

**Health and Safety Executive**  
Nuclear Safety Advisory Committee

**NSD's Use of EFQM**

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**Summary**

1. This paper supports the presentation on NSD's use of the European Foundation for Quality Management (EFQM). It covers four issues:
  - What is the European Foundation for Quality Management, (EFQM)?
  - What is the EFQM Excellence Model?
  - The use of the EFQM Excellence Model in NSD, and
  - Current developments in applying the EFQM Model in NSD.

**What is EFQM?**

2. The EFQM was founded in 1988 by the Presidents of 14 major European companies (Bosch, BT, Bull, Ciba-Geigy, Dassault, Electrolux, Fiat, KLM, Nestlé, Olivetti, Philips, Renault, Sulzer, Volkswagen) with the endorsement of the European Commission. The impetus for this network, which now has more than 700 members, was the need to develop a European framework for quality improvement along the lines of the Malcolm Baldrige Model in the USA and the Deming Prize in Japan. Both these awards had demonstrably improved service and manufacturing quality in the organisations that used them.
3. The EFQM is based in Brussels with members and partners across the world. EFQM helps European businesses make better products and deliver improved services through the effective use of leading edge management practices. EFQM is a not-for-profit membership foundation, which concentrates on serving its members' information and networking needs. The Foundation manage and direct the European Quality Awards and run training courses, workshops, work groups and special projects on many different types of business improvement disciplines, tools and techniques.
4. The EFQM's Mission & Vision are:
  - Mission: To be the driving force for sustainable excellence in organisations in Europe;
  - Vision: A world in which organisations in Europe excel.

5. Today, EFQM has more than 700 member organisations based in more than 50 countries worldwide. Members are large, medium and small sized businesses, and other organisations.

#### **What is the EFQM Excellence Model?**

6. The European Model for Business Excellence - now called the EFQM Excellence Model - was introduced in 1991 as the framework for organisational self-assessment and as the basis for judging entrants to the European Quality Award, which was awarded for the first time in 1992. It is the most widely used organisational framework in Europe and has become the basis for the majority of national and regional Quality Awards.

#### *The fundamental concepts of excellence*

7. The EFQM Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence. Within this non-prescriptive approach there are some Fundamental Concepts that underpin the EFQM Model. These are, in no order of priority:
  - **Results Orientation** - Excellence is achieving results that delight all the organisation's stakeholders.
  - **Customer Focus** - Excellence is creating sustainable customer value.
  - **Leadership & Constancy of Purpose** - Excellence is visionary and inspirational leadership, coupled with constancy of purpose.
  - **Management by Processes & Facts** - Excellence is managing the organisation through a set of interdependent and interrelated systems, processes and facts.
  - **People Development & Involvement** - Excellence is maximising the contribution of employees through their development and involvement.
  - **Continuous Learning, Innovation & Improvement** - Excellence is challenging the status quo and effecting change by using learning to create innovation and improvement opportunities.
  - **Partnership Development** - Excellence is developing and maintaining value-adding partnerships.
  - **Corporate Social Responsibility** - Excellence is exceeding the minimum regulatory framework in which the organisation operates and to strive to understand and respond to the expectations of their stakeholders in society.
8. A description of the Excellence Model criteria and criterion parts is given in Appendix 1. Whilst awards are a motivation for some users,

the EFQM Excellence Model is an effective tool for developing sound management systems through the discipline of organisational self-assessment. The EFQM Excellence Model is a practical tool to help organisations do this by measuring where they are on the path to "Excellence"; helping them understand the gaps; and then stimulating solutions. The model has application in all sectors and size, structure or maturity, of organisations.

9. The EFQM excellence model was designed to be a generic model and is as applicable to "non-business" orientated organisations such as government departments and agencies, non-profit organisations etc, as private sector organisations. However, a public and voluntary sector version that draws out some small differences is published. This is the version used by NSD. Details of the differences are provided in Appendix 2.

