

Business Excellence – how and why?

SUMMARY

This article describes how DIEU, Danish International Continuing Education, the largest private course provider in Denmark, with 54 full-time employees and a turnover of 15m ECU, has used the EFQM model to drive continuous improvement.

Turnover	ECU 14.805 m
Equity	ECU 8.210 m
Employees	54
Lecturers	312
Courses	631
Participants	10,770

ISO 9001 - since 1996	
EFQM Finalist in 1997	
EFQM Prize Winner in 1998	
EFQM Award Winner in 1999	
Q index customers	4.11
Q index suppliers	4.20
Q index employees	4.31
1 = very dissatisfied and 5 = very satisfied	

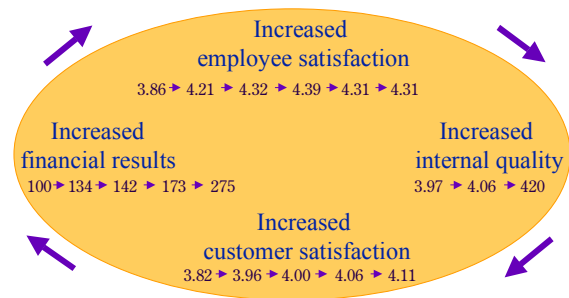
In the space of five years, we have shifted our management focus through three important phases:

Reactivity – reacting to events as they occur

Activity – actively changing processes and strengthening weak spots

Proactivity – defining strategies for the future, such as acquisitions and internationalisation.

As EFQM finalists in 1997, prize winner in 1998 and winner of the Award for small and medium-sized enterprises in 1999, our conclusions are that the model provides a valuable holistic picture. In addition with total employee participation and full management backing, it forms a strategic tool to guide an enterprise through all three phases of its business development. It also proves that increasing customer satisfaction, employee satisfaction and net result go hand in hand.



THE ORGANISATION

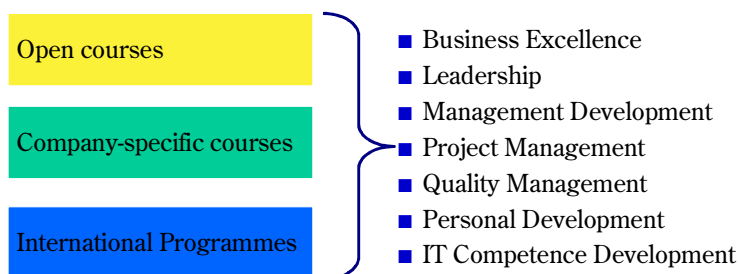
A staff of core personnel run our six departments and our six central staff functions – marketing, the executive team, administration and IT – and our two cross-company steering groups, KiND (quality-oriented) and MiND (market-oriented). Each self-contained department is independently responsible for results, i.e. innovation, marketing, administration, delivery of courses and meeting the



quality targets set for each course. Lecturers for open courses are recruited on a flexible basis from our network of 312 lecturers, 35 from outside Denmark. And through acquisitions and mergers, we now have a secure source of lecturers from Niveau Consulting A/S and PROGRÈS Human Resource Development A/S to teach and develop company-specific courses.



Our products, within leadership, management development, quality management, project management, personal development and IT competence development, fit into three categories:



Altogether, we run about 630 courses every year for about 10,800 participants – 175 from outside Denmark.

Our mission

- Our mission is to help our customers to achieve their goals through enhanced knowledge.

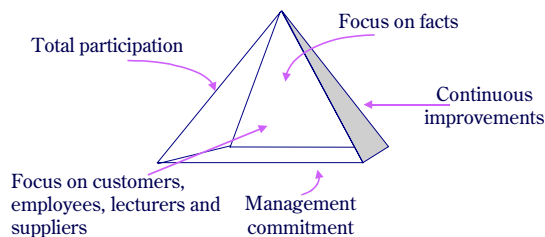
Our visions

- We will continue to develop and supply continuing education concepts – open and company-specific – for leaders and employees in large and medium-sized enterprises, both national and international.
- We want international enterprises to see us as a reliable business partner known for our flexibility, high quality and speed.
- We wish to be the course provider in Denmark that is known for delivering the highest quality and the greatest professional benefit, and recognised for our international activities.
- We wish to keep our reputation as an organisation that treats people fairly and decently – in terms of both their professional and personal development.

