

APPLYING SIMULTANEOUS BALANCED SCORECARD AND EXCELLENCE MODEL BY TOOLS OF QFM AND SWOT AND MADM

Mohammad Rad Ghasabeh, Ali Rahimi

M.A. Student of Business Management, Rasht Branch, Islamic Azad University, Guilan, Iran

Abstract

Topics in performance management Balanced Scorecard provides a framework for organization strategic management. This strategic framework to strategic objectives is considered for the balanced scorecard. Excellency model with another approach try to improve organization performance. Balanced Scorecard provides a mechanism to align the activities and processes of different groups with long-term goals of all organizations. Balanced scorecard to identify and understand the organization's strategy provides a framework. In this paper offer a methodology to apply the model EFQM and BSC model to improve the performance of organization. By using analysis SWOT, BSC organization's strategy is determined. Then by combining the model EFQM, QFM, BSC is given rating to strategies and by using MADM model are ranked strategies.

Keywords: BALANCED SCORECARD, EFQM, SWOT, BSC

1. INTRODUCTION

Determining the position of systems, methods, and different techniques in bodies of organizations and how their relationship to each other and determine its strengths and weaknesses, and ultimately improving performance is issue that are managers concerned in more companies and organizations. [1] Organizations survive and thrive in environment of full mystery competitive in contemporary world that speed of change and complexity uncertain is main property, required to adopt and implement effective strategies and continuous improvement of performance. [4] This is achieved through setting objective and design and strategies and thus performance evaluation and control. Performance evaluation can be caused knowledge from rate of progress in improving organizational performance. As a result incentive and opportunity for improving organizational performance can provide and may be caused stimulate curiosity of question and challenge about doing work and how resources allocation and guarantee value of efforts conducted are always at a high level, only through measurement systems and performance measurement is possible. However managers and employees can understand strategy and roles of their performance in the success of it, In the same way can getting rational decisions about strategy that by only reliance on initial perception, were never able to do such participation[11].In Managers opinion, strategy card is the top-down approach. This approach started with investigation of purpose and goal of organization and deals with drawing ways to achieve desired destination. In this regard, senior managers of organization should deal with first examining statement of mission and central values. Actually foundation of the balanced scorecard consists strategy map that according to Kaplan and Norton successful implementation of balanced scorecard is based on it.it means

accurately depicts causal relations between the organization's strategic goals in four perspectives of financial, customer, internal process, and growth and learning [6].

2. RESEARCH LITERATURE

2.1. EFQM Model

European Foundation for Quality Management EFQM in 1988 by 14 organizations facing European in Brussels of Belgium In order to excellence waste European through improving the quality was established as basis process of business for continuous improvement. [3] The mission of this organization is creation of a driving force for excellence in performance and its perspective is brightness European organization in the world. European Foundation for Quality Management in has had major role to encourage and help to European companies. Designed for this model began in 1989 and EFQM excellence model was introduced in 1991. It quickly attracted the attention of European companies and it was found that public sector organizations and small industries are also of interest to use it. EFQM model is a tool to assist organizations in identifying excellence organizational path and effective parameters on organizational excellence and ultimately providing suitable solutions for organizational performance.[2]

