USE OF EXCELLENCE MODELS AS A TOOL FOR BENCHLEARNING AND KNOWLEDGE MANAGEMENT

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Abstract: In this paper some issues of using Excellence models as an efficient and innovative knowledge management and benchlearning tool, also an integrated approach to total quality management (TQM), knowledge management and benchmarking are discussed. The potential synergy resulting from the diversity of knowledge and experience of cross-functional self-assessment teams as well as external assessors of recognition schemes is outlined. Some results and conclusions based on the experience of recognition schemes in Estonia during past decades are presented. Need for supporting infrastructure for the promotion of performance excellence thinking and application, benchmarking and sharing best practices as well as alignment of different schemes is discussed. Key words: Excellence models, total quality management, benchmarking, benchlearning, knowledge management, self-assessment, recognition schemes

1. INTRODUCTION

Excellence models (EM) as management frameworks have been known and in use for a few decades. There have been several attempts to analyse the possible positive impact on organizational and financial performance with somehow contradictory results, depending on the research scope, focus and methodology [1]. Although benchmarking and knowledge management (KM) are intrinsic ideas embedded in EMs, there has been very limited research in the potential benefits of using the assessment processes based on the EMs as a tool for benchlearning and KM purposes. Firms, which are able to acquire and disseminate new knowledge and transform it quickly into processes, products and services, have a competitive advantage. It is discussed further whether and how EMs could be suitable instruments for gaining this goal.

2. ORIGINS AND LINKAGES

2.1 Total Quality Management (TQM) and Benchmarking

TQM and benchmarking concepts emerged and developed as approaches to continuous improvement (CI) in the 1980ies, gaining popularity in relation to the establishment of Malcolm Baldrige National Quality Award in the US [2]. The word benchmark originally means measurement against a reference point. In CI it is a ‘best-in-class’ achievement, which becomes a reference point against which similar results or process performance are measured. Benchmarking (BM) is a process of measuring and analysis that compares internal practices and processes with other organizations. The purpose is to identify best practices, which can be adapted and adopted and as a result increase business performance. Although BM has become a popular management tools and is not only related to TQM anymore, there is often limited understanding and application of BM, using it as a measurement instrument and neglecting the improvement aspect. This is the reason why sometimes benchlearning (BL) is being used instead, to emphasize the learning and improvement aspects. The term was already introduced in the early 2000ies [3].
TQM has been a well-known management concept for more than 30 years, but there is still a lot of ambiguity around it. There are different approaches, defining the main principles and/or critical success factors of TQM. One of the reasons behind the fuzziness and difficulties of implementing is that TQM is a culture change program, requiring transformation in organizational value system [4].

2.2 Knowledge Management
Knowledge management (KM) became a discipline later, in the 1990ies and has been gaining more popularity in this century [5]. The theory of organizational knowledge creation proposes that new knowledge is created through processes of conversion between tacit and explicit knowledge: socialization, externalization, combination, and internalization [6]. KM aims at creating sustainable competitive advantages by means of continuous organizational learning through internal formalization of diverse types of knowledge [7].

2.3 Links between TQM, BM and KM
There is no common understanding about the nature of relationship between TQM and KM. Some authors look at KM and TQM as completely different paradigms and independent systems of management practice [8], there are others claiming that KM is about to replace TQM as a quality management tool [9].

The majority of authors treat quality and knowledge management as close concepts that can be organically integrated [11-14]. Both have also Japanese origin – widespread quality circles were part of broader knowledge acquisition programs. In 1997 EFQM and APQC carried out the first BM study project to search for good practice in KM, which was defined as ‘all the necessary activities to orchestrate an environment in which people are invited and facilitated to apply, develop, share, combine and consolidate relevant knowledge in order to achieve their individual and collective needs’, [15]. The ultimate goal of KM was defined as to improve an organisation’s effectiveness by three core-learning processes:

- Learning from success and failures, on individual, team or company level;
- Learning from each other, both from co-located colleagues as well as colleagues at further distance (geographical as well as disciplinary-wise);
- Learning from ‘outside-in’, from partners, suppliers, customers and even competitors.

