TQM AND BUSINESS EXCELLENCE: IS THERE REALLY A CONFLICT?

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Abstract The shift in focus from TQM to business excellence and recent changes to the EFQM Excellence Model has resulted in suggestions that quality has been marginalised. It has also been suggested that quality is making a comeback as a result of perceived shortcomings in business excellence. The paper explores the literature and asserts that business excellence and quality complement each other and should co-exist. It also provides a view on why business excellence might be partly responsible for recent increased interest in quality while maintaining that quality never really “died” in the first place.

Keywords TQM, Business excellence, Quality, European Foundation for Quality Management

Introduction
Over the past 15 years or thereabouts, the pursuit of corporate excellence as a way of managing businesses for competitive advantage has been increasingly recognisable and has led, among others to the formation of the European Foundation for Quality Management (EFQM) in 1988 (Hakes, 1997). The EFQM subsequently developed its business excellence model and used it as a framework for the award of the European Quality Award (EQA) and the associated national quality awards.

The EFQM model was largely based on the concept of total quality management (TQM) as both a holistic philosophy and an improvement on other TQM-based models, such as the Malcolm Baldrige National Quality Award (MBNQA). In 1999, the EFQM revised the model and, among other things, made a noticeable switch in language from TQM to organisational excellence. Nabitz et al. (1999) noted that the word “quality” does not appear in either the sub-criteria or the areas to address on the revised model. Furthermore, the EQA is now known as the EFQM excellence award.

This change in focus has led to considerable disquiet among traditional TQM practitioners. Dale (2000) noted that TQM, as an approach, has faded from use as many managers have “found it wanting in terms of living up to its initial promise and their expectations”. He goes on, however, to identify potential pitfalls that may result as a result of such “replacement language”. This includes conflict and difficulties that may be faced by newcomers to the quality movement, and the scepticism that these changes would cause after it had taken considerable time to get organisations and the public to buy into the importance of quality. Peters (2000) also noted that quality was seen as old-fashioned and superseded, to an extent, by the concept of “excellence”. Dale et al. (2000a) also noted that people at the centre of initiatives including self-assessment against the EFQM Excellence Model often believe that their performance improvement initiatives are based on quality even though they have little or simplistic knowledge of the subject.

The contrast in fortunes between “excellence” and TQM is even more evident in the public sector. Although attempts were made to introduce the TQM concept into public organisations, it is not evident that these attempts had any notable success. On the other hand, a government White Paper supports the use of excellence principles in public sector organisations (Cairncross, 2000). Gilbert (2000) wrote:

The Cabinet Office’s Public Sector Excellence Programme seeks to bring the benefits of the Excellence model to public bodies and to encourage all parts of the public sector to conduct self assessments against the Model.

Gilbert then cited a survey of 3,500 public sector organisations by PriceWaterhouseCoopers (PWC), which estimated that 44 per cent of public sector organisations were using the model, with 81 per cent of the users believing that the Model was an effective tool within their organisations.
There is also evidence that the Excellence Model has been welcome in voluntary organisations. The Quality Standard Task Group (QSTG) was set up to enable voluntary organisations to improve their effectiveness, and a major part of this initiative has been the introduction of the Excellence Model (Quality Standard Task Group, 2000).

Why does "excellence" appear to have succeeded where TQM failed? Why is excellence seen, in some circles, as delivering better benefits than TQM? Is the Excellence Model based on TQM principles or are they different? Is TQM making a comeback or did it never really leave? What may the future hold for excellence and TQM? This paper examines the issues involved and attempts to provide objective answers to these questions.

Why was TQM seen as a “fallen star”?
In examining the history of TQM, McAdam (2000) noted that TQM was founded on a historical mechanistic “tool and technique” basis but gradually developed a social/people/soft skill focus. McAdam also noted that the development of these broader areas has been more of an “add on” rather than being the root cause of TQM development. This implies a shift in focus from “management of quality” to “quality of management”. This development in itself was a problem for many organisations since a major challenge was to broaden ownership of TQM from the quality department, its historical owners, to everyone within the organisation. A study of TQM change attitudes (Adebanjo, 1997) found that it was often difficult to convince the likes of sales and production managers (and directors) that they should hold some responsibility for “total quality management”. Part of the resistance was because they saw issues concerning “quality” as the sole responsibility of the quality department.

