

# Business Excellence Model: To Achieve Excellence for Construction Industry

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**Abstract:** *Indian construction industry is striving hard to get better day by day on the basis of the quality and customer satisfaction. To achieve quality and customer satisfaction implementing BEM is one of the best solutions. Aim of the business excellence model is moving from QMS compliance to business excellence. Now, more than ever before, Indian construction industry needs to understand, balance and effectively manage the needs and expectations of their stakeholders. Business excellence models are frameworks, which applied within an organization can help to focus on a more systematic and structured way that should lead to increased performance. Purpose of BEF is to guide the organization towards BE and conducting assessment of performance. Business excellence model is a framework to guide any organization to achieve sustainable organizational excellence. Malcolm baldrige model is studied. This article discusses five common practices to achieve excellence which is also a part of business excellence framework. Construction industry needs to focus on strategic planning, customer satisfaction, employee engagement, safety, knowledge management to achieve sustainable excellence.*

**Keywords:** Business excellence, Business excellence model, Total quality management, quality

## 1. Introduction

### 1.1 Overview about business excellence and its Relevance to the Construction Industry

Indian construction industry is witnessing a strong growth wave powered by large investment in housing, road, ports, water supply, and rail transport and airport development.

The use of various new technologies and deployment of project management strategies has made it possible to execute projects on the big scale. In its path of advancement, the industry has to overcome a number of challenges.

- Culture of "Just-make" and lack of culture of continuously improving on its products and operations.
- Customer satisfaction not in focus.
- Inadequate trained and skillful workforce
- Short-term attitude to business development
- Extensive use of traditional and labour-intensive construction methods.
- Misleading information for cost allocation, control and decision making.
- Fragmentation and adversarial culture within the industry
- Fail to put efforts on less tangible and non-financial measure such as site safety record and environmental performance.

Every company operating in India, whether Indian or non-Indian, strives hard to get better day by day on the basis of the quality and customer satisfaction it provides through its products or service.

To overcome these challenges implementing BEM is one of the best solutions.

Organizations often move in steps from QMS conformance to performance improvement as their quality management experience increases. QMS measurements are added, and

then the systems evolve to integrate business excellence approaches as organizations build upon each previous step they've taken. To be truly successful, this approach requires strong, continual commitment and leadership by top management.

The objective of the present study is to study business excellence model and identify key focus area for the for construction industry.

### 1.2 Business Excellence

Business Excellence is an outstanding practices in managing the organisation and achieving results, which is based on a set of fundamental concepts or values. These practices have evolved into models. Business excellence models are frameworks. The model used is holistic in that they focus upon all areas and dimensions of an organization, and in particular, factors that drive performance.

#### 1.3 Business Excellence Models

Business excellence models are frameworks, with when applied to an organisation more systematic and structured way which should lead to increased performance. Holistic models focus upon all areas and dimensions of an organisation, which will improve performance. Some of these models are internationally recognized. These frameworks assist in adoption of business excellence principles.

#### 1.3.1 Types of Business Excellence Model

- 1) European Foundation for Quality Management (EFQM)
- 2) Malcolm Baldrige National Quality Award (MBNQA)
- 3) Singapore Quality Award Model
- 4) Japan Quality Award Model
- 5) Canadian Business Excellence Model
- 6) Australian Business Excellence Framework (ABEF)

Summary of comparison between these business excellence models is given in table no 1.

**Table 1:** Summary of comparison between different business excellence models

No	Hong Kong, Indonesia, Pakistan, Philippines, Thailand and Sri Lanka	Japan	Singapore	Malaysia	Republic of China	India*
	2011-2012 Baldrige Criteria for Performance Excellence	Japan Quality Award Criteria	Singapore BE Framework	Malaysia BE Framework	ROC National Quality Award Framework	EFQM Excellence Model
1	Leadership	Leadership Social responsibilities of management	Leadership	Leadership	Leadership	Leadership
2	Strategic Planning	Strategic planning and deployment	Planning	Planning	Strategic Management	Strategy
3	Operations focus	Value creation process	Processes	Processes	Process Management R&D and innovation	Processes, products and services
4	Customer focus	Understanding and interaction with customers and markets	Customers	Customers	Customer and Market Focus	
5	Measurement, analysis and knowledge management	Information management	Information	Information	Information Management	Partnership and resources
6	Workforce focus	Individual and organizational ability to improve	People	People	Human Resource and Knowledge Management	People
7	Results	Activity results	Results	Results	Results	People results
						Customer results
						Society results
						Key results

