

## **ENTERPRISE, ORGANIZATION AND AUTHORITIES CRITERIA EVALUATION METHOD «APPROACH-PROCESS-RESULTS»**

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Enterprise, organization and authorities criteria evaluation method «APPROACH – PROCESS – RESULT» is meant for objective assessment of enterprises and organizations in the process of self-assessment with the aim of self-improvement or in case of their participation in criteria competitions with the purpose of recognition of their achievement in the sphere of product and service quality.

National, international and regional quality awards are assessment system awards; they are based upon an excellence model as well as techniques of its assessment. The main goal of such awards is to stimulate quality development, create innovations and progressive management method aimed at quality development.

National, regional and international quality awards gain popularity when a country (or region) accumulates a substantial number of ISO 9000 certified enterprises and wants to make a further step ahead to face increasing international competition. Quality awards are based on more advanced models (Excellence Models), which grant them an acknowledgment of the superiority of the management system effectiveness as compared to the ISO 9001 level. Quality award is based on self-assessment of the enterprise.

Method implementation allows:

- Determine the strengths and weaknesses of the enterprise (using the score-based assessment carried out by an expert group, or self-assessment).
- Perform benchmarking with other market leaders;
- Determine promising directions for the further development of the enterprise or organization.

The ultimate goal of the method implementation is to take up a leading position in one’s market segment.

At present, a great number of excellence models and methods of their assessment are known: Japanese Deming Award, USA National Baldrige Award, Brazil National Quality Award, Indian National Gandhi Award for Quality, Barbados National Industrial Awards for Quality in Great Britain, Top Award from the Ireland Quality Association, Great Britain Quality Award, French Quality Award, , Belgium Quality Award, Sweden Quality Award, Norwegian Quality Award, European Quality Award and so on.

Eventually, the main goal of any enterprise or organization evaluation method is to determine its strengths and weaknesses, being based on a recognized valid model of an «ideal» enterprise.

For the sake of simplicity let us view EFQM excellence model that is the most popular and generally recognized up to date by way of illustration of the method implementation.

As shown in fig 1 the model structure is based on such principles of total quality management (TQM) as:

- leadership and constancy of purpose;
- consumer focus;
- management by processes and facts;
- people involvement;
- continuous learning and innovation;
- partnership development;
- corporate social responsibility;
- result orientation.

