



Business Excellence

Business Excellence is a methodology that enables any business entity to achieve "excellence." The focus is on four distinct areas - business processes, employee performance, public impact, and customer satisfaction. Business Excellence has a solid track record and has been validated as effective by demonstrating significantly greater success in companies (of all types and sizes) using this method.

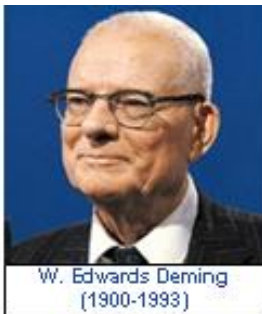
The term "Business Excellence" originated in the early 1980s when the U.S. quality movement was forced to respond to the tremendous quality advancements in Japan. The differentiating characteristic from existing quality programs was the establishment of an award for exceptional achievement in quality improvement. Most industries now appreciate Business Excellence and recognize it as a key factor in advancing their performance to world-class levels.

Award programs are essential to Business Excellence and are typically administered by an agency acting as an unbiased, quality custodian. Professional organizations with complementary missions often endorse these awards, and thereby make the application more compelling. Awards also result in defining and sharing best practices. They foster a culture of continuous process improvement and induce healthy competition so that the bar is continually raised. Thus, the playing field remains equal though the bar continues to rise.

Most awards involve completing an application from a national sponsoring body and an onsite review visit by an examiner whereby the organization is scored. Usually, a written or web-based questionnaire is used to collect data elements ahead of the visit. Results are then logged into a central database and benchmarked against those of similar applicants and known best practices, and the award determination is made.

The Deming Prize

While the U.S. was basking in post-WWII economic prosperity, Japan was quietly determined to establish a manufacturing empire and eventually experienced remarkable success in the auto industry making attractive, safe, dependable, and reasonably priced cars. Toyota (and many other Japanese businesses) followed the teachings of American quality management genius, Dr. W. Edwards Deming, to help them create near-perfect products.



W. Edwards Deming
(1900-1993)

Soon, Ford customers began requesting models with Japanese transmissions because they ran more smoothly and lasted longer. After Japan achieved widespread business economic success, their government created an



award in Deming's honor.

The Deming Prize has two categories. One is for individuals who have made outstanding contributions to the study or dissemination of quality management. The other is for an organization that has achieved distinctive performance improvements through quality management. These awards do not set specific criteria for recipients under consideration. Rather, they examine current performance results and future expectations.

With the help of a Japanese consultant, Florida Power & Light is, to date, the only company outside of Japan to win The Deming Prize.

The Malcolm Baldrige National Quality Award

[The Baldrige Award](#) was named after the Secretary of Commerce appointed by President-elect Ronald Reagan. Malcolm Baldrige was a successful businessman and also a team roping expert on the rodeo circuit. The award was signed into Public Law by Reagan in 1987, the year Baldrige died in a rodeo accident. It is administered by the National Institute of Sciences and Technology.

The Baldrige Award was initiated in response to Japanese business successes that eclipsed those of the U.S. The Baldrige Award promotes Business Excellence and has seven core values including leadership, strategic planning, customer focus, measurement and analysis, workforce focus, process management, and results.



The Baldrige Award intends to promote quality awareness, recognize quality achievements of US companies, and publicize the successful quality strategies of the highest performers. Scoring covers a range of up to 1000 points across 7 categories and over half of the points relate to benchmarking. As well, a pervasive staff trait in the highest performers was a vicarious, open, we-can-learn-from-anyone attitude.

The Ritz-Carlton is the only two-time recipient of the Baldrige Award and competes against nearly 10 other luxury hotel chains. The company encourages advancement through professional development programs for front-line staff. In fact, former company President Horst Schulze, responsible for the \$2 billion Ritz-Carlton worldwide operation, began as a waiter's apprentice.

EXTRA: Simon Cooper, current President/COO of The Ritz-Carlton, gives his honest assessment and approach to economic recovery in a recent 30-minute presentation. The message is helpful for those of us trying to lead EDs and achieve best practices in spite of difficult finances. Go to <http://www.quality.nist.gov/Video/QEXXI/index.htm#Cooper> (start at 5:05 to skip the intro) and learn his mantra: Evaluate, Communicate and Act.