### Malcolm Baldrige National Quality Award (MBNQA)

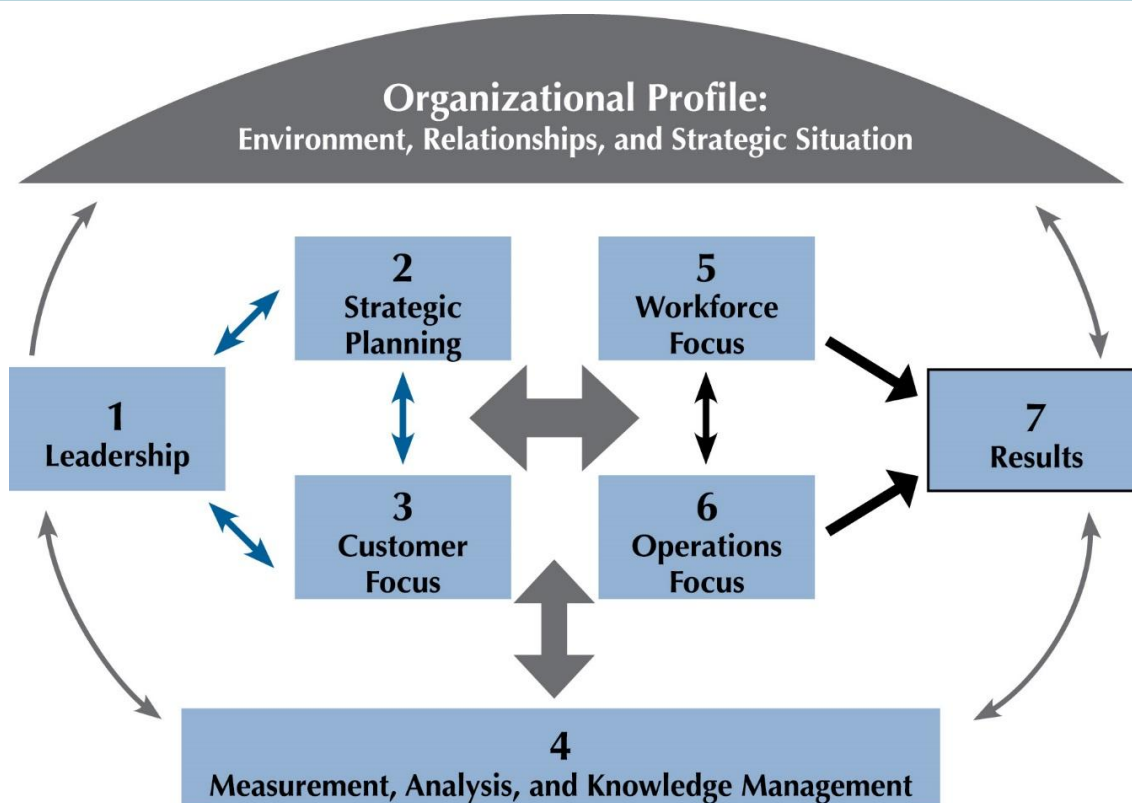
Organizations everywhere are looking for ways to effectively and efficiently meet their missions and achieve their visions. MBNQA provides a framework to improve organization's performance and get sustainable results. Whether organization is— large or small, service or manufacturing, education or health care, government or nonprofit, has one site or worldwide locations, MBNQA can be applied for organization. Organization's Success Is a goal of MBNQM. This model helps organizations address a dynamic environment, focus on strategy-driven performance, achieve customer and workforce engagement, and improve governance and ethics, societal responsibilities, competitiveness, and long-term organizational sustainability. It offers a comprehensive management approach which focuses on results in all areas, organizational and personal learning, and knowledge sharing.

### 2. History of the MBNQA Model

In the early and mid-1980s, many U.S. industry and government leaders saw that a renewed emphasis on quality was necessary

For doing business in an ever-expanding and more competitive world market, US industry and government leaders understood that emphasis need to be given on quality. But some of the U.S. businesses either did not believe that quality mattered for them, or they did not know where to begin. The model (Figure No. 1) which establishes a self-assessment and benchmarking against which improvement can be measured and verified. Systematic assessment of an organisation's overall activities conducted for the purpose of evaluating performance, identifying areas for improvement. Developing recommendations and plans for further action.