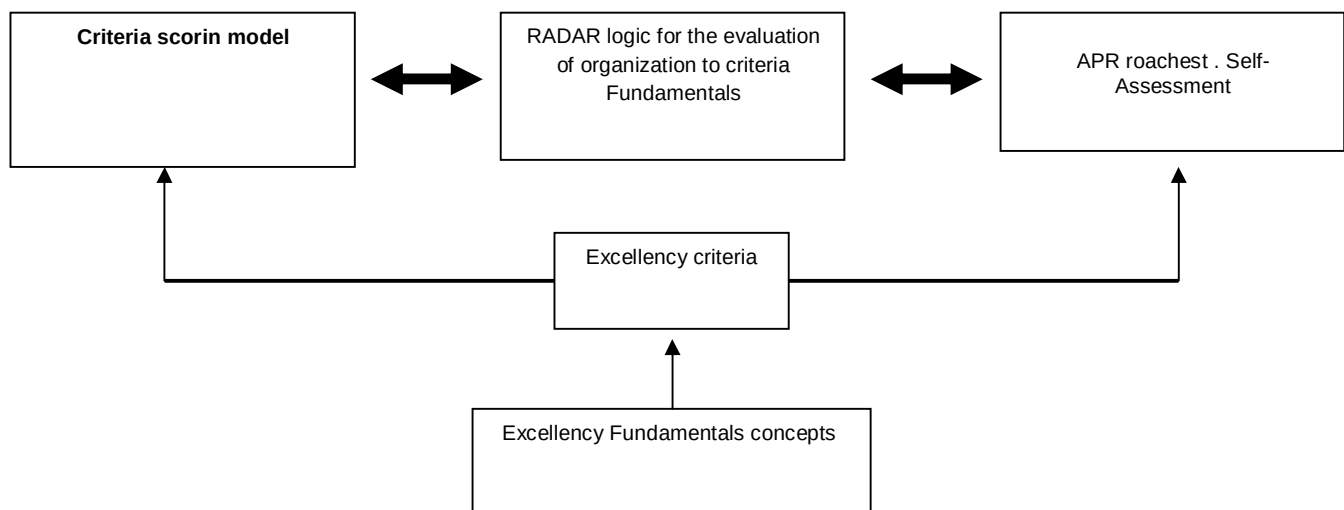


Figure (1-1) EFQM Model and their relationship with each other

EFQM excellence model is a model of non-prescriptive that is composed of 9 criteria and is evaluation basis of an organization.

2.2. BSC Model

Harvard Business School professor Robert Kaplan in the early 1990s together with David Norton that at the time was manager of a research firm dependent on KPMG consulting institute, Research project began to investigate the causes of success twelve American companies and study

methods of performance evaluation in this company. According to Kaplan and Norton (Balanced Scorecard elite) the key to successful implementation of strategy in organization is that the personnel of an organization must understand and appreciate of it that this issue includes the creation of complex processes, yet very vital that during intangible assets into become evident and tangible outcomes. The role of strategy is useful tool and appropriate to depict doing this. Ie strategy map is a tool that communicates between processes and systems to help implement the strategies. This tool gives employees a clear and direct view to know how their business activity (finally) was connected to the organization's overall goals [5].

According to Kaplan and Norton to do a full assessment of performance must:

This performance is evaluated from four views or perspectives.

- 1- Financial perspective
- 2- customer perspective
- 3- internal processes perspective
- 4- Innovation perspective

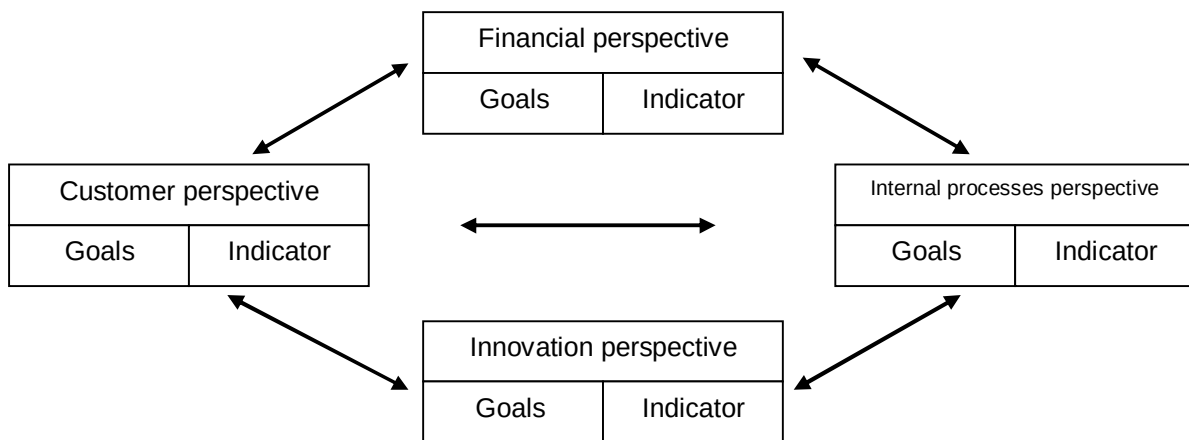


Figure 2), balanced scorecard (Primary Framework – 1992) (1992 kaplanand noron)

3. COMPARING THE DIFFERENCES AND SIMILARITIES OF EFQM AND BSC MODEL

The main criteria of EFQM Model in four aspects of BSC model is shown in following figure[10]