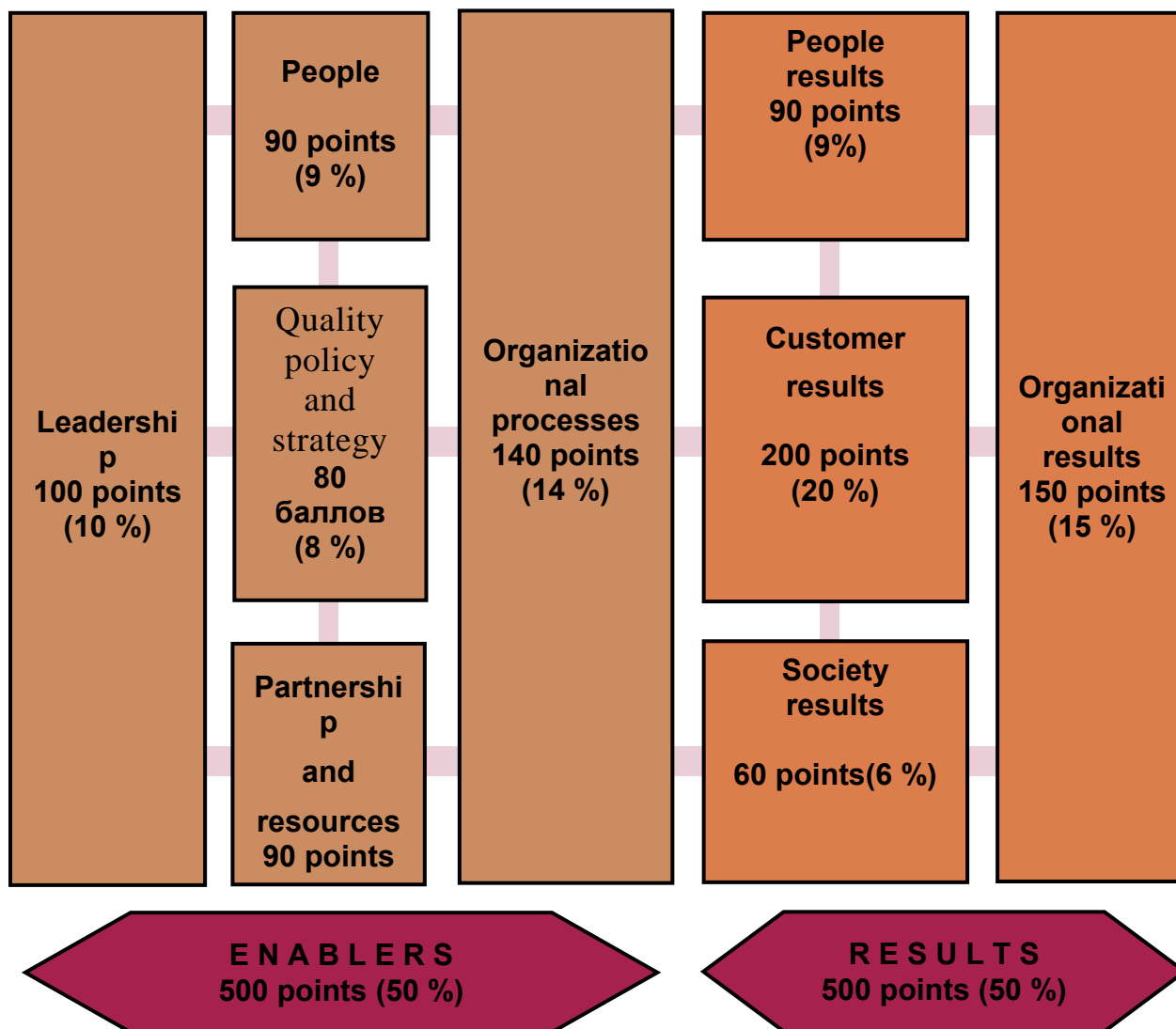


Fig. 1

EFQM Excellence Model

The given Model describes an «ideal» enterprise, as currently perceived in Europe and CSI countries. The Model consists of 9 criteria: five of them describe the enterprise activity, its **enablers** and **approaches** used to achieve targets; 4 criteria are **results** that are achieved by means of the approach implementation.

The criteria, their content and components are listed in the table of annex to resolution 5 of economic council of CSI countries «About tender procedure for Commonwealth of Independent States Award for achievements in the sphere of products and services quality» of June, 30<sup>th</sup>, 2006.

As a rule, RADAR logic is used for criteria and sub criteria numeric value definition that is intellectual property of EFQM.

RADAR consists of the following elements:

**RESULTS**

**APPROACH**

**DEPLOYMENT**

**ASSESEMENT**

**REVIEW**

In accordance to RADAR logic an organization shall:

- Determine the Results it is aiming for as part of its policy and strategy process.
- Plan and develop a set of Approaches to achieve desired results.
- Deploy the Approaches in systematic way to ensure full implementation.
- Evaluate efficiency of developed approaches by monitoring and analyzing of results achieved and experience.
- Assess and Review the approaches based on monitoring and analysis of results achieved and experience.
- Identify the areas of improvement, set priorities, plan and implement improvements for their achievement.

While assessing organization, enterprise and authorities activity in accordance to RADAR logic only *two scoring matrixes* are in use – the first one stands for enterprise *enablers* assessing in accordance to the EFQM Excellence Model, the second one stands for enterprise *results* assessing in accordance to the EFQM Excellence Model.

Unlike RADAR the proposed evaluation method is based on Deming cycle (Plan – Do – Check – Act) that is logic, understandable and easy in use.

