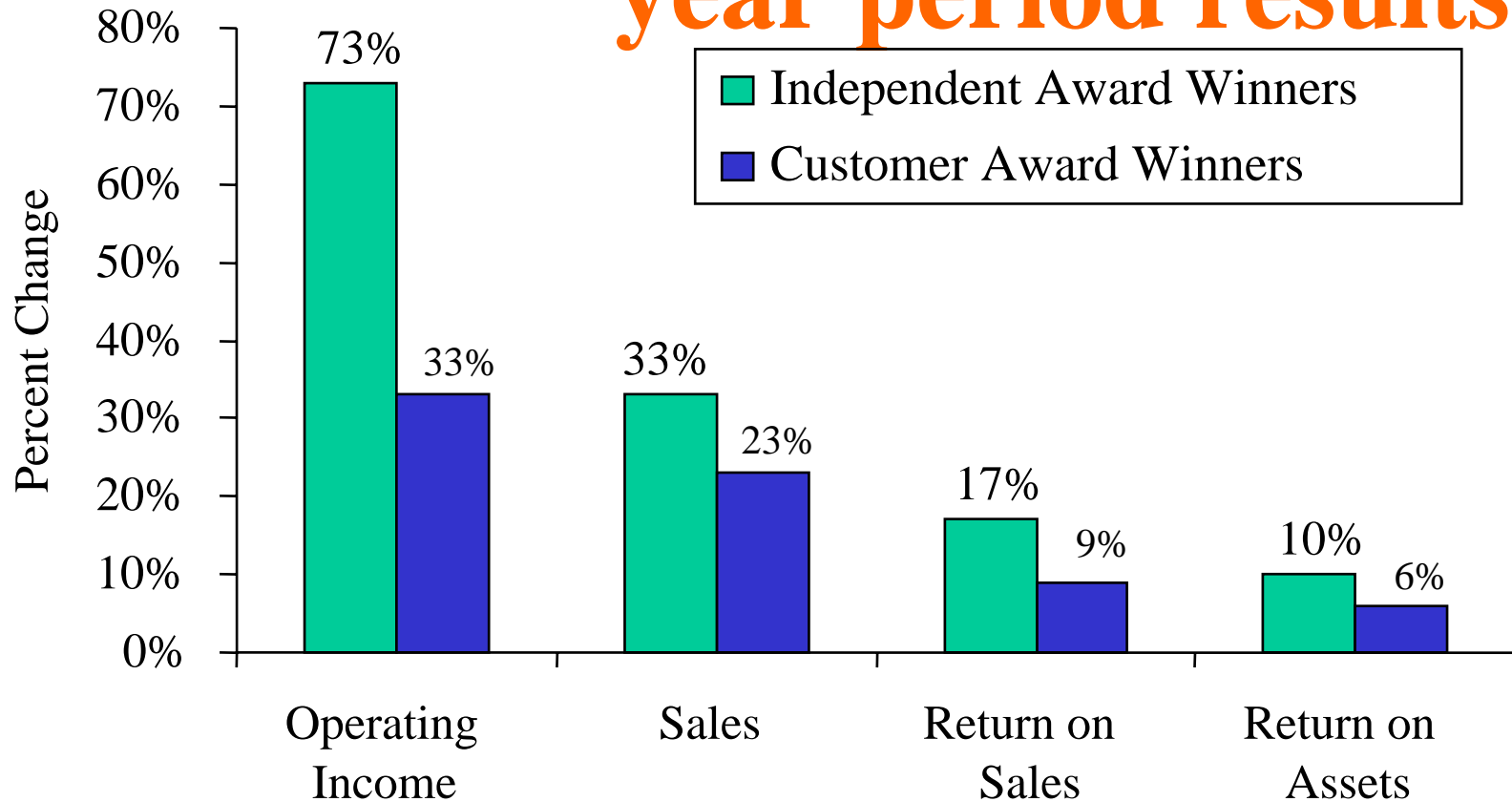
Post-implementation 5-year period results



Comparison of the performance of award winning firms and benchmark firms during the post-implementation period

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Post-implementation 5-year period results



Comparison of the post-implementation period's benchmark-adjusted performance of independent and customer award winners.