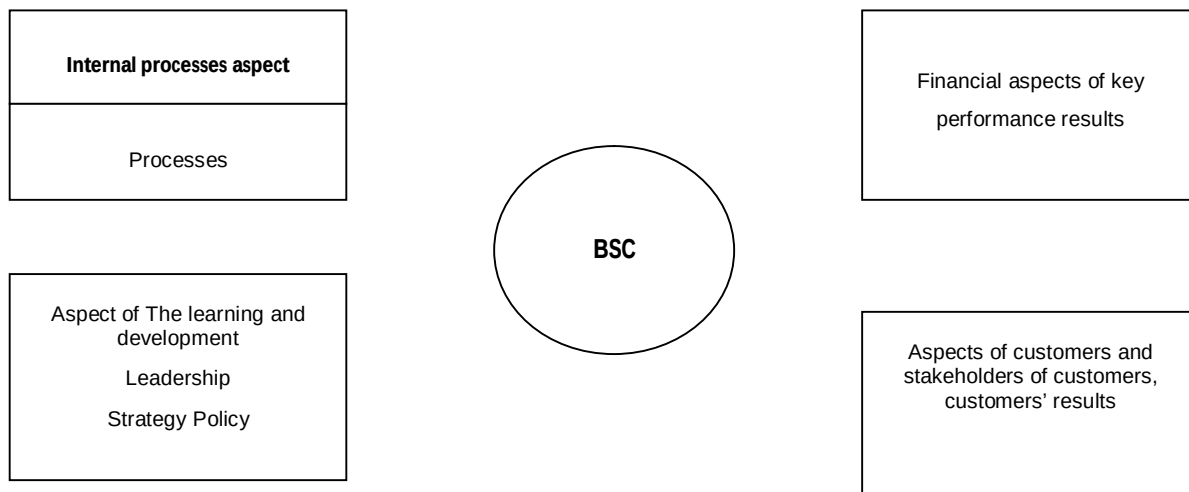


Figure 3) image of EFQM model in BSC

It is determined that the criteria in EFQM model are history of the BSC. Although some Negligible, criteria such as society results and the employees are located in favor of customers. However, the balanced scorecard is not much explicit emphasis on these two criteria. For employees be emphasized more on improving of skills and human resource development [13]. The other hand BSC has special attention on learning and growth, and considered it as foundation of success in other aspects. BSC has much more emphasis on strategic goals. All sections in Balanced Scorecard is set based on the organization's strategic vision. In fact balanced scorecard provides mechanism to align the processes and activities and different groups with long-term goals of the organization. By BSC is provided a strategy map that to help manage creation of causal logic between the indicators and the results will create a strategy. Both models for organization suggest motivational system that rewards should be appropriate and related to the strategic indicators. Perhaps this model can provide a non-prescriptive framework to users as a tool to help in setting their own performance targets [7].

4. APPLYING BOTH THE BALANCED SCORECARD METHOD AND EFQM EXCELLENCE MODEL BY TOOL SWO, QFD AND MADM

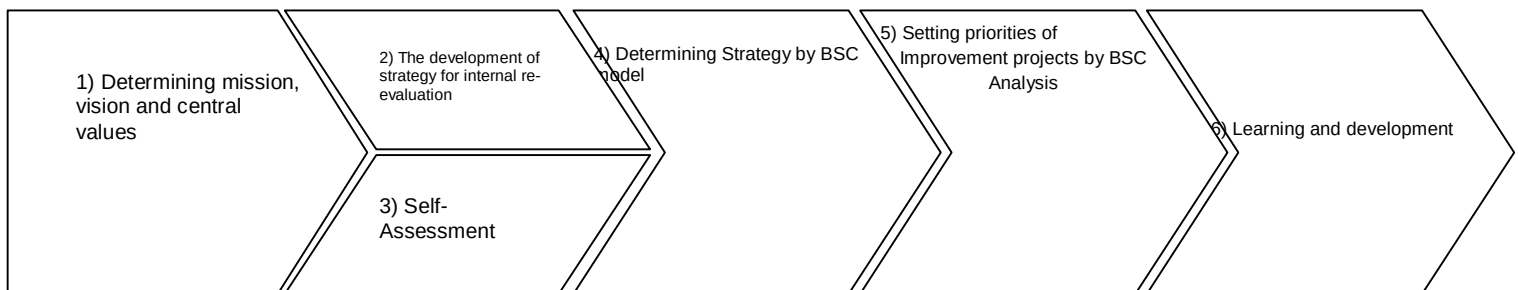


Figure 4) methodology by applying EFQM and BSC model simultaneously by using QFD and analysis SOWT

4-1) determining the mission and vision and central values and strategic objectives

Organization vision is necessary that becomes overall phrase to objective activities in organization's operation. Vision shows that organization to work in an area, what an image create from themselves in the minds of beneficiaries. Mission of an organization describes its business lines [8].