Furthermore, TQM still held on strongly to its mechanistic history, which was not always easily understandable by everyone within the organisation. In an examination of the management’s, staff’s and operators’ attitudes to and awareness of quality costing, a key TQM theme, Roden and Dale (2000) noted that there was some confusion in the subject company over the definitions and categorisations of quality costs.

In acknowledging some of these barriers, Dale et al. (2000b) cited two examples of business leaders who did appreciate the value of TQM. This appears to support Adebanjo’s (1997) findings that the commitment of chief executives was vital for TQM implementation in organisations. However, if the chief executive is from, say, a sales or finance background, and has a personal or historic scepticism of “fluffy” management issues, how do you get buy-in? Furthermore, TQM tends to have a medium- to long-term payback while chief executives’ and organisations’ performance is scrutinised on a yearly or even quarterly basis. How do you convince a chief executive to commit to a TQM programme that will begin to show benefits in three-to-five years when that person may be out of a job and/or the company may be taken over if performance does not improve within the next six months?

Another key concern with TQM was its boundaries and focus. While there was general agreement on many of the elements of TQM (e.g. leadership, employee involvement, teamwork, customer focus) there was not one definitive or overall approach. A chief executive or management board that had committed to TQM in principle would initially be faced with the decision of whether to adopt a Deming or a Crosby approach or indeed any of the approaches of other quality “gurus”. The situation was not helped by the ubiquitous appearance of many “quality” consultants all claiming to have a “unique” and most effective approach to TQM implementation. For example, Cao et al. (2000) wrote:

However, TQM is an approach to change management that focuses almost entirely on changes in the process, lacking the power to deal adequately with the other dimensions. The value of TQM in process improvement is not disputed, but its benefits may all be negated by structural, cultural and political constraints.

This statement in itself appears to contradict earlier suggestions that these “other dimensions” were key components vital to the success of TQM. To a casual observer, these issues could be seen as evidence of a lack of cohesion and agreement within the TQM movement.

Furthermore, even when certain elements (e.g. leadership) had been identified, there was very little by way of at least generic guidelines to assist organisations in implementing these philosophies. Therefore, a company that had decided to involve and empower employees was very much left to its own devices and interpretation of the subject matter or, perhaps, a return to a “quality” consultant.

For these reasons, it is understandable that many organisations would have faced considerable philosophical and practical obstacles in an attempt to implement TQM. If executives and managers had difficulties in understanding and interpreting TQM, how could they be expected to sell the concept to the rest of the organisation? It is thus no wonder that the failure rate of TQM programmes was reportedly as high as 75 per cent (Cao et al., 2000).

What TQM appears to have successfully accomplished is its historic implementation of tools and techniques to improve processes, and, consequently, the associated benefits of cost, yield, cycle time, etc.

What exactly is “excellence”?
Excellence (whether called organisational or business excellence) is generally associated with the EFQM Model. At its origin, this model was based on TQM principles and everybody appeared happy until the recent revision of the model and the “stripping out” of “quality” in the award title and the model’s sub-criteria.
and areas to address. Why were these changes made and do they mean that “excellence” and the Model are no longer based on TQM principles? De Dommartin (2000), CEO of the EFQM, explained the changes as follows:

EFQM believed the Model should reflect shifts in business emphasis and new management ideas as well as fulfil the requirements of large, small and medium-sized enterprises in the private and the public sectors. Their objective became: to provide a model that ideally represents the business excellence (TQM) philosophy that can be applied in practice to all organisations irrespective of country, size, sector or stage along their journey to excellence.

This view is also presented by Wade (2000), who wrote that the Excellence Model was no more or less than a definition of TQM and so was based on the same principles. There is also evidence that many organisations view TQM as the basis for excellence. Philips Electronics UK (2000) claims that the Philips Business Excellence philosophy is its approach to quality. Northern Ireland Electricity (NIE), a finalist for the 2000 UK Business Excellence Awards, conducted under the revised Model, started its journey with TQM workshops in 1993 (NIE, 2000). The company’s vision and values, drafted in 1993, are driven by TQM principles and still hold true today. The adoption of TQM, initially, and subsequently business excellence is also true of Group 4 Total Security (2000).

If excellence and TQM are so much interrelated, or if, indeed, excellence is based on TQM principles, why has the decline in TQM been mirrored by an upsurge in the adoption of excellence? The author believes the use of excellence models is popular for the same reasons that TQM became unpopular.

The EFQM Excellence Model provides sufficient guidelines on key organisational issues without being prescriptive, therefore making it easily adaptable. Jim Paterson of Quality Scotland Foundation, in support of this view, said (Ashton, 1997):

The aim of any business excellence model is to remain dynamic and flexible enough to change depending on the influences and opinions of organisations using them.