BACKGROUND

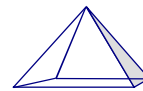
Several important factors prompted our quality journey, which began in 1994: Increasing competition from Danish state-subsidised companies, ISO-oriented major customers and a desire for new systematic work procedures, organic growth and a holistic, bottom-up management model.

At that time, our executive team was facing the awesome task of how to tackle year 2000 strategies for expansion based on a focus on quality in all our services, both internal and external. The team considered its options and decided to use the Business Excellence Model to connect enablers and results, together with the quality pyramid and the ISO 9000 checklist for procedures.



Before “The model”

- Increasing competition faced from state-subsidised organisations
- Organic growth required new systematic work procedures
- Top-down approach to quality management had failed
- Major customers were calling for ISO certification
- The management wanted a new holistic management method
- We needed a more customer-oriented rather than product-oriented approach



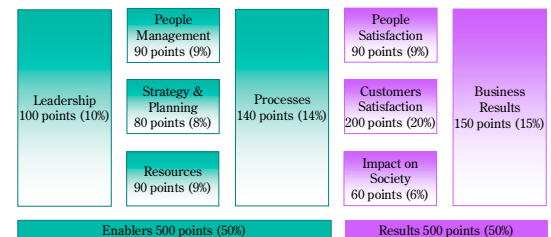
Behaviour checklist



Connection between “enablers” and “results”

ISO 9001

Check that processes and products live up to requirements



DIEU'S QUALITY JOURNEY BEGINS

Step one was taken in autumn 1994, when the CEO drafted the detailed planning for the years to come. First, we named the process – KiND, Quality in Niveau and DIEU. (Niveau, our 100% owned subsidiary, retained its name as a trademark for our IT courses).

The logo was devised and displayed on a large bulletin board in the canteen where all process information is shown. A quality steering group was established to manage internal and external quality, process descriptions and measurements.

From the nine volunteers who signed up for the steering group, chaired by the CEO, five members were recruited to represent each of the following functions – marketing, course administration, finance, IT, legal and human resources.

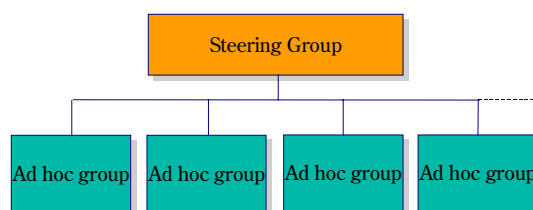


Managers were not appointed because external meetings, course management, business trips etc. would make demands on their time. Together, the members and CEO clarified workloads, competence etc. and then the CEO personally debriefed those who had expressed an interest in joining the group but had not been chosen.

It later became evident that the KiND steering group had taken over some of the executive team's work, leaving them free to focus on strategy development.

STRUCTURE

The steering group met once every 14 days for the first year, then once a month, and set up subgroups (ad hoc groups) to share managerial responsibility. All ad hoc groups were chaired by members of the steering group to ensure continuity and information flow.



96 ad hoc groups have existed since 1994, some for a few days and others for weeks. All staff, including managers, have taken part in at least three ad hoc groups, ensuring that everyone is involved in the work.