Model is evaluated on seven major categories of quality criteria, including Leadership, Strategic Planning, Customer and Market Focus, Measurement, Analysis and Knowledge management, Human Resource Focus, Process Management and Business Results. These assessment criteria share a maximum score of 1,000 points and are designed to be flexible and inclusive of a wide variety of quality systems. They are used by organisations of all kinds for self-assessment, planning, training and other purposes.



From Baldrige Performance Excellence Program, 2013, 2013–2014 Criteria for Performance Excellence (Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology, [http://www.nist.gov/baldrige/publications/business\\_nonprofit\\_criteria.cfm](http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm)).

**Figure 1:** Malcolm Baldrige National Quality Award (© NIST)

**Leadership** - Highlights the role of senior leaders in setting and communicating vision, values, and a focus on customers and accomplishing organization's objectives.

**Strategy planning** - Ability to execute the strategic plan and to use customer complaint data and organization's processes to improve customer satisfaction and increasing repeat business.

**Customer and Market focus** – It verify and examines the current and potential customers for both existing and new products and services.

**Measurement, Analysis, and Knowledge management**- It studies the purpose and use of data, information and knowledge quality in recognition of the challenges. This also addresses the availability of data and information at right time and at right place.

**Human Resource** - HR focus probes how work systems and employee learning reinforce implementation of action plans and retention of critical organizational knowledge and resources for long-term sustainability.

**Process Management** – It addresses operational planning and evaluation of resources for continuity of operations in case of an emergency. Business results reviewed, what the organization is achieving in relation to customer satisfaction, loyalty, and long-term business success through the accomplishment of organizational strategy, ethical behavior,

fiscal accountability, legal compliance, and organizational citizenship.

#### Three parts of MBNQA Excellence Framework:

- 1) Criteria for Performance Excellence,
- 2) Core values and concepts,
- 3) Scoring guidelines.

#### Two main purposes of MBNQA Excellence Framework:

- 1) To help organizations to diagnose their overall performance management system, to assess their improvement efforts, and identify their strengths and opportunities for improvement
- 2) To identify MBNQA Award recipients that will serve as role models for other organizations.

They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action plan, feedback system, and sustainability. The Baldrige Criteria are built on the set of inter-related core values and concepts:

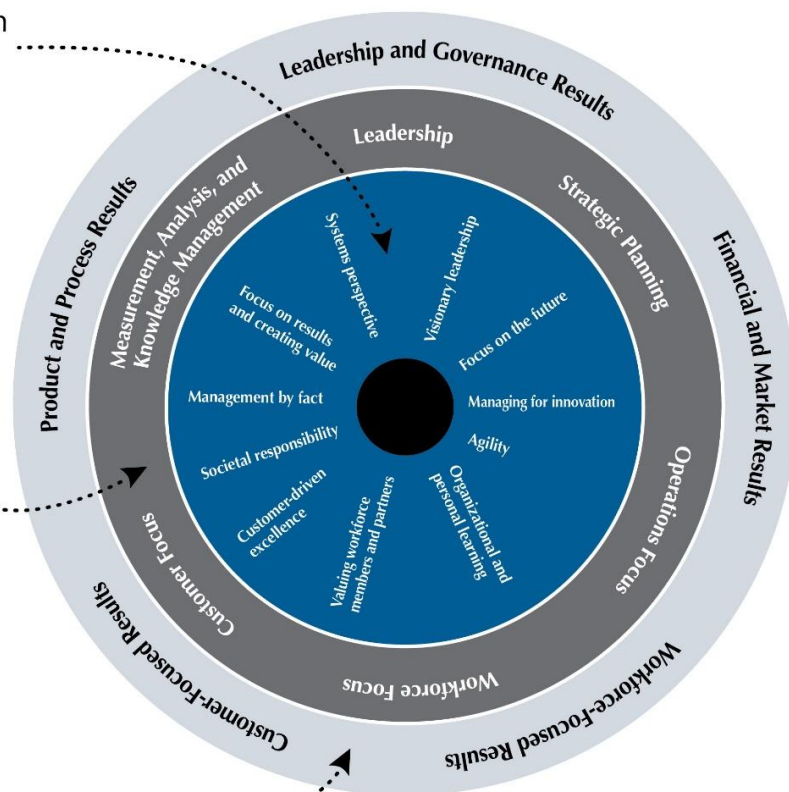
The Criteria for Performance Excellence are based on following set of core values:

1. Systems perspective, 2. Visionary leadership, 3. Customer-focused excellence, 4. Valuing people, 5. Organizational learning and agility, 6. Focus on success, 7. Managing for innovation, 8. Management by fact, 9. Societal responsibility, 10. Ethics and transparency, 11. Delivering value and results

The Baldrige Criteria build on  
 core values and concepts...

which are embedded in  
 systematic processes...  
 (Criteria categories 1–6)

yielding  
 performance results.  
 (Criteria category 7)



From Baldrige Performance Excellence Program, 2013, 2013–2014 Criteria for Performance Excellence (Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology, [http://www.nist.gov/baldrige/publications/business\\_nonprofit\\_criteria.cfm](http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm)).