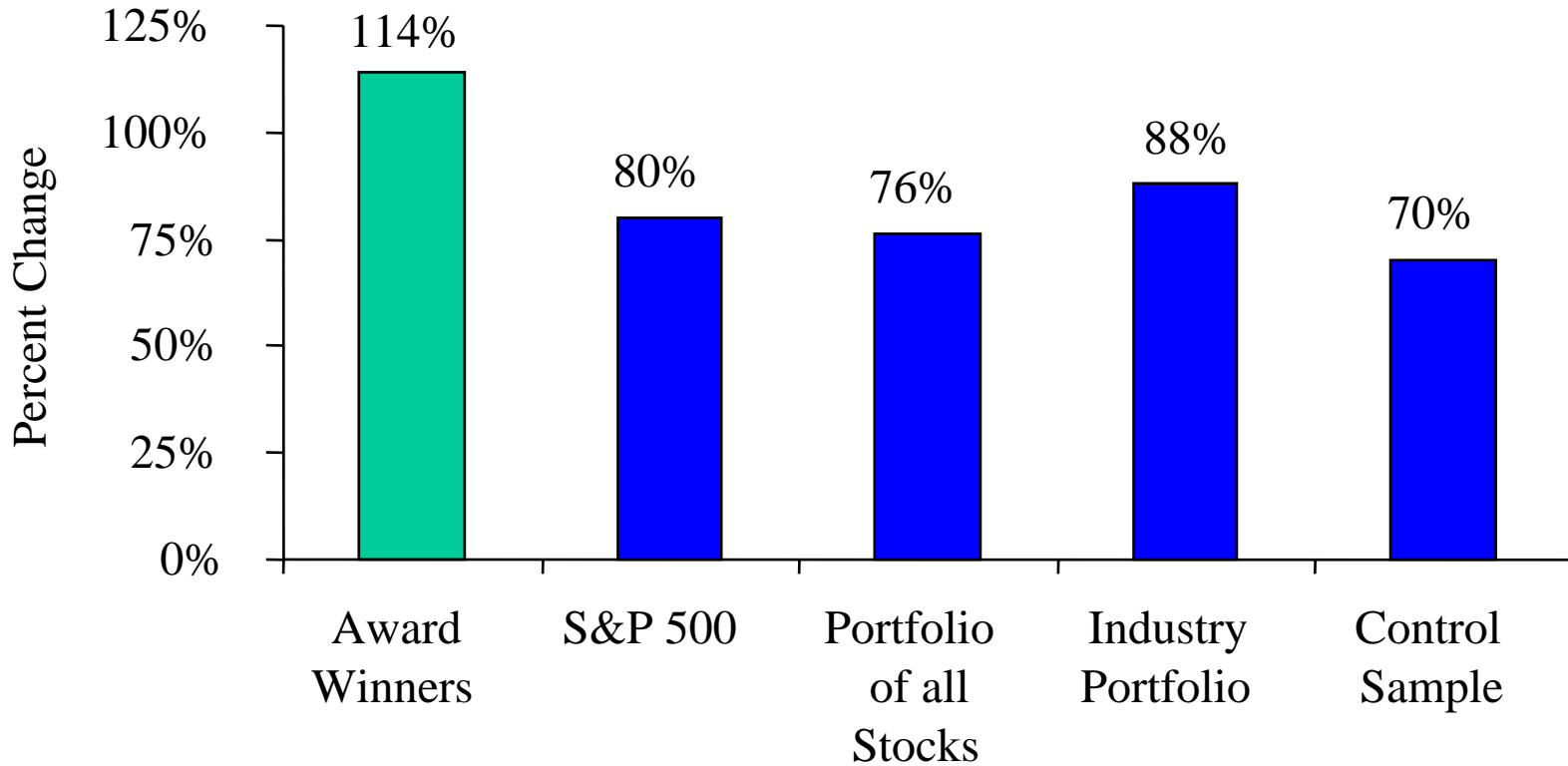
Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Stock Price Performance

- Does buying stocks of award winners results in higher returns?
- How long does it take before positive returns are observed from investing in award winners?