Results of ad hoc groups and suggestion box

October 1999

- 96 ad hoc groups since 1994
- All employees have participated in at least 3 ad hoc groups
- 412 suggestions since 1994

GOALS

The following goals were set at the project steering group's first official meeting in November 1994:

- To score a minimum of 450 points (out of a total 1000) in a self-assessment using the EFQM Quality Award model, deadline October 1995.
(Achieved 454 points 30 October 1995)
- To score an extra 100 points in January 1996
(Achieved 468 points February 1996)
- To obtain ISO certification by 1 April 1996 at the latest.
(Achieved 7 June 1996)

Two ad hoc groups formed immediately: one measured wastepaper and one measured employee satisfaction. Waste paper was defined as course materials photocopied by mistake. The results were then shown at a full-day briefing meeting held for all staff to clearly show how measurements would be positive and useful, not "dangerous".

Employee satisfaction was measured because the steering group was convinced it was important for the entire process and because it would generate positive employee involvement from day one.

The first full-day KiND meeting for all employees was held on 12 December 1994. The basic elements of the quality theory, policies and goals were discussed. In fact, some of the policies and goals defined are still measured on a daily basis and are visible in our reception area and on our website.

Participants' average satisfaction with the course as a whole

Target	Max.	Dept.	1 st ½ yr 1998	2 nd ½ yr 1998	Jan. 1999	Feb. 1999
3.9	5.0	QM	3.9	3.9	4.3	4.0
		Niveau	4.0	4.0	4.1	3.8
		PM	3.8	3.9	4.0	4.0
		MD	4.1	4.2	4.2	4.1
		PD	4.1	4.2	4.2	4.1

QM = Quality Management
MD = Management Development

PM = Project Management
PD = Personal Development

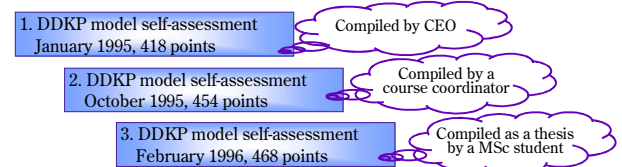
In addition, our employees were asked to put our company's attitudes/values into words. These have been revised annually, and are, today, as follows:

- We work independently under the philosophy "freedom with responsibility".
- We work together across the organisation.
- We take part in setting targets.
- We ensure our competency by continuously educating ourselves.
- A deal is a deal.
- We help and respect each other.
- We talk to each other – not about each other.
- To err is human.
- We are informal and appreciate good humour.
- We have a high level of information.
- We live in a turbulent environment – we are willing to change.
- We sometimes disagree in-house, but present a united front to the outside world.

PHASE 1 – REACTIVITY (THE FIRST THREE SELF-ASSESSMENTS)

During phase one of our development towards Business Excellence, from 1995 to 1996, we conducted three self-assessments.

The first, in January 1995, was compiled by the CEO, who wished to explore whether the model was useful for a small service enterprise and to show his commitment to the rest of the organisation. Another aim was to identify where special analyses and measurements were necessary. The resulting score was 418 points – most points for enablers and relatively few for business results.



Eight months later, a member of the KiND steering group completed a similar self-assessment – based on experience and interviews with managers and staff. The aim was to see if the first assessment had been too optimistic, but fortunately the score of 454 points proved the opposite.

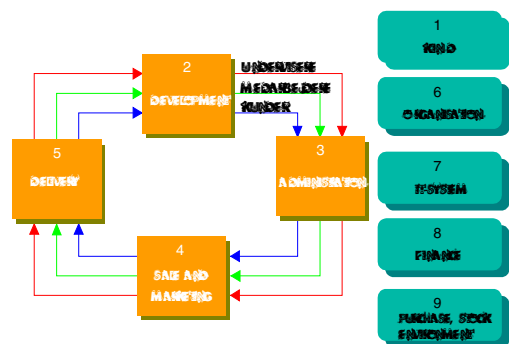
The third self-assessment, by an independent non-member of staff, in February 1996, was also based on in-depth interviews with managers and staff and a questionnaire. It scored 468 points – reflecting an improvement in the results section. The primary aim this time was to obtain an impartial impression of DIEU.

As a result of these “health checks”, we set up measurements highlighted by the EFQM model's nine criteria, reacting to the areas in which we were obviously lacking – for instance, we had no description of our quality system.

