

**THE IMPLEMENTATION AND APPLICATION OF THE BUSINESS EXCELLENCE
MODEL IN SMALL AND MEDIUM ENTERPRISES**

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Abstract

The Business Excellence Model (BEM) has received much exposure within large UK organisations. However Small and Medium Enterprises (SMEs) have not embraced its philosophy or its implementation to the same degree as their larger counterparts. This paper will explore how two SMEs adopted and implemented the BEM, and the associated difficulties they encountered when applying and interpreting the spirit of the model.

Two case studies were researched in the summer of 2000, one a chemical company, the other a leisure department residing within a government funded local council. Both were based in East Anglia. The results bore striking similarities with each other in the way interpretation of the BEM had been applied, even though the two organisations were very different in culture, structure, and business objectives. As such the cases provide an insight into what the BEM means to SMEs and what refinements might be required in the contents of the model, the type of language the model uses, and its interpretation to such organisations. This is especially important if its uptake, implementation and sustainability is to grow in these types of organisation in order for SMEs to attain and implement continuous improvement and best practice.

Case 1: A Chemical Company

Several initiatives proved to be vehicles for adopting the BEM, the supply chain and its associated problems was one such example. This involved re-engineering processes in the supply chain in order to rationalise its operations. In doing so it took the opportunity to involve people further down the management structure and to establish a bottom-up approach. Value based management was also promoted and resulted in the creation of teams to promote this ethos. Running along side this was the Investors in People (IiP) programme, which the company attained, as well as the 3C's (communications, cost, and culture) initiative.

The prime mover for the Excellence Model was the Quality Manager, who put together the East of England Excellence award document. However, top management championed the 2000 award submission document, but it still fell to the Quality Manager to compile. The involvement of staff lower in the Management structure was one of suppliers of information.

Previous to the BEM, supply chain functions such as purchasing, procurement, and distribution worked as efficient, separate departments which lead to organisational inefficiency.

efficiency and waste due to increased WIP (work in progress). He saw the Excellence Model as a way to focus on the supply chain into an integrated function. Benchmarking was now more pointed as the stock value was 17% down from 27% [a 10% reduction]. Although not directly attributable to BEM, it did at least direct attention to where future improvements must take place. This was also reflected by the Head of Maintenance matters where benchmarks were used on such things as works order requests, planned maintenance, production support, energy usage, safety, and staff utilisation.

The issue of using the BEM as a self-diagnostic instrument arose in all respondents' interviews. They all noted that because of earlier initiatives the BEM was a natural progression, and they went straight into an award submission process feeling that their earlier preparation of the 3C, supply chain project aligned them to the model. It was noted that if they had done self-assessment they would have been very critical of themselves. Therefore an independent assessment by the East of England Excellence award body was needed for an objective view of the business but it gave them confidence that they were doing the right things. One of the BEM criteria, Impact on Society caused much consternation and all made the same appeal of ambiguity against the model. Respondents, saw the organisation as being a good neighbour, as they participated in local initiatives such as the bicycle project, TECs, schools, the treatment of effluent from the local village, open days and so on. They had not really focused upon measurable outputs, even though they had to adhere to industry standards regarding waste and effluent disposal. This was further noted by both the Heads of Supply, and Sales when they echoed sentiments that the emphasis was not put into this area in the East of England Excellence award document submission. However respondents thought the BEMs nine criteria and sub-criteria terminology was suitable as it stood, although it was noted by the Head of Operations that more transparency was needed and that maybe for smaller SME's the terminology might need changing.

Case 1: Analysis

This case study has highlighted several issues in the decision to embark upon the use of the BEM. The first point to note is that the road to adopting the model use was set against a background of a history of quality and performance improvement initiatives (Ghobadian and Gallear, 1996, pp.83-103). On this evidence the cultural climate required for such an undertaking was in place, and as such the introduction of the BEM was seen as the next logical step. The introduction of the BEM and its perceived lack of resistance could also be explained by their previous quality initiatives (Ghobadian and Gallear, 1996, p.105).

Benchmarking, which for many years had been central to managing and measuring performance of costs and resource utilisation was now being taken outside their normal competitive environment. Also contacts with a primary school proved a revealing admission that all sectors of commerce and industry had something to learn from each other.

All four respondents, claiming the organisation was good at this identified internal self-criticism as a weakness. However the East of England Excellence awards' feedback process had released them from the burden of self-victimisation, and confirmed what

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many other organisations had said about them, that they were a good company. It had also helped them to re-appraise where they could make further improvements, as Taylor and Adair (1994, p.236)) note 'The feedback process is effective in causing organizations to appraise their approach to TQM, and several have been observed to change direction as a result'.

However, this case study did not reveal any need to challenge the BEMs terminology for this company operating in its particular environment. This is probably not to be unexpected, as the organisation, although classed as a SME, was operating as a division of a multi-national company in Europe and USA. Thus it might be reasonable to conclude the organisation was familiar with large organisational procedures and cultures, and as such differs markedly from small and micro organisations and family run businesses in style of management where well-defined boundaries and functional tasks and responsibilities do not exist (Ghobadian and Gallear, p.87).