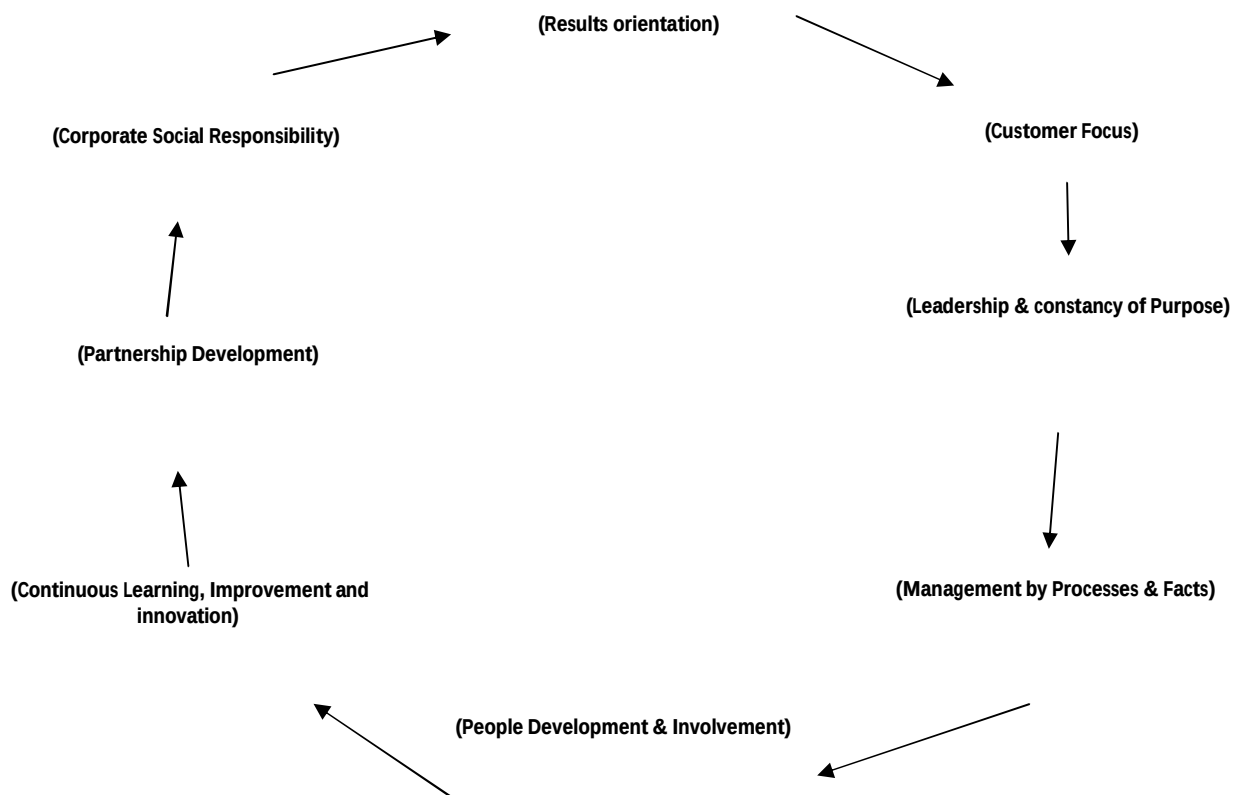


Figure 5) how the interaction between the basic concepts of EFQM model (book of Excellency model EFQM)

Benefits of applying this concept for organization are:

- 1- Adding value for all stakeholders of the organization
- 2- A stable situation for all the stakeholders
- 3- Understanding the present and future functional requirements of the organization help to set goals.
- 4- Creating alignment and concentration in the organization
- 5- To delight the stakeholders of organizations

4-2) Self-assessment is systematic, comprehensive and regular review of organization's activities and its results is based on excellence model like EFQM. EFQM excellence model has a significant source for self-assessment in organization such as: organization's strengths and areas requiring improvement are identified. It creates a very soft approach based on the facts of the organization in order to correctly identify and evaluate the middle of the organization and measures development trends periodically. It provides a common language and conceptual framework in the management style and improvements of the organization. The main excellence concepts of organizational and how relationship of these concepts with responsibilities would be taught. It assesses the organization into a coordinated and integrated approach in level and macro. By self-assessment in organization, we measure the performance

of organization. So after re-performing change rate measure organizations organization performance by testing hypotheses [9].