DIEU'S QUALITY MANAGEMENT SYSTEM

After the KiND start-up meeting held in December 1994, ad hoc groups were formed to describe all the company's work processes. Though this was a major task, it meant all employees were involved in the process from the start. Together, the KiND steering group and the executive team drew up the structure for describing work processes.

DIEU and Niveau Quality Management System



This document was used as the basis for the quality manual needed for ISO 9001 certification. Work procedures were introduced, an ISO reference list was produced and then training was given to all employees. Everything was running with optimum efficiency – or so we thought at the time.

SATISFACTION SURVEYS

Work on employee, customer and supplier surveys began. To date, six Employee Satisfaction Surveys have been conducted, see the Employee Satisfaction figure (5 = very satisfied, 1 = very dissatisfied).

Every June, all employees key their answers to the questionnaire into a specific PC. This guarantees anonymity.

General satisfaction has always been very high and since the initial problem areas highlighted by the

	Jan. 1995	June 1995	June 1996	June 1997	June 1998	June 1999
■ Internal cooperation	3.74	4.19	4.23	4.31	4.35	4.27
■ Your job	3.83	4.20	4.32	4.39	4.21	4.27
■ Your immediate leader	3.96	4.39	4.45	4.46	4.35	4.41
■ Management team	3.78	4.17	4.42	4.52	4.44	4.35
■ KiND project	4.33	4.36	4.24	4.47	4.37	4.30
■ How satisfied are you in general?	4.14	4.49	4.51	4.62	4.51	4.58
■ Total index	3.86	4.21	4.32	4.39	4.31	4.31

first survey were ironed out, satisfaction has remained constant. Both the company and individual departments are measured to make internal benchmarking possible. The survey is also useful for annual appraisals/development dialogues.

Five Customer Satisfaction Surveys have so far been implemented, see the Customer Satisfaction

Analysis figure (5 = very satisfied, 1 = very dissatisfied).

This questionnaire is sent out in May to about 2,500 previous course participants and as the results show, general satisfaction has increased.

	1995	1996	1997	1998	1999
■ Reception	3.81	3.92	3.97	4.13	4.11
■ Guidance	3.68	3.78	3.96	3.97	4.00
■ Delivery	3.93	4.07	4.07	4.08	4.17
■ Administration/accounts	3.67	3.89	3.84	3.95	3.95
■ General satisfaction	3.82	3.96	4.00	4.06	4.11

Three Supplier Satisfaction Surveys have been completed for teachers, course centres and other suppliers from whom we buy goods for more than 13,500 ECU a year, respectively, see the Supplier Satisfaction Analysis figure (5 = very satisfied, 1 = very dissatisfied).

	1996	1997	1998
■ Cooperation before the course	3.87	3.97	4.12
■ Cooperation during the course	3.98	4.04	4.17
■ Cooperation after the course	4.05	4.08	4.36
■ Reception	4.28	4.29	4.55
■ Administration/accounts	3.82	4.20	4.25
■ Total index	3.97	4.06	4.20

Once again, the results show increasingly high levels of general satisfaction.

CONTINUOUS IMPROVEMENT

Next, we established our suggestion scheme to drive continuous improvements – 412 suggestions to date. Employees key suggestions into the joint IT system where everyone can comment on them before they are processed at monthly steering group meetings. The best idea each month is rewarded.

- Ad hoc groups since 1994
- All employees involved in more than three ad hoc groups
- Approx. 15% working hours spent on cross-company activities
- IT forum and central KiND and MiND notice boards
- 70% of all employees have budget responsibility
- The need for reviews and change is accepted and understood

The large number of ad hoc groups that were beginning to form introduced further improvements. These were implemented mainly by the KiND steering group. This method involved all employees at all levels of the company and is the key to successfully launching a quality journey. Interestingly, the increase in satisfaction is reflected in a over the same period. Another goal when setting