TQM, benchmarking and KM are closely related as they are based on common idea of organizational development. Learning involves accumulating of knowledge and it helps organizations to create new dynamic knowledge-related capabilities.

3. KM AND BENCHMARKING AS AN INTRINSIC PART OF EM
Excellence models (EM) have been created to offer operational frameworks for TQM implementation as an integrated and holistic management tool. There are several variations of business excellence models (BEM) identified in the world, the basic three models being Deming Prize, Baldrige Performance Excellence Framework and EFQM EM [16].

Besides defining a set of core values or fundamental concepts they provide structured criteria frameworks and measurement instruments to enable scoring and benchmarking during assessment. BEMs can also be seen as frameworks within which KM principles can be adopted as good management practices. Baldrige Model [17], EFQM EM 2013 [18] and CAF 2013 [19] are used as reference models in this article. The latter is an adaptation of the EFQM EM developed for introducing TQM and self-assessment in European public sector organizations. Baldrige model has a separate category dedicated to KM – Category 4 Measurement, Analysis and Knowledge Management. In EFQM and CAF models there is no specific criteria for KM, but the
topic has been embedded in different subcriteria of all enablers (criteria 1-5). *Learning, creativity and innovation* in the EFQM EM and *Innovation and learning* in CAF are the principles that are taken into account in all criteria, both enablers and results (criteria 6-9) when applying the dynamic RADAR (Results, Approach, Assess and Refine) in EFQM and PDCA (Plan, Do, Check, Act) assessment frameworks.

The following interrelated concepts have been defined in the three BEMs – knowledge (EFQM), KM and knowledge transfer (Baldrige), benchmarks and BM (Baldrige, EFQM, CAF), good/best practice (EFQM, CAF), learning (Baldrige, CAF), organizational learning (Baldrige, CAF), learning networks (EFQM) and benchlearning (CAF). In CAF the learning aspect of benchmarking is emphasized by ‘bench learning’ - how to improve through sharing knowledge, information, and sometimes resources, as an effective way of introducing organizational change, reducing risks, increasing efficiency and saving time.

4. OPPORTUNITIES FOR LEARNING AND KNOWLEDGE TRANSFER USING ASSESSMENTS

There are multiple ways how an organization can benefit from using BEMs. They are powerful future-oriented diagnostic tools, that can be used both internally (self-assessment - SA) and externally (recognition schemes, award processes). Combination of both gives the best results, providing valuable insights from different angles, helping to prioritize and focus improvement efforts. The RADAR is a tool used to score organisations applying for the EFQM Excellence Award and most national awards in Europe[^18]. It can be also used for SA and enabling internal and external benchmarking. SA is a comprehensive, systematic and regular assessment of organizational results against the criteria and fundamental concepts of a BEM, enabling to identify strengths and areas/opportunities for improvement. It is a process of organizational self-reflection. SA is a knowledge-generating and knowledge transmission process that ideally involves all the people in the organization through forming SA and improvement teams[^20]. By discussions and consensus processes information becomes knowledge, which is transformed into improvements and innovations; the organization learns and improves its performance and capabilities. SA is also the first step and preliminary condition for external benchmarking with competitors. While SA tools as well as external assessment methodologies have been quite thoroughly developed over the decades, relatively little attention has been given to the potential of using the knowledge and learning experience of assessor/examiner/auditor team members in a more comprehensive way for organizational learning and KM purposes[^21-22]. Knowledge creation cannot be separated from the context in which it is created. New tacit knowledge is socially constructed through the interactions amongst individuals or between individuals and their groups, rather than by an individual operating in isolation[^23].

5. ROLE OF RECOGNITION SCHEMES

Different award and recognition schemes have been established around the world in parallel with the development of EMs to motivate organizations to use modern methods to improve management quality and raise overall quality awareness. Well-performing organizations are recognized, taking into account their specific features, eg size, sector, maturity level of management quality etc.[^24].