### **The use of the EFQM Excellence Model in NSD**

10. NSD adopted the use of the EFQM in the mid 1990's attracted by its non-prescriptive nature. An initial self-assessment against the model, facilitated by consultants, was conducted and the results formed the basis of the first Continuous Improvement Programme in NSD. Two further internal self-assessments have been conducted and in 2003 we submitted an application for a quality award with North West Excellence. In response to this an external evaluation against the model was undertaken by EFQM. Subsequently, we were awarded an 'Achievement Marque'.
11. The key achievements and benefits of using the EFQM model so far are:
  - The creation of a Continuous Improvement Programme Board, (CIPB), to oversee the direction of improvements on behalf of the NSD Management Board. Resource time for improvement was also allocated in work planning.
  - The development of a Business Management System as a means of managing by process. This incorporates a Business Management Manual, (BMM), as a top-level quality manual for NSD, which sets out the Values, Vision, Mission, principles and structure for managing NSD. In addition there are BMS procedures for the management of each Key Business Activity, (KBA – the name used in NSD for its core processes), e.g. permissioning, compliance inspection. The current 'map' of NSD KBAs is in Appendix 3.
  - Strengthening the process of strategy formulation and leading to the development of a strategy consisting of 7 goals, to provide a sharp focus to our direction and measurement of success.
  - A stronger emphasis on meeting stakeholder needs. This resulted in a re-organisation of NSD into business-focused divisions so that work plans could be directed at meeting the

expectations of Licensees. We have also undertaken a survey of stakeholder needs.

- Becoming more outcome and results focused.

### **Recent developments in applying the EFQM Model in NSD**

12. These include:

- a major revision of the Business Management Manual, (BMM). This has addressed the role and workings of the senior management team and sought to incorporate the good practice advocated in the Institute of Directors, 'Standards for the Board'
- redirecting the role of the CIPB to act more as a champion of continuous improvement, and as a proposal review and change control board. The role and scope of the CIPB now incorporates the coordination of all change whether initiated by EFQM assessments or other reviews or those initiated by the NSD Management Board or by HSE wide change.
- The work following the stakeholder survey is nearing completion and we are on the verge on issuing a stakeholder commitments documents, based on stakeholders views, which will form the basis of measuring how well we meet stakeholder expectations.
- We have committed to working towards the new Investors in Excellence Standard, (IiE), promoted by Excellence North West. This is a standards based means of recognition against the EFQM Model that avoids the competitive element present in the annual awards process.
- The current themes of the Continuous Improvement Programme aim to improve:
  - people management and secure greater involvement of all staff in improvement activity;
  - key business activity management to better meet the legitimate expectations of all stakeholders; and
  - processes for managing, evaluating and measuring the impact of Key Business Activities

13. In line with these themes NSD Senior Management has, since January, taken forward three short-term priorities covering:

- I. relationship with the rest of HSE;
- II. leadership and management capabilities;
- III. relationships with licensees.

**Conclusions**

14. The use of the EFQM model has stimulated significant beneficial change in NSD, though there is still much to do. The model does not provide answers but helps us face up to the realities of managing the organisation in aiming for regulatory excellence to secure high standards of health and safety and radioactive waste management in the nuclear industry. Self-assessment against the EFQM model promotes learning in how better to manage and the exploration of new ways of maximising the impact we have.
15. Demonstrating the results of activity to meet the results criteria remains a significant challenge.
16. As noted above, the EFQM model and the CIPB provides a very useful way of ensuring that HSE wide change is taken forward energetically in NSD. The NSD approach to the EFQM model reinforces our commitment to the new HSE Vision and Strategy.

## Appendix 1

### Overview of the EFQM Excellence Model

The following text draws substantially on the descriptions provided by the EFQM.

The EFQM Excellence Model is a non-prescriptive framework based on nine criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does. The 'Results' criteria cover what an organisation achieves. 'Results' are caused by 'Enablers' and feedback from 'Results' help to improve 'Enablers'.