KiND-days

from December 1994 to June 1999

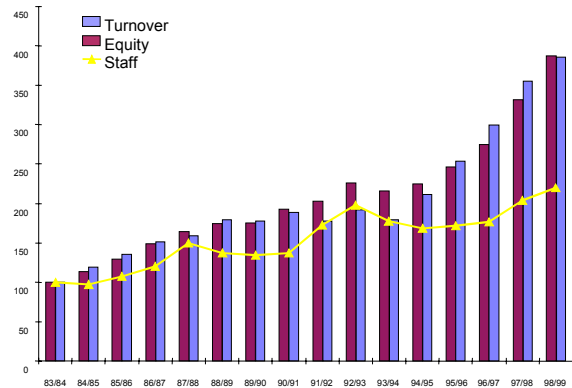
- December 1994 - Objectives and policies
- July 1995 - Project management
- August 1995 - Conflict resolution
- January 1996 - Preparation for ISO
- August 1996 - Living with ISO
- January 1997 - Feedback techniques
- June 1997 - Strategy and goals towards the year 2000
- September 1997 - DiEU towards the year 2000
- January 1998 - Vision/mission - attitudes and values, BE Model
- May 1998 - Site Visit - Business Excellence Model
- August 1998 - Employee and Customer Satisfaction Analysis
- January 1999 - Processes
- June 1999 - Preparation for Site Visit

milestones was to hold two full-day meetings with all staff every year – KiND days.

Themes for KiND days originate from the results of Employee Satisfaction, Customer Satisfaction and Supplier Satisfaction Surveys and our work on the Business Excellence Model.

While these initiatives were being taken, each of the project steering group members completed an Audit 1 course – three took Audit 2 and the examination, so that they could conduct in-house audits. One of the management’s main goals – to systematise work and unify processes - was more than achieved, and meant that we could expand with relatively few new employees.

Development in turnover, equity and staff



EXPERIENCE GAINED FROM THE FIRST THREE SELF-ASSESSMENTS

All three self-assessments increased in-house awareness of the Business Excellence Model and understanding of the continuous improvements in in-house processes and relationships with external customers and suppliers. At this stage, before actually submitting an application, the model had already proved to be a clear basis for description and an excellent tool for goal management.

However, the self-assessments are time-intensive, especially when day-to-day work continues simultaneously.

Such a major task requires organisational readiness and training in understanding the elements of the model.

Reactive (three self-assessments)

Problems

- Few targets (6, 7, 8 and 9)
- Not everybody had a PC (4)
- No formal channel for improvements (3)
- Incomplete systematic approach to work (5)
- No measurements (6, 7, 8 and 9)

Actions taken

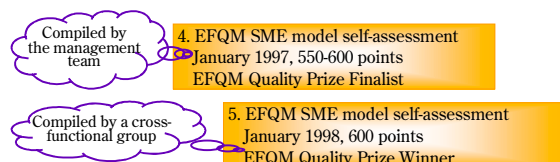
- Quality policies were formed with specific targets for each area
- Mainframe replaced by a Client Server and PCs for all staff
- Suggestion box
- Electronic quality management system (ISO 9001)
- Surveys
 - employee satisfaction
 - customer satisfaction
 - supplier satisfaction

PHASE 2 – ACTIVITY (THE FOURTH AND FIFTH SELF-ASSESSMENTS)

By December 1996, we had entered phase two.

Instead of concentrating solely on loose connections in our everyday processes, our executive team was delegating enough responsibility to be able to lift its gaze and initiate acti

For instance, while considering strategy, the executive team decided that 25% of our turnover by 2000 should be generated by international business. An effective means of attracting



international acclaim was to win the European Quality Prize before 1999. We decided to apply in 1997, to gain experience, with the ultimate aim of obtaining a site visit. Another reason was that in 1997, EFQM launched a Business Excellence Model for small and medium-sized enterprises such as ours.