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

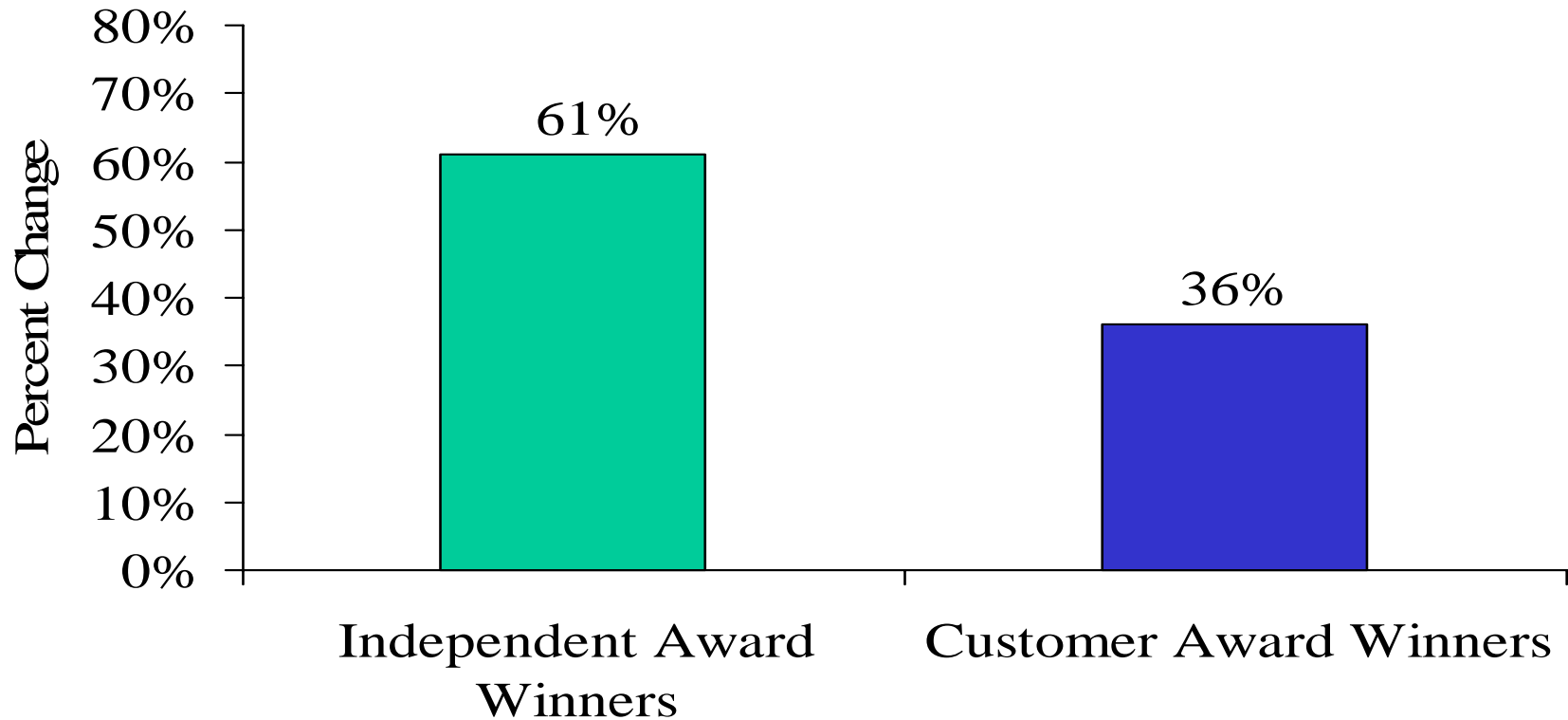
Stock Price Performance



Comparison of the post-implementation period's stock price performance of award winners and various benchmark portfolios.