**Figure 2: Malcolm Baldrige Core Values and Concept**

### 3. Benefits Malcolm Baldrige Model

- 1) Enhanced innovation and idea generation,
- 2) Increased customer satisfaction,
- 3) Organisational growth (employees),
- 4) Increased employee satisfaction and involvement,
- 5) Improved efficiency and effectiveness, and
- 6) Product reliability

#### Limitations Malcolm Baldrige Model

Not all findings in the literature are positive. Some research findings indicate that the use of BEM does not guarantee success (Powell, 1995; Jennings & Beaver, 1997; Fisher et al., 2001; Stephens et al., 2005)

Some companies, have experienced problems when using such models because of various weaknesses such as too sophisticated assessment criteria, excessive paperwork, cumbersome procedures, and a lack of focus which have limited its use in practice.

### 4. Business Excellence Assessments

BEMs are essentially assessment models. They are used to assess an organization's strengths and areas for improvement. From this information, senior management can make sensible decisions on the actions needed to achieve the desired results. There are many different ways that organizations can assess their systems and performance against BEMs.

The five principal ways are:

1. A questionnaire approach, 2. A proforma approach, 3. A workshop approach, 4. A matrix chart approach, 5. An award approach. In general, it is recommended that companies in the first instance use a questionnaire approach and then develop, once they are more mature, a more sophisticated approach.

#### Focus during initial stage-

During the initial stage Construction industry needs to focus of following -

- 1) Strategic planning,
- 2) Customer satisfaction,
- 3) Employee engagement,
- 4) Safety,
- 5) Knowledge management.

#### 1) Strategic Planning –

Strategic Planning addresses developing strategic plan, deployment of plans, how plans are changed if circumstances require a change. Ensure long-term organizational sustainability and competitive environment are key strategic issues that need to be integral parts of organization's overall planning.

The Strategic Planning examines how organization determines its key strengths, weaknesses, opportunities, and threats, and its ability to execute strategy. Optimizes the use of resources, ensures the availability of trained employees, and technology development or acquisition, and supplier development.



- Defining Strategy, which manages the development of a sound strategy
- Implement Strategies, which provides the sub processes needed to achieve organizational goals, including in the areas of operations and logistics
- Define goal -operations focus needed to achieve goals
- Aligning all process as per strategies
- Policy and Strategy are communicated and deployed through a framework of key processes

## 2) Customer Satisfaction

Customer-driven excellence directed toward customer retention and loyalty, market share gain, and growth.

To check Customer feedback mechanism, customer satisfaction survey, customer contact plan, recording customer complaints, action plan to resolve complaints, execute action plan and review.

Customers are the ultimate judges of performance and quality. Organization should take into account all product and service features along with characteristics and all modes of customer access and support which contribute value to customers. These actions will leads to *customer acquisition, satisfaction, preference, and loyalty; positive referrals; and, ultimately, the sustainability of business*. Customer-driven excellence has both current and future components, understanding today's customer needs and anticipating future customer needs and marketplace potential.

Many factors may influence value and satisfaction over the course of your customers' experience with organization. These factors include organization's customer relationship management, which helps build trust, confidence, and loyalty. Customer-driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. In addition, success in recovering from defects, service errors, and mistakes is crucial for retaining customers and engaging them for the long term. A customer-driven organization addresses not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate the organization from competitors.

Customer-driven excellence is thus a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth.

## 3) Employee Engagement

Employees are the asset for the organisation. Research shows that satisfied, motivated employees will create higher customer satisfaction and in turn positively influence organizational performance.

If employees are involved in creating the company vision, they will more likely support it and make it their own. Next, a company needs to focus on making the client the center of business and to develop a base of loyal clients.

Keeping employees engage is one of prime responsibility of leaders.