- Goal:
 - That 25% of turnover is to originate from international training activities by the year 2000
- Means:
 - To be known by large international “Business Excellence” companies as winners of the European Quality Prize for SME’s, before 1999
(Achieved 22 October 1998)

The six-strong executive team divided the nine criteria between them and took a full-day meeting in December to review the Business Excellence Model in detail. In early January, the managers met again to present drafts of their criteria. The material pulled into shape and three more full-day meetings were held to gather additional data and examples. In late January 1997, the executive team submitted the self-assessment to a newly appointed project coordinator responsible for compiling the necessary information.

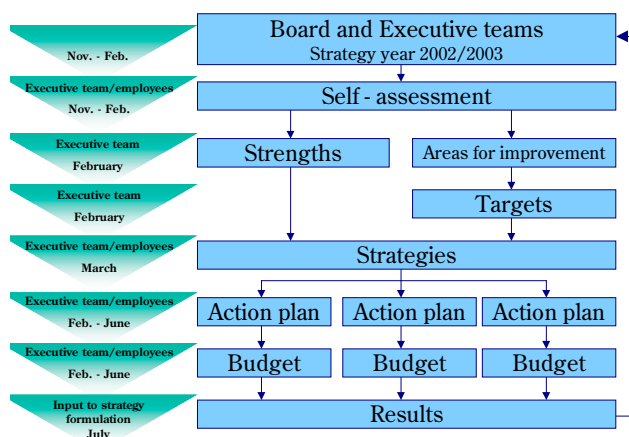
This process took two months and called for another round of interviews and more historical data. The assessment was then translated into English and submitted to EFQM in early March 1997.

STRATEGIC WORK

While the coordinator revised the assessment, the executive team provided suggested improvements for each criterion.

The figure shows how suggested improvements were itemised and used by all involved in subsequent planning.

Strategy process



These strengths and improvements were presented to the Board at a full-day meeting in March, and resulted in a revised corporate strategy plan. The Board declared unanimously that they had never before had such a useful approach to corporate strategy. Once again, cross-company ad hoc groups were set up to work on the suggested improvements.

All employees were encouraged to comment on the self-assessment and the results of the strategy work at a full-day meeting in mid-June 1997.

SITE VISIT

In mid-June 1997, an EFQM site visit was announced. Our ultimate goal for this assessment had been achieved and we were over the first hurdle – excitement and suspense began to spread.

Facts

- 30-page feedback reports
- Confirmation but surprises too!
- Useful pointers for ongoing process

Advice

- Identify process owners and users
- Set sub-process targets
- Train using the cascade model
- "More of the same"

All employees received thorough preparation for the site visit, which was set for the 3 and 4 July 1997. What a memorable visit that proved to be. The three assessors were extremely well prepared and in two days attempted to interview all 43 staff (seven were on holiday). Anyone who could not master the English language used a colleague as an interpreter.

In the hot seat

Though we were used to ISO 9001 audits, the assessors' questions seemed more factual, e.g.:

1. When did your executive team last review the method used for holding management meetings?
2. Your manager uses an open-door policy. What does this mean to you and give me an example?
3. What do you feel is the degree of independence in your job?
4. Where do you see yourself in your process of developing a course idea into a finished product?

2nd Site Visit questions - individual managers

- What is your involvement in training employees?
- Tell us how you match your targets with the company's strategy?
- How do you practice the open door policy?
- Show us the open calendar on your PC.
- Tell us a) when and how you last showed recognition to your people and b) when you last received recognition from anyone, even from colleagues or co-workers?
- Can you show us how you use the appraisal results to assess people satisfaction.
- How often do you follow up the progress made on agreed objectives?

The subsequent process

Suspense increased as 25 July approached, the date we were told that DIEU was a finalist, but not a prizewinner. We were disappointed, naturally, until we heard that no winner had been chosen in the category of independent small and medium-sized enterprises that year, only three finalists. In other words, no winners, but no losers either. We later received a clear 30-page feedback report from the assessors listing our strengths and opportunities for improvement. The conclusions the assessor team had reached closely matched those we had identified ourselves. There were, however, surprises. We therefore invited the senior assessor to visit us in August. Together with the executive team and the KiND steering group, he reviewed the written report and highlighted the main conclusions:

1. Work more on process management – clarify process owners and process users.
2. Set clear sub-goals for processes.
3. Conduct training using the cascade model.
4. More of the same.
5. Have fun!