Case 2: A Council Leisure Department

The motivating factors for using the BEM were to pull together all existing quality initiatives and systems such as QUEST (a sector based quality system for sports facilities) and ISO 9002. Nevertheless this was still a factor for both the Head of Leisure and the theatre Assistant General Manager who both saw the BEM as a complete model applicable to services. However, although the Arts Development Officer could see the departmental benefits of the BEM, she perceived that her area of the departments work did not readily fit into such a model, and the dichotomy between a service provider vis a vis a business unit was seemingly hard to reconcile. However the Head of Leisure Services identified that the adoption of the BEM was to try and get more people involved in business planning and gave an opportunity to revise strategy and identify critical performance indicators.

The application process was undertaken by a team of six, three of whom had attended a training session on the model (although it was not clear whether this was an external assessors course, or an in house training course run via the department). The evidence was collected for identified sections of the BEM. This process did seem to be not fully understood or communicated however, as the Arts Development Officer did seem a little vague as to who had been involved with its compilation. Time scales and work pressures was also a concern to the six people responsible for collecting the data as well, being notified by the Head of Leisure Services at short notice to undertake this task. This resulted in him producing a draft awards document by collecting information single handedly from existing documents e.g. strategy, ISO system, and customer surveys in an attempt to speed up the data collection process. This was then sent to other staff who were asked for additional information and comments regarding its content.

This was then put before a departmental meeting of thirty-five people for peer review. The meeting was split into small groups, which considered one or two criteria of the BEM to review and agree or disagree with the content presented. Feedback was then given, including any other missing information. The Head of Leisure Services then wrote on a

flip chart criteria that needed further amendments and/or additional information. Based upon this feedback he re-drafted the complete document in four days, the final draft document being produced with a further two days work before being submitted to the East of England Excellence awards process.

The fact that a seventy- five page award document was produced in such a small space of time perhaps re-enforces the 'Mr Quality' approach where resources, and time scales are short, and would explain why others lower in the management hierarchy were not fully involved in its production.

On the whole the BEM was seen as a positive contribution to the organisations performance and future success, but the responses were tempered with several considered views. The Head of Leisure Services identified the operational requirements as conflicting with strategy and operational issues. He also noted that processes across the department were difficult to interpret regarding the criteria in the BEM, although he did not elaborate upon this, and that some of the language could be more accessible to those in a leisure and arts environment.

The Arts Development Officer questioned as to whether the Excellence Model had made a tangible benefit or difference to organisational success, and how she could quantify soft measures. Her focus upon measurable outcomes came in the form of project evaluation, which she felt did not fit into the rationality of the models requirements. The BEMs language also caused her concern in its interpretation, although she did not volunteer any further information regarding this. However, she did state that the BEM was in principle appropriate, but did need to be adapted for her type of work. Although some negative responses were met, many positive outcomes had been derived from the introduction of the BEM. The collection of data on a continuous basis was certainly met with much enthusiasm by the Swimming Pool Manager. He had used the data as a means to restructure his pricing policy, and as such to re-evaluate his customer mix in the light of providing information during the compilation of the award document. He further enthused that he owned a bit of the model as a consequence of providing information for the East of England Excellence award document.

Performance indicators and benchmarking drew a positive response. The Assistant Theatre Manager commented that as a consequence of the BEM she was now developing benchmarks and performance indicators that do not exist nationally. As such a county wide initiative is underway to look into these issues with other service providers. The Swimming Pool Manager's focus was upon data integrity when formulating benchmarks. The award process also helped those on the periphery to be involved. As the Assistant Theatre Manager noted, the writing of the document showed what they are doing right, and helped them to move on and develop. The BEM was also seen as helping the development of service quality. Although the Assistant Theatre Manager carried out customer (audience) surveys regarding facilities, and staff attitude surveys, she felt that the BEM had helped develop focus groups. It had also helped her to review what they had done in a structured process. For example a business and marketing plan has been created as a consequence of the model's introduction.

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The Head of Leisure Services also noted the extent to which stakeholders played a part in the development and ownership of the BEM. He stated that sixty percent of staff in the department had now received training in the model. However the BEM had to be sold to senior management, but further down the organisation the acceptance of the model was taken on board more readily. The notion of self-assessment exercise prior to the completion of award application documentation was alien to the department. The respondents did not have any knowledge of self-assessment when questioned, and may reflect the level current maturity with the use of the model.

However, the core values of the BEM did seem to have resonance within the department. Both the Head of Leisure Services and the Swimming Pool Manager identified areas where current approaches and philosophies fitted well with the model. As the Head noted, core values are part of a structure as to how excellence should be approached, and the BEM enables this to be done, in a clear focused way, on a day to day basis. This led to a better understanding of performance and target setting. Customer service standards, targets and objectives had now been focused upon, and quantifiable targets have been set. Also weak links in core processes have also been identified, for example communications, whereby the various computer systems have been linked and as a consequence message boards have been set up. This had led to the re-engineering of such processes.