Main benefits of recognition are increased reliability and improved image of organizations, enabling benchmarking, identification and sharing knowledge and
best practices, encouraging learning (benchmarking). Long-term effect of such activities is better competitiveness of products and services, organizations and the society as a whole [25].

5. CASE OF ESTONIA

Recommendations for establishing a national quality award in Estonia as a quality promotion and awareness tool and means for raising competitiveness was made by experts in the document Quality Policy of Estonia already in 1996 [26]. The Estonian Quality Award was established in 2000, followed by the development of a series of sectorial recognition schemes and model adaptations (mostly in educational, also in tourism and public sector). Most of the initiatives were project based and partially or fully supported by ESF funding. A Strategy of Management Quality 2005-2008 was established by the Ministry of Economic Affairs, which was implemented mostly by Enterprise Estonia, using the expertise of Estonian Association for Quality (EAQ). Promotion of BEMs and development of recognition schemes was part of the strategy. As a result quite a remarkable a few hundred organizations and individuals attended different trainings (SA and external assessment), participated in SA and external assessment teams, acquiring practical knowledge and learning experience in the use of BEMs [27].

Based on the individuals’ feedback from these projects during 2000-2012 the main value was found in profound learning experience, acquiring practical skills in using a systematic assessment tool (mostly RADAR-based), participating in cross-functional and cross-sectorial teamwork and opportunity to look at organizations (both their own and others) from a different perspective.

On organizational level the main value of participating in these programs was discovering a systematic diagnostic tool for organizational development and value-added feedback about improvement opportunities, also possibility to benchmark their maturity level of management quality.

As the project funding from ESF resources stopped, most of the projects also were finished (with the exception of Tallinn Quality Award for Educational Institutions, which is funded by the City Government). Although positive impact on business performance was identified among participating organizations during this period, it was too short time and limited number of organizations that were involved in these initiatives to have a bigger impact in society and economy [28].

A relatively low awareness about modern management techniques has been identified by different studies [28-30]. According to some studies the awareness about TQM is rather high [30] and the need for some TQM elements (customer focus, people involvement et al) is relatively well recognized, at the same time the awareness and level of implementation of TQM tools and BEMs is marginal [28,29].

Although the target groups of 2005 [28] (all sectors and sizes were represented, 540 respondents) and 2015 [29] studies where not the same (there were no public sector organizations in 2015, only companies that were older than 5 years, 111 respondents), some comparisons may still be made. In 2005 29% of respondents were not aware about BEMs; 51% were aware, but did not intend to use; 15% intended to use; 2% had started using and 3% were using. A major difference based on the size of organizations was identified in favor of larger organizations.

In 2015 58% of respondents were not aware of any BEMs; 30% do not intend to use BEMs, 3% were users. At the same time 60% of respondents expressed need to compare their current state with ideal, assessing the maturity level of different areas in relation to full potential. 18% of respondents were not interested on this kind of approach and they are not aware of it.
4. CONCLUSION

In order to increase the positive impact of the use of EMs on performance, quality, sustainability and competitiveness of organizations as well as society as a whole, it is necessary to develop supportive infrastructure and facilitate schemes that promote benchmarking and benchlearning in a systematic and structured way, enabling efficient and quick knowledge transfer and transformation into new know-how, innovative and high quality products and services. Such schemes support identifying best practices, creating innovative approaches and opportunities for inter-sectorial learning and synergy.

Unified reference models are recommended to ensure comparability and benchmarking, though adaptations should be made for better usability in specific sectors, maintaining the same basic values and principles, overall model structure and assessment methodology of the EMs.

There is quite wide evidence that organizations can use the EFQM EM as the basis for designing, implementing and monitoring KM processes. Using the synergies of EMs and the critical factors of TQM makes the implementation faster and more successful. EMs offer strategic framework for KM and innovation.

Combining SA and external recognition schemes enables multiple forms of learning and knowledge transfer:

- Inter-organizational – external assessment teams with members from other organization, with different background and experience
- Inter-sectorial – external assessment teams with members from different sectors and professional background
- Two-way transfer – independent and fresh ‘out-of-the-box’ look and feedback for participating organization.

5. REFERENCES


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