- Our Business Excellence Journey – all new employees and some of the “old”
- Self-assessment
- Project Management
- Advisory sale
- Sales letters
- Direct marketing
- How to welcome participants at a course
- ISO 9001 development procedures
- Processes

We worked harder on the areas for improvement and focused on company goals for the year 2000.

The MiND project group was formed to work on market-orientation and related areas for improvement. This meant the company had two cross-company project groups – KiND, working on

quality and management, and MiND, focusing on market orientation, customers and competitors.



THE FIFTH SELF-ASSESSMENT

By this point, we were fully committed to continuous improvements and realised that the feedback report was useful input for strategy work, e.g. in June 1998, the 92 questions in our ES survey questionnaire were streamlined to 60 and some questions about our strategic areas were added. Our fifth self-assessment was written by the newly established MiND group, directly in English rather than in Danish, and was submitted to EFQM in late March 1998.

The MiND group was originally formed in response to areas identified by the first EFQM feedback report. For reasons of coordination the CEO also chaired the six-strong MiND group, whose mandate was set by the executive team and the MiND group itself. Areas for improvement were then prioritised.

The MiND group's work and composition were later reviewed and radically changed in June 1998 in line with greater market orientation that would help achieve our goal of growth.

The MiND group now comprises a deputy manager as chairman, a head of department, two market managers, one in-house training coordinator and a head of marketing. The MiND group established six permanent market-oriented ad hoc groups, see below.

- Customer satisfaction surveys
- Customer focus
- Direct mail coordination
- Key Account Teams
- Database marketing
- Monitoring competitors



Once again our application was rewarded with a site visit, and from 24 to 26 June 1998, five pan-European assessors put us through our paces. In August, we learned that we had won the European Quality Prize for small and medium-sized enterprises, which was presented to us on 22 October 1998 at an impressive ceremony in Paris.

Active (two self-assessments)

Areas for improvement	Actions taken
■ No clear planning process (2)	■ Use strengths and areas for improvement
■ Continuous improvements/shared responsibility (3 and 7)	■ KiND days
■ Domestic market too limited (6)	■ International goals for the year 2000

We once more invited the senior assessor to join our executive team and KiND and MiND steering groups for a discussion on the feedback report. This time it was even clearer that we needed to redefine our core and support processes and process targets.

PHASE 3 – PROACTIVITY (1999 SELF-ASSESSMENT)

Phase three began with a thorough review of all our processes. This led to new processes concerning external sales – one result of the MiND group’s work. In many ways, our focus shifted to the future: New Key Account Teams now form a proactive/early warning system for charting our business development. Resources for company-specific programmes, which are gaining popularity, are now secured through

Proactive (1999 self-assessment)

Areas for improvement	Actions taken
■ Not enough company-specific courses to satisfy customer demand (6)	■ Acquisitions, MiND and KAT Teams - restructuring of database
■ One-product → two-product co. (5)	■ Restructured process for company-specific courses
■ High marketing and cancellation rate for technical courses (9)	■ Phase out technical courses
■ Organic growth - not enough space (3 and 7)	■ Extension
■ Low profile in society (8)	■ Knowledge account
■ Danish name v international image (2)	■ New name and logo

- acquisition of PROGRÈS Human Resource Development A/S (a team of specialist psychologists)
- partnership with Implement A/S within the project management area
- establishment of a new subsidiary, Niveau Consulting A/S, that provides full-time IT hotline advice for customers.