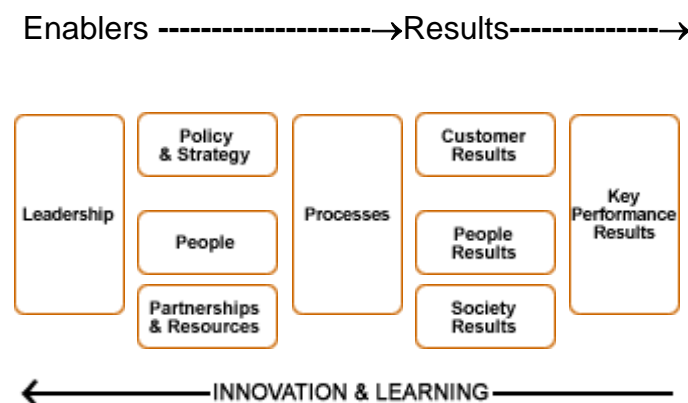
The Model, which recognises there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

**Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy that is delivered through People, Partnerships and Resources, and Processes.**

The EFQM Excellence Model is a practical tool that can be used in a number of different ways:

- as a tool for **Self-Assessment**;
- as a way to **Benchmark** with other organisations;
- as a guide to identify areas for **Improvement**;
- as the basis for a common **Vocabulary** and a way of thinking; and
- as a **Structure** for the organisation's management system.

The EFQM Model is presented in diagrammatic form below:

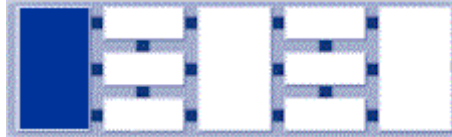


The arrows emphasise the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

To develop the high level meaning further each criterion is supported by a number of Criterion parts. Criterion parts pose a number of questions that should be considered in the course of an assessment.

**Criterion 1**

**Leadership**



**Definition**

Excellent Leaders develop and facilitate the achievement of the mission and vision. They develop organisational values and systems required for sustainable success and implement these via their actions and behaviours. During periods of change they retain a constancy of purpose. Where required, such leaders are able to change the direction of the organisation and inspire others to follow.

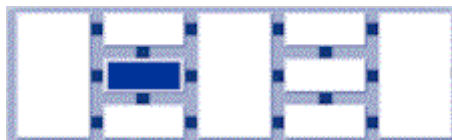
**Sub-criteria**

Leadership covers the following five criterion parts that should be addressed.

- 1a. Leaders develop the mission, vision, values and ethics and are role models of a culture of Excellence
- 1b. Leaders are personally involved in ensuring the organisation’s management system is developed, implemented and continuously improved
- 1c. Leaders interact with customers, partners and representatives of society
- 1d. Leaders reinforce a culture of excellence with organisation’s people
- 1e. Leaders identify and champion organisational change.

**Criterion 2**

**Policy and Strategy**



**Definition**

Excellent Organisations implement their mission and vision by developing a stakeholder focused strategy that takes account of the market and sector in which it operates. Policies, plans, objectives, and processes are developed and deployed to deliver the strategy.

Policy and Strategy cover the following four criterion parts that should be addressed.

- 2a. Policy and Strategy are based on the present and future needs and expectations of stakeholders
- 2b. Policy and Strategy are based on information from performance measurement, research, learning and external related activities
- 2c. Policy and Strategy are developed, reviewed and updated
- 2d. Policy and Strategy are communicated and deployed through a framework of key processes

**Criterion 3**



**People**

**Definition**

Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and organisational level. They promote fairness and equality and involve and empower their people. They care for, communicate, reward and recognise, in a way that motivates staff and builds commitment to using their skills and knowledge for the benefit of the organisation.

People cover the following five criterion parts that should be addressed.