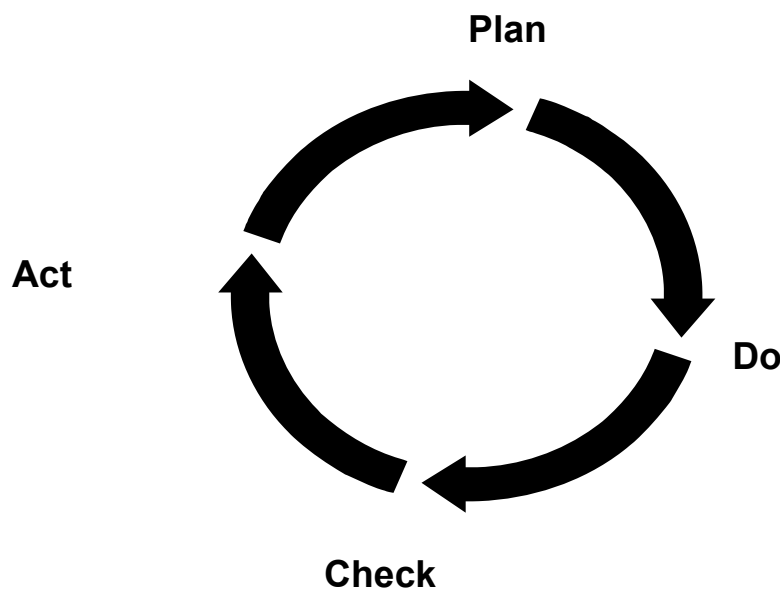
**Deming Cycle (Fig. 2):**

- Organization activity is usually learned on the basis of annual reports according to two stages: **plan** and **do**.

Experience has proved imperfection of such a reduced cycle when the gaps in planning and performing often escape control.

The most advanced organisations use a more complex cycle:

**PLAN – DO – CHECK – ACT**, where **CHECK** phase is extremely important as it is aimed at identifying gaps and their causes in the two previous phases. Therefore, it is possible to correct **ACT** phase and improve **PLAN** phase.



**Fig. 2. Deming Cycle**

**PLAN:** improved planning combined with the business planning;

**DO:** fulfillment of the current business plan and improvement corrections;

**CHECK: self-assessment of the organization in the form of an annual check-up, focused on planning improvement to achieve strategic targets;**

**ACT: immediate actions taken after the check-up.**

To make the system more effective a small but substantial change has been made with respect to the EFQM Model (Conti, "Organizational Self Assessment", Kluwer Academic Publishers, Doerdirect, 1999). The left-hand part of the EFQM Model (Enablers) has been divided into two parts: "Systemic Factors" (comprising criteria 1 to 4) and Processes (Criterion 5). That because, according to the latest researches, the quality of results achieved depends on both targets set and quality of processes performed for their realization. Therefore (the central part of the enterprise evaluation model under criteria **5 («Processes within the Organization »)** should be paid special attention. Among other things, "Processes" represent the area of internal measurements. On processes, the Key Performance Indicators can be monitored, as well as process outputs (the "Products of the Processes. Paying attention to the fundamental distinction made by A. Parasuraman between the "Delivered Quality" (the quality measures by the company on the products of the processes before delivery) and the "Perceived Quality" (the quality perceived by the recipients of the products, that is customers and stakeholders), keeping "Processes" as central criterion represents a clear advantage with respect to present models.

This is precisely why unlike RADAR the three enterprise scoring matrixes (tab. 1,2,3) are used in «**Approach – Process – Result**» method under the model criteria :

- tab. 1 – enterprise scoring matrix under criteria **1 – 4**, that describes the organizational variables or, better, the Systemic Factors of applicants;

- tab. 2 – scoring matrix of **processes aimed at targets achieved under criteria 5**, describes both the excellence of processes structure and the internal measured results. The core of the process scoring is made of "numbers and facts", measured along processes (Key Process Indicators) and at the output of the processes ("Output indicators" of "Delivered Quality");

- tab. 3 – scoring matrix of enterprise under criteria 6-9, describes **applicants work results, as perceived by the receivers of such results: customers, shareholders, stakeholders, the market, the community.**

As per the whole enterprise, so for each and all the "Systemic Factor" criteria (form 1 to 4) and sub-criteria of the model the assessment sequence will be of the type PDACA (an assessment philosophy that, incidentally, has been also chosen by the European Institute for Public Administration – EIPA – for its *Common Assessment Framework*).