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

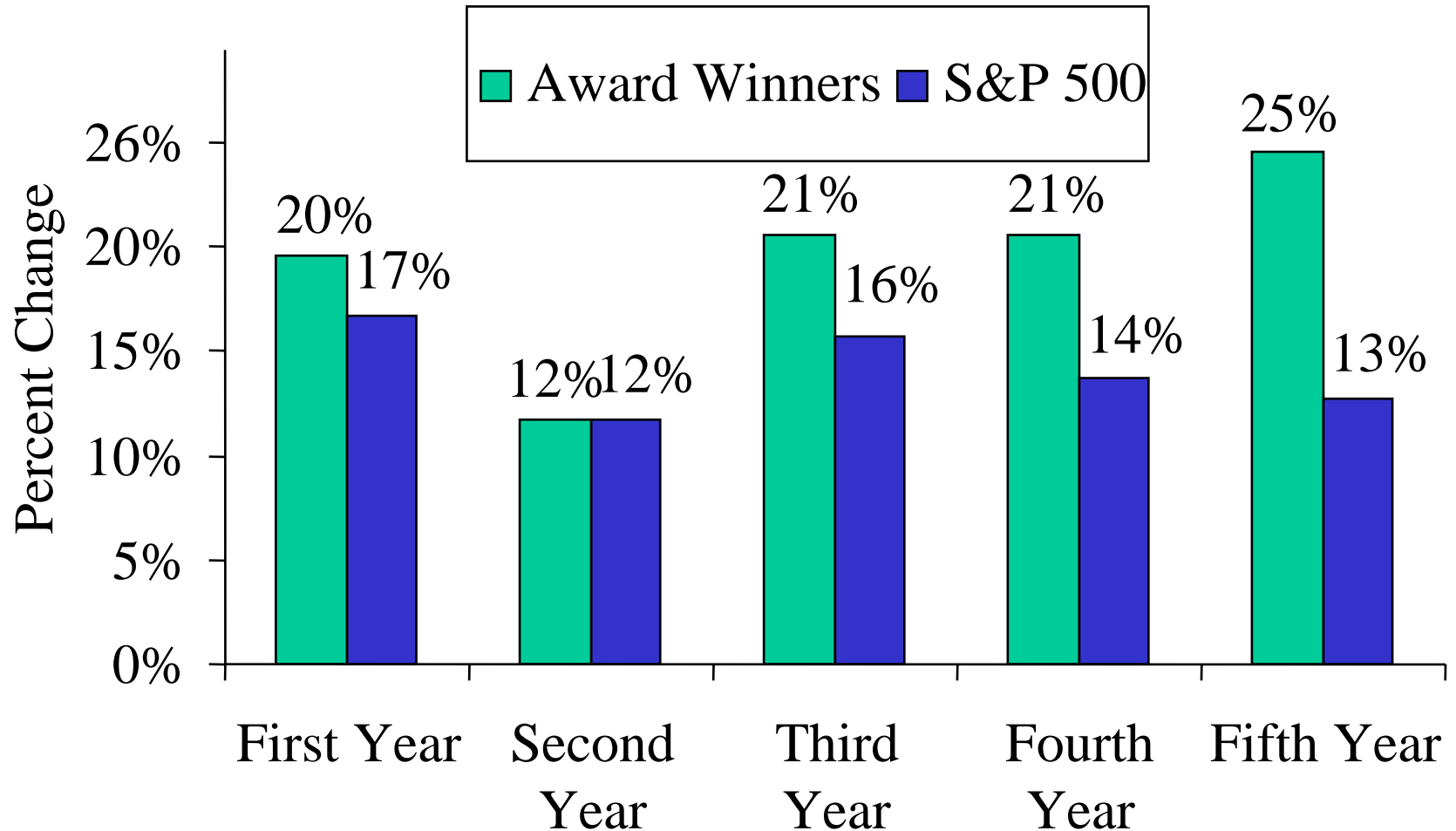
Stock Price Performance



Comparison of the post-implementation period's S&P 500 adjusted stock price performance of independent and customer winners

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Stock Price Performance



Annual comparison of the post-implementation period's stock price performance of award winners against S&P 500.

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

Business Excellence Study Summary

- **Potential for significant value creation**
- **Must be realistic**
- **Must be patient**
- **Not a guarantee for success**

Source: Dr. Vinod Singhal, Georgia Institute of Technology, Atlanta, GA

- Improves Process and Customer Satisfaction Results
- Award winning companies have consistently better business results than their competitors in the same industry

Thank you
for
your attention