- 3a. People resources are planned, managed and improved
- 3b People’s knowledge and competencies are identified, developed and sustained
- 3c People are involved and empowered
- 3d People and the organisation have a dialogue
- 3e People are rewarded, recognised and cared for

**Criterion 4**



**Partnerships and Resources**

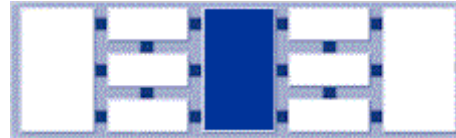
**Definition**

Excellent organisations plan and manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective operation of processes. During planning and whilst managing partnerships and resources they balance the current and future needs of the organisation, the community and the environment.

Partnerships and Resources cover the following five criterion parts that should be addressed.

- 4a. External partnerships are managed
- 4b. Finances are managed
- 4c. Buildings, equipment and materials are managed
- 4d. Technology is managed
- 4e. Information and knowledge are managed

**Criterion 5**



**Processes**

**Definition**

Excellent organisation's design, manage and improve processes in order to fully satisfy, and generate increasing value for, customers and other stakeholders.

Processes cover the following five criterion parts that should be addressed.

- 5a. Processes are systematically designed and managed
- 5b. Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders
- 5c. Products and Services are designed and developed based on customer needs and expectations
- 5d. Products and Services are produced, delivered and serviced
- 5e. Customer relationships are managed and enhanced

**Criterion 6**



**Customer Results**

**Definition**

Excellence organisations comprehensively measure and achieve outstanding results with respect to their customers.

Customer Results cover the following two criterion parts that should be addressed.

- 6a. Perception Measures
- 6b. Performance Indicators

**Criterion 7**



**People Results**

**Definition**

Excellent organisations comprehensively measure and achieve outstanding results with respect to their people.

People Results cover the following two criterion parts that should be addressed.

7a. Perception Measures

7b. Performance Indicators

**Criterion 8**



**Society Results**

**Definition**

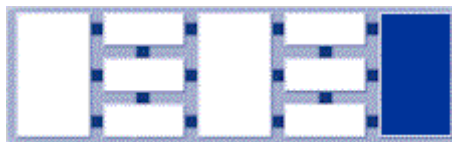
Excellent organisations comprehensively measure and achieve outstanding results with respect to society.

Society Results cover the following two criterion parts that should be addressed.

8a Perception Measures

8b. Performance Indicators

**Criterion 9**



**Key Performance Results**

**Definition**

The measures are key results defined by the organisation and agreed in their policy and strategies.

Key Performance Results cover the following two criterion parts that should be addressed. Depending on the purpose and objectives of the organisation some of the measures contained in the guidance for Key Performance Outcomes may be applicable to Key Performance Indicators and vice versa.

9a Key Performance Outcomes

9b Key Performance Indicators

### Appendix 3

#### Public and voluntary sector version of EFQM Model

##### Background

The EFQM Excellence Model recognises the richness of differences that exist between different types of organisations and between countries. In the Public Sector, the goals for management and modernisation will vary. In some countries, for example Great Britain, the emphasis on public sector quality may be customer-orientation. In Italy, transparency and flexibility of administrative activities are important. In Germany, administrative modernisation or management-oriented public administration describes the content of public sector quality. In current international practice, public sector modernisation and New Public Management are common themes in public sector administration and these are defined by characteristics such as:

- greater responsiveness to needs of customers or the users of a service;
- emphasis on performance and outcome management;
- introduction of standards for performance;
- greater communication of results;
- devolution of financial and personnel management accountabilities;
- appreciation of market forces and the creation of internal markets;
- privatisation of public enterprises;
- application of private sector management methodologies.