An organization's success depends increasingly on an engaged workforce that benefits from meaningful work,

clear organizational direction, and accountability for performance. That engaged workforce must also have a safe, trusting, and cooperative environment. Additionally, the successful organization capitalizes on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing workforce members: Valuing the people in your workforce means committing to their engagement, satisfaction, development, and well-being.

Challenges in valuing employees include 1. Demonstrating leader's commitment to their success, 2. Providing motivation and recognition which go beyond the regular compensation system, 3. Development and progression within the organization, 4. Sharing knowledge within the organization to achieving strategic objectives, 5. To achieve innovation, and 6. Creating a good and supportive environment for a diverse employee.

## 4) Safety

Creating culture of safety should be the aim of top management. Efficient health and safety at office and at ensures that employees are happy and productive. It can also help to reduce both the human and business costs of injuries and unnecessary lawsuits. Making health and safety the priority, construction companies are effectively communicating that employees are a valuable resource. Improved health and safety standards help companies become more effective to finish projects on time and improve quality with more customer satisfaction.

Management must provide their workers with the right safety tools at workplace, also equip and induct them with understanding on proper use and maintenance of these tools and machines.

Risk assessment determines the quantitative or qualitative value of risk on a particular construction site along with hazard. Most accidents are more likely due to the lack of employees knowledge of health and safety. However, the problem can be addressed through periodical training programmes on safety and safety meetings.

Two parts of Risk assessment, one is hazard, anything that may cause harm; and the other one is risk, the chance that an individual may be harmed by a hazard.

Plan to implement the Safety management systems at site & at office.

- Conduct Safety meetings, safety audits at site
- Monitoring Safety implementation at site
- Plan & Impart need base Safety related Training
- Advice on safety related matters to concerned site personnel.
- Ensuring that all necessary statutory & others records are maintained for compliance.

- Implementing methods & techniques for safe work practices.
- All HSE related issues are communicated to work force through Daily & Weekly

- Proactively identify the hazards related to Safety, Health and Environment, assess the risks and take suitable steps for minimizing and controlling at the workplace.
- Investigation of Incidents, analyze (root cause) and take appropriate CAPA.  
Preparing Monthly & Daily safety Reports.  
Monitoring Safety index, accidents free working hours, number of accidents, safe working hours

### 5) Knowledge management (KM)

Knowledge Management - To the organization, "knowledge" is defined as what people know about customers, products, processes, mistakes and success (Bollinger & Smith, 2001; Ishak, Eze, & Ling, 2010).

KM efficient handling of information and resources within a organization. Knowledge management (KM) is the process of creating, sharing, using and managing the knowledge and information of an organization.[1] It refers to a multi-disciplinary approach to achieving organizational objectives by making the best use of knowledge.

Knowledge management prevents staff from constantly reinventing the wheel, provides a baseline for progress measurement, reduces the burden on expert attrition, makes visual thinking tangible, and manages effectively large volumes of information to help employees serve their clients better and faster.

Human Resource focus how work systems, organizations learning's and employee learning's reinforce accomplishment of action plans and retention of critical organizational knowledge for long-term sustainability. Being a fundamental business enabler, knowledge management will help organizations:

- Protect their intellectual capital
- Focus on their most important assets: their human capital
- Re-orient their culture by opting for an optimal knowledge sharing strategy
- Link people to people by setting up collaborative methods
- Knowledge management helps solve most of the common business problems and helps companies increase their benefits by:
- Improving business decisions thanks to facilitated access to expertise and to leading practices, Increasing efficiency, productivity and work smarter by reducing cases of "reinventing the wheel", Improving innovation through wider and borderless collaboration, Reducing loss of know-how by capturing explicit and tacit knowledge, Speeding productivity with on-board trainings and timely access to knowledge, Increasing client satisfaction by delivering value insights, Enhancing quality and ability to collaborate by standardizing ways of working and enabling discussions with leading experts.

### 5. Conclusions

Business Excellence Model: A Framework for managing and aligning multiple organizational initiatives is a effective and efficient tool to achieve organizational sustainable excellence.

Leadership team plays a key role in the Business Excellence Model. Moving from QMS compliance to business excellence in construction industry is a need of a time.

Process improvement will help organizations to achieve sustainable excellence.

Every organization is unique and should be treated so.

It is recommended to that during the initial phase construction industry need to focus on strategic planning, Customer satisfaction, Employee engagement, Safety, Knowledge management to achieve sustainable organizational excellence.

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