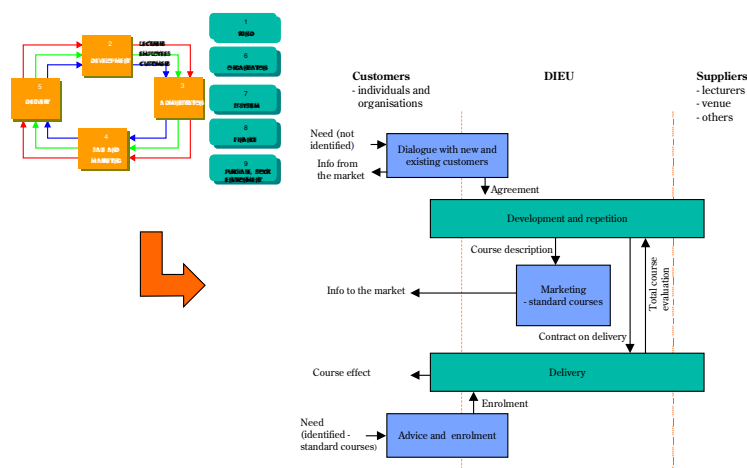
In response to our score in criterion 6 and in line with our market focus, we are now concentrating on the Swedish market.

THE SIXTH SELF-ASSESSMENT

Our sixth self-assessment (3rd EFQM application) was written once again in English by a cross-company group of volunteers.

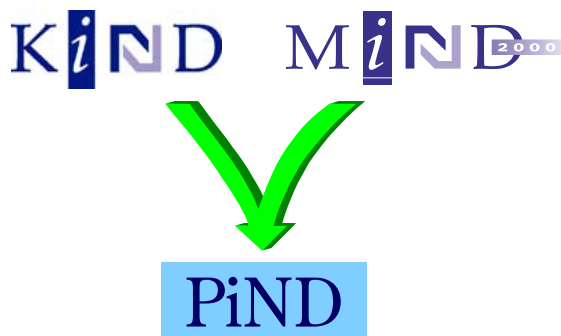
The KiND group spent most of the autumn of 1998 working on new processes and had drafted on a new process chart in December 1998. A KiND day held in January 1999 entitled "Processes" was attended by all employees to whom an external consultant explained the nature of a process. In groups, the employees described our core and support processes in their own words. Fortunately, their descriptions matched those of the KiND group in many ways. With this information clear, the few differences were discussed and the new structure was presented and approved. The new process chart itself revealed areas that were not described and therefore lacked targets – mainly within the MiND group's areas of responsibility i.e. market orientation and dialogue with customers, monitoring competitors, etc. We really were using the self-assessment/ application process as a valuable working tool.

Processes



The application was rewarded with a site visit, from 21 to 23 June, which was carried out by five pan-European assessors. After weeks of unbearable suspense the CEO heard in July that we had won the European Quality Award for SMEs. We had more than achieved our goal.

Naturally, our improvement work continues: A 2-day meeting held on 4 and 5 August for KiND, MiND and the executive team was used to identify process owners for the core and support processes. The groups also agreed to simplify process



management by combining KiND and MiND into one process steering group – PiND - a move scheduled for 1 January 2000.

Though none of the areas in the employee, customer and supplier satisfaction surveys were given scores below target, work continues on improving the areas given the lowest scores.

During the year, a multi-disciplinary ad hoc group has also compiled DIEU's first intellectual capital report using the Business Excellence Model as a basic template, i.e. brief descriptions of our leadership, strategy and planning, people management etc. are included. The report – available in Danish and English – is one of the first intellectual capital reports to be published in Denmark with auditors' endorsement.

CONCLUSION

The self-assessment process is a clear opportunity for an in-depth analysis of a company's individual elements. The model creates a clear picture of the direction in which the enterprise must move. It also involves all employees and makes quality work visible. On the other hand, it is a lengthy process that requires involvement from all employees who are busy with day-to-day work and it does not generate short-term income. In our case, however, we have increased both employee satisfaction and customer satisfaction and tripled our business results in the space of just five years, which more than compensates for our efforts.



Søren Casparij, October 1999