The context may relate to service provision in an environment of limited finance and growth in demand, a requirement to reduce costs through internal economies and the need to respond to social and political changes. Other distinctions that emerge are:

- In the Public and Voluntary Sectors, self-assessment and improvement will need to address the management role and how it interfaces with the political role. The EFQM Excellence Model does not seek to assess the 'quality' or 'excellence' of political policies, but rather the management of excellence within organisations.
- Customers in Public and Voluntary Sector organisations are the recipients or beneficiaries of the activities, products, dictates and services of the central and local government organisations. Customers are not necessarily the primary users of the services provided. Government organisations deliver services according to central government policy and are accountable for the performance to political stakeholders e.g. ministers and parliament. Government sets political targets. Customer satisfaction measures are based on areas seen as important to customers and customer groups.

- Relationships between customers in the Public and Voluntary Sector organisations can be very different from those of the private sector. For example, public services can have monopolistic, compulsory or a restraining function. Nevertheless, it remains true that Public and Voluntary Sector organisations exist, in the main, to serve customers whether they are individuals, interest groups or society at large. They will be judged by reference to the extent to which they meet the needs of those groups. Furthermore consultation with their customers in the widest sense is an important factor in achieving excellence.
- Policy and Strategy will address internal culture, structure and operations in both the short and the long term with regard to the priorities, direction and needs of the customers, people, community and politicians.
- The fact that many Public Sector organisations have restrictions placed by government, local and/or central, on their management of people, means that they can only operate within certain defined freedoms. Organisations will need to work within these restrictions to obtain the optimum potential of their workforce.
- Public Sector organisations will often be subject to financial constraints, pressures and compliance legislation in managing their financial resources, over and above those encountered in the private sector. The ability of Public Sector organisations to generate additional financial resources may be limited, as may its freedom to allocate, or reallocate, its fund to the services it wishes to deliver.
- Public Sector organisations that may have little control over their levels of resourcing should not measure the rights or wrongs of resource levels or allocations, but how, within the organisation's degrees of freedom, resources are managed to support Policy and Strategy.

The EFQM Excellence Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence in organisations. There is therefore considerable freedom for interpretation to reflect strategies that are appropriate for an individual public sector entity given where it has come from, the cultural climate, country diversity, modernisation progress, and political climate. The EFQM Excellence Model can respect and subsume work being undertaken with other models, systems and procedures e.g. Balanced Scorecard, Customer Value Chain, Investors in People (UK), Charter Mark (UK), the Speyer Award (Germany, Austria, Switzerland), New Public Management, ISO Certification and country specific quality assurance and certification systems.

### Criteria Differences

**1 Leadership** None

### **2 Policy and Strategy**

**2a** Defines the shareholder as 'owning stakeholders' (i.e. the government or governing body).

**2b** Uses the term comparator in addition to competitor to highlight that often in the public sector there is no competition.

**2c** Uses the term 'capacity to take advantage of opportunities' in addition to competitive advantage.

### **3 People**

**3e** Identifies that aligning remuneration; redeployment etc will be 'within the bounds of Government or governing body policies'.

### **4 Partnerships and Resources** None

### **5 Processes**

**5c** Includes other stakeholders as well as customers in the context of determining needs and expectations.

**5d** Adds promoting to the selling of products and services

**5e** Uses term 'product and service delivery and servicing ' in terms of follow-up on customer relationships

### **6 Customer Results**

**6a** Some additions to perceptions measures:

*Overall image:* fairness, courtesy and understanding.

*Products and services:* relevance of product or service.

*After sales service:* becomes product or service aftercare.

*Loyalty:* Intention to use the product again, willingness to use and willingness to commend are added.

**6b** Some additions to performance indicators:

*Products and services:* value for money and performance

against customer-based objectives *After sales service:*

becomes product or service support and aftercare *Loyalty:*

includes number of commendations and number of lost services

### **7 People Results** None

### **8 Society Results** None

### **9 Key Performance**

**9a** *Financial outcomes* become:

**Results-** meeting of budgets

- audited accounts including income, grants and expenditure items

- investment returns surplus/profit

**Non-financial outcomes** become

- market share; - time to introduce new products and services; - volumes; - success rates as defined by the vision and mission- compliance with legislation and codes of practice results

Appendix 2

Current Map of NSD KBAs