Case 2: Analysis

The use of the BEM within the Leisure and Arts Department has attracted both positive as well as negative responses. However the evidence here would perhaps suggest that the benefits, and that the BEM does have a place in such an environment. This is especially so in as much as it re-enforces, and compliments other quality initiatives that the department is currently having to come to terms with such as QUEST and Best Value. As Ghobadian and Gallar (1996, pp.93) note in their study of SMEs 'Successful implementation of TQM requires company wide awareness and early converts. The case studies showed that it was relatively easy to create company wide awareness in SMEs. Furthermore early wins were highly visible in the SMEs. This helped to create trust and build momentum. Furthermore, teams enjoyed a high level of visibility. This made their work more effective'.

However, it must be noted that if one did exist, that a sector based BEM, or one that was more user friendly in terms of its terminology and language would prove to be beneficial both in its application, and its implementation (Taylor, 1995, p.247). Selling the BEM to senior management was seen as a barrier, and that they exhibited perhaps the greatest resistance to the model. This latter point is noted by Taylor (1996, p.236) who states that 'Several stages need to precede TQM operationalization. These fundamental precursors include the achievement of senior understanding of the concepts and philosophies of TQM, and the procurement of senior management commitment to this process and to its planning at both strategic and operational levels'.

It must also be noted that staff 'on the ground' require an in-depth working knowledge of

the BEM as the organisation matures in its use, especially if the long lead-time in the preparation of the award documentation is made, and before an awards submission is made. This was emphasised by feedback from the East of England Excellence post awards feedback report. However, the department has gained valuable information and knowledge from this external award process. As Taylor (1996, p.237) acknowledges 'Too often, organizations appear to go through a mechanistic process of diagnosing their current position by conducting surveys and benchmarking exercises which generate a lot of activity and information without necessarily advancing the state of corporate enlightenment-a phenomenon which has been succinctly "drowning in knowledge yet starving for knowledge"'. Areas such Business Results, and the establishment of benchmarks and performance indicators were featured prominently during the award process, and as such has now focused attention upon these areas. The inclusion of customers via focus groups has also spurred the organisation to take action in this area as well.

The structural issues of the department have also been highlighted. Policy, strategy, and processes have been identified as areas as to where a departmental approach should be taken for future development, with the consequent outcome of more effective integration and communication, issues, which were alluded to in the interviews (Ghobadian and Gallea, 1996, pp.102-103). The introduction and development of the business plan was perhaps the one area where the model focused upon potential Areas for Improvement (AFI's). Also the need to embrace more effective training in response to staff surveys was identified, and although they have IiP, the Business Excellence Model provided the direction to enable actionable outcomes to be made in the areas of planning and marketing (Taylor, 1996, p247). Although new to the BEM, this department has gained much valuable experience and knowledge by its use. Their journey of continuous improvement has now been given direction and a spur to more direct action in order to serve the needs of their internal and external customers.

Conclusions

What can be seen from the evidence provided here is the need for communication and an integrated approach when implementing the BEM. This sentiment was echoed by both organisations, and it was noticeable as to what level and how involved people became involved with awards process. The evidence revealed that the operational level provided information for the award document, which was then compiled by a single person in the respective organisations, who acted as the prime mover and pivotal point for its compilation, and the identified contact with the regional award body. Although this proved effective for the chemical company, it proved problematic for the public sector provider.

The reasons for the adoption of the BEM in both case studies, was a result of using of other quality and continuous improvement initiatives. Both organisations saw the Excellence Model as a means by which they could build upon previous and current initiatives, the Excellence Model acting as an over arching framework into which all these could sit. However the time to produce the award submission document showed that a lead- time for the organisation to collect data in an effective and thorough manner is necessary for a successful submission. Even the good intentions of a 'rigorous' data collection process cannot alone ensure that the award document will convey all the necessary informa-

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tion to the required depth. A data collection process approach that captures both rigor as well as a reasonable time to collect information is the ideal.

Although both organisations were classed as SMEs, there was clearly a difference in organisational culture and structure. One operating as a traditional large organisation with its associated management hierarchy, the other having relatively few employees and a flat organisational structure. This may be a factor in the way they interpret the terminology and language of the BEM. It would appear that from the evidence supplied through these two case studies that the BEM is biased towards engineering/manufacturing, profit making organisations rather than non-profit, service providers.

This research has demonstrated that further studies of this type are needed if SMEs are to adopt the BEM in order ascertain what cultural and linguistic blockages are impeding its uptake. The lack of uptake and awareness of its use in this sector of the UK economy perhaps is an indication that the BEM in its current form is not appropriate for such organisations, and may need a fundamental re-think if it is to make an impact. It might also require a sector-based approach, which might take into account the differences in terminology and the use of language. This could even be extended to a special award for SMEs that considers only certain criteria, as many see the BEM in its totality as daunting. Further work should focus upon this latter proposition if such organisations are to achieve business excellence.

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