This further implies that the Model can be applied to all sectors of society including the public sector. Chapman (2000) described how two organisations, one each from the public and private sectors, improved their performance by using a flexible and innovative approach to applying the EFQM Excellence Model.

The fact that the EFQM Excellence Model has a determined set of criteria, to a large extent, eliminated the need to determine what TQM ideology should be adopted by an organisation. This makes it easier for an organisation to train its own staff on the Model and thereafter apply it in-house. Even in cases where consultants were brought in, the risk of the consultant coercing the organisation to go down his/her own route path to TQM was significantly reduced.

The presentation of the Excellence Model also makes it easier to sell across the organisation. The sub-criteria of the Model make it instantly recognisable that the Model can be of benefit to everyone within the organisation and thus encourages ownership. In describing Molex Ireland Ltd’s experience of implementing business excellence, O’Brien and O’Hanlon (2000) stated:

The company has implemented many quality initiatives, e.g. SPC, quality circles, ISO 9000 and QS-9000, all with significant positive result. However, it was difficult to link these initiatives within a single business framework and transferring ownership from the Quality Department to the business as a whole was a very slow process.

Another key benefit of the use of the Excellence Model is the opportunity for self-assessment and benchmarking. If used properly, these tools will help organisations evaluate their current level of performance, identify and prioritise areas for improvement, integrate improvement actions in their business plan and identify best practice. The opportunity to carry out future assessments against the Model also means that progress towards excellence can be measured and promotes continuous improvement.

The return of quality?
The success of the EFQM Excellence Model has also faced some challenges. Dale et al. (2000a,b) noted that some chief executives, fed up with excellence without performance, have started to return to quality and cited “Six Sigma” as the rebirth of classic quality. While there appears to be some justification for this view, this may not be too surprising and there are likely to be wider issues involved.

The excellence model has evolved to be a framework that can incorporate several other initiatives. Jeannes (2000) stated that every type of organisation will be able to include any one of the dozens of quality initiatives under the Model and he then went on to identify the relevance of the Model to several initiatives and practices. This view was also supported by Shephard (2000). Thus, while the Excellence Model provides an overall framework, it presupposes that an organisation has a number of established systems and initiatives to deal with process and other operational issues. Any organisation that embraces business excellence without having robust practices in place will almost certainly be faced with poor results. This would be one of the key reasons why more organisations are increasing their focus on “management of quality” and other initiatives such as ITIL. The model, by its nature, supports and promotes the take-up of such initiatives.

If, according to the EFQM, excellence is based on TQM principles, why does there need to be a re-birth of quality? The author believes that the Excellence Model

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incorporates the "quality of management" principles while largely leaving the "management of quality" issues to individual organisations. The experiences of organisations mentioned elsewhere in this paper and others, such as NSK Bearings Europe (2000) and Unipart DCM (2000), both finalists in the UK 2000 awards, suggest that organisations that historically had a strong focus on "management of quality" initiatives and techniques have found it easier to progress to the "quality of management" principles, which latterly became components of TQM and form the basis of the Excellence Model. Consequently, the author would suggest that not only does TQM complement excellence, "quality" never really "died" – at least, not with historically quality-oriented organisations. Morgan (2000) asserted that there are a lot of parallels between Six Sigma and the Excellence Model and that both are complementary approaches. He then went on to add that two of the early winners of the Malcolm Baldrige National Quality Award, the US equivalent of the UK Business Excellence Award, have been proponents of the Six Sigma approach, including Motorola, the organisation that first came up with the idea.

Conclusion
While the debate over the merits or demerits of the shift from TQM to business excellence and the exclusion of "quality" from the EFQM Excellence Model is unlikely to go away in the near future, this paper has attempted to examine the issues from an "inclusive" point of view. While it can be argued that the wide acceptance of business excellence slowed down the growth of the use of classical quality management tools and techniques, it is more debatable that quality died or was totally eliminated.

Although the EFQM Excellence Model is based on TQM principles and largely ignores the specific use of quality management tools and techniques, the desire to succeed at business excellence may, ironically, compel organisations to turn increasingly to the use of initiatives, tools and techniques that will deliver desired results. It is inconceivable that these tools and techniques will not include, to a large extent, historic quality methods.

In summary, business excellence and quality can and need to complement each other to provide organisations with the operational and business success they aspire to and which is necessary for survival in today's market.

References