While assessing criteria of enterprises, organizations and authorities and using our methods, degree of conformity of a specific enterprise, organization or authorities to the "ideal" one described in the Excellence model is determined being based upon 4 gradation of scores as given in tables 1-3 and Deming cycle. Each phase of the cycle is awarded a score, and the final score is the arithmetic average of all four phases. Numeric values of final scores are percent indicating how far the applicant conform to the criteria of the "ideal" enterprise.

**Table 1. Scoring matrix under criteria 1 – 4 that describe the state of the examined organizational factor in relation to quality of enterprise, organization and authorities**

Score is in percentage of maximum quantity of score of the model that are awarded according to the scale from 0 to 100 in accordance with the strengths / weaknesses

Phase	Scale	0 - 25	25 - 50	50 - 75	75 - 100
	Attributes	No result or partial	Weak Result in relevant areas	Strong result in most relevant areas	Excellent result in all relevant areas
Plan	Planning is based on stakeholders' needs and expectations. Planning is deployed throughout the relevant parts of the organisation on a regular basis.				
Score					
Do	Performing is managed through defined processes, responsibilities are shared among all important organizational units				
Score					
Check	Defined processes are monitored through relevant criteria and reviewed throughout the relevant part of the organisation on a regular basis				
Score					
Act	Correction and improvement actions are taken following the check results throughout the relevant organizational units on a regular basis				
Score					
Total					

**Table 2. Scoring matrix of the *processes* aimed to achieve goals and intentions of the enterprise, organization and authorities under criterion 5**

Score is in percentage of maximum quantity of score of the model that are awarded according to the scale from 0 to 100 in accordance with the strengths / weaknesses

Phase	Scale	0 - 25	25 - 50	50 - 75	75 - 100
	Attributes	No result or partial	Weak Result in relevant areas	Strong result in most relevant areas	Excellent result in all relevant areas
Plan	Processes are designed to achieve set objectives and intentions				
Score					
Do	Processes implemented and structured; key process indicators in place; ownership of the process attributed.				
Score					
Check and improve	Defined processes are monitored through key process indicators; output regularly measured as indicators of delivered quality to customers and comparison with customer perceived quality regularly made.				
Score					
Act	Correction and improvement actions are taken following the check results throughout the relevant organizational units on a regular basis				
Score					
Total					

Table 3. Scoring matrix of enterprise, organization and authorities under criteria 6 – 9, that describe *results*

Score is in percentage of maximum quantity of score of the model that are awarded according to the scale from 0 to 100 in accordance with the strengths / weaknesses

Phase	Scale	0 - 25	25 - 50	50 - 75	75 - 100
	Attributes				
Trends	Some positive trends in results, structured according to the objectives	No result	In-significant progress	Sustainable progress	Significant progress
Score					
Bench marking	Benchmarking was carried out	No result or partial	Weak Result in relevant areas	Strong result in most relevant areas	Excellent result in all relevant areas
Score					
Degree of achievement of targets set and alignment of targets with customer/ stakeholder perceptions (customer satisfaction) is checked on a regular basis	Intended targets achieved	No information or anecdotal	Few targets achieved	Some of important targets achieved	Most of important targets achieved
Score					
Total					

In accordance with terms of methodology concerning criteria assessment of an enterprise «Approaches – Processes – Results (APR)» references to such categories of evidences are used as:

- no result or partial;
- weak result in relevant areas;
- strong result in most relevant areas;
- excellent result in all relevant areas compares well with others.

#### Summary:

1. European Excellence Models implementation in the countries of East Europe and CIS has generated a new enterprise, organization and authorities criteria evaluation method based on Deming cycle.
2. The enterprise, organization and authorities criteria evaluation method “APPROACH-PROCESS-RESULTS” meant for objective assessment of organizational activity have been developed in the GP “UkrNIUC of standardization, certification and quality”.
3. The proposed method brings results that are comparable to RADAR logic.