4-3) Development strategy and evaluating internal and external environment: SWOT analysis, overall strategy is to create a sustainable competitive advantage in new organization. Strategies can determine how to allocate enterprise resource. In new strategy are two issues important: First, the organization must be identified environmental threats by evaluation of the external environment on the other hand by internal evaluation are identified the strengths and weaknesses of the organization. This is done by SWOT.

4-4) determining strategy by BSC model and SWOT analysis: by applying both models SWOT and the balance scorecard is determined strategies of the organization. This phase will consist of two parts. First simultaneously by using the SWOT matrix and BSC model organization strategy will be determined according to the organization's internal and external environment and in the next step by organizational strategy is expressed strategy map [14].

4-5) determining points of Improvement strategies by integration QFD matrix EFQM, BSC: One of the features of organization Total Quality Management has been proposed widely. One of the goals of the performance management methodology is to associate with improve projects with the organization's strategy.

4-6) ranking improvement strategies by MADM model: organization strategies are ranked based on MADM model. In this section, due to weight data, the alternatives are ranked.

4-7) screening and implement strategies for improvement: Priority of strategies to improve organization screening based on raking performed and this improvement strategy are executed based on strategic priority because be promoted the level of organization performance.

4-8) learning and reviewing: In last step to ensure that the level of organizational performance has improved we refer to Step 2. Again means by EFQM model is done self-evaluation to realize whether achieved to performance improvements or not that in this step, we use a statistical hypothesis test. Here by using F test statistics and assuming that the variance is the same before and after the implementation of the model, we check organization performance [12].

5. CONCLUSION

Organizations survive and thrive in environment of full mystery competitive in contemporary world that speed of change and complexity uncertain is main property, required to adopt and implement effective strategies and continuous improvement of performance. Balanced scorecard in the field of strategic planning is entered to performance management system issue. Model EFQM based on TQM is entered to performance management system issue. Two areas of strategic planning and Total Quality Management are in performance management. There are four key processes for implementing the balanced scorecard as connect and be repeated and finally, the balanced scorecard will become performance measurement system to a strategic management system. These processes include: 1- Clear vision and strategy for organization 2 - to communicate

and conveying information 3 - Planning and establishing quantitative targets 4 - feedback and learning.

REFERENCES

- [1] Ahn, H. (2001) Applying the Balanced Scorecard concept : an exoerience report. Long Range Planning August, 461-441 .
- [2] Besterfield,D.H.,and Besterfield- Michna, C., Total Quality Management, 2nd edition, Prentice Hall,New Jersey (1999).
- [3] EFQM Advice booklet ,(00 2000)) , starting out on the journey of excellence,EFQM .
- [4] EFQM Advice booklet ,(02 2000)) , Policy and Strategy, EFQM .
- [5] EFQM Advice booklet ,(03 2000)) , People, EFQM .
- [6] EFQM,Assessing For excellence, A practice Guide For Self – Assessment,Brussels (1999).
- [7] GaelleLamotte & Geoff Garter, <<Are the Balanced Scorecard >> and the EFQM Excellence Model mutully exclusive. Or do they work together to bring added value to a company?>> Balanced Scorecard Collaborative, 2000 .
- [8] Hakes, C.,The Corporate self-Assessment Handbook For Measuring Business, McGraw – Hill (1996).
- [9] Henrik Anderson, Garvin Lawrie and Michaelshulver (200),<<The Balanced Scorecard VS .the EFQM Business Excellence Model>>, 2 GC working paper available at www.2gc.co.UK
- [10] Kaplan, Robert S ; Norton, David P .(2004).The strategy-focused,translate by parviz bakhtiari,publication of industrial management.
- [11] Kaplan, Robert S ; Norton, David P.(2005). strategy Maps:Converting Intangible Assets to Tangible Outcomes, translate by hossein akbari,masood soltani,amir maleki,publication of Ariana Industrial Research Group.
- [12] Najmi,m;hosseini,s.(2003). Excellency model From Idea to Execution, publication of ronass.
- [13] Rezaei,k;ashtiani,h.r;hoshyar,m;vaziri,f.(2005). Customer oriented approach to the planning and improvement of product quality,publication of RWTUV and atena.
- [14] Wongrassanmee, P.D.Gardiner,J.E.L. simmons (2003) , Performance measurement tools: the BSC and EFQM Excellence Model>>, MEASUEING BUSINESS EXCELLENCE, 29-14 ,(1)7 .