

BRINGING EXCELLENCE TO AUTOMOTIVE

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Abstract

Market situation and development in recent years shows, that organization's ability to meet customer requirements is not enough. Successful organizations are able to exceed the expectations of all stakeholders. They are building their excellence systematically. Our contribution basically how the excellence in automotive is created using EFQM Excellence Model in Total Quality Management.

Key words

Quality Management System, Total Quality Management, EFQM Excellence Model, Fundamental Concepts of Excellence, RADAR logic

Global recession, which is presented by downturn in economic activity in many countries, is in Slovakia felt too. First of all it is the growth of prolonged unemployment, then rising interest rates and significant growth of debt. Most of fiscal stimulus needed necessary to improve the situation are stopped because of budget cuts related to contribution to the European bail-out fund – mechanism, that should rescue Euro in European sovereign-debt crisis. In the time of economic crisis Slovakia remains stable in many indicators. At least it seems to be so. GDP - real growth rate reached +3,3 % in 2011 (+4 % in 2010). And although the consumption of long-term goods decreases in the time of recession, in Slovakia there is the automotive sector first, that holds the country in the zone of growth. But is quality nowadays still one from key elements, which is able to bring the success?

The situation on the market full of competition shows basically, that ability to comply with standards and statistical methods for monitoring are not sufficient. Success today is much more linked to key factors such as innovation, customer experience, process optimisation, creativity, employee engagement, change management, diversity, resource planning, flexibility, sustainability etc. There are many different kinds of tools and models,

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which are designed to help organisation to manage many of these factors effective, but the most complex of them is EFQM Excellence Model.

EFQM represents the name of a non profit foundation (European Foundation for Quality Management), based in Brussels, which was formed in 1988 by a group of leading European organisations.

EFQM Excellence Model is model created by EFQM and is based on premise, that excellent organisations achieve and sustain superior levels of performance that meet or exceed the expectations of all their stakeholders. To achieve sustainable success, EFQM provides guidance through a set of three integrated components:

1. *The Fundamental Concepts of Excellence* are represented by underlying principles which are the essential foundation of achieving sustainable excellence for any organisation.
2. *RADAR logic* is a simple but powerful tool for driving systematic improvement in all areas of the organisation.
3. *The EFQM Excellence Model* which is designed to create a framework to help organisations to convert the Fundamental Concepts and RADAR thinking into practice.

Sustainable success is then achieved in intersection area of all three components.

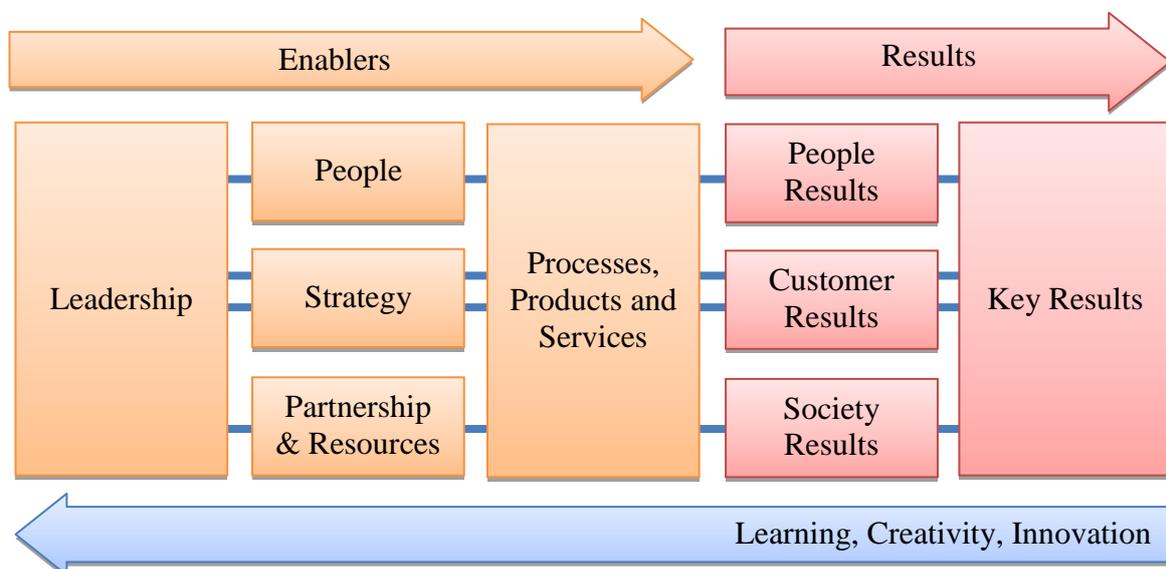
The Fundamental Concepts of Excellence are represented by these concepts:

1. Achieving balanced results - excellent organisations meet their mission and progress towards their vision through planning and achieving a balanced set of results that meet both the short and long term needs of their stakeholders and, where relevant, exceed them.
2. Adding value for customers - excellent organisations know that customers are their primary reason for being and strive to innovate and create value for them by understanding and anticipating their needs and expectations.
3. Leading with vision, inspiration and integrity - excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics.
4. Managing by process - excellent organisations are managed through structured and strategically aligned processes using fact-based decision making to create balanced and sustained results.
5. Succeeding through people - excellent organisations value their people and create a culture of empowerment for the balanced achievement of organisational and personal goals.
6. Nurturing creativity and innovation – excellent organisations generate increased value and levels of performance through continual and systematic innovation by harnessing the creativity of their stakeholders.
7. Building partnerships – excellent organisations seek, develop and maintain trusting relationships with various partners to ensure mutual success. These partnerships may be formed with customers, society, key suppliers, educational bodies or non-governmental organisations.
8. Taking responsibility for a sustainable future – excellent organisations embed within their culture an ethical mind-set, clear values and the highest standards for organisational behaviour, all of which enable them to strive for economic, social and ecological sustainability.

RADAR logic is based on the 4-step process:

Firstly organisations should define their results (R), which they want to achieve as a part of their strategies. Then they should plan and develop approaches (A), which will deliver these results. As a third step they need deploy (D) their approaches systematic and finally they have to assess and refine (A) (R) the approaches based on analysis of the results achieved and learning activities.

Finally the EFQM Excellence Model consists of 9 criteria – 5 for enablers and 4 for results. Model helps managers to understand the cause and effect relationships between what their organisation does (the enablers) and the results it achieves. To achieve sustained success, organisations need strong leadership and clear strategic direction. They need to develop and improve their people, partnerships and processes to deliver value-adding products and services to their customers as in relations next figure shows.



Source: www.efqm.org

Fig. 1 EFQM Excellence Model 2010

In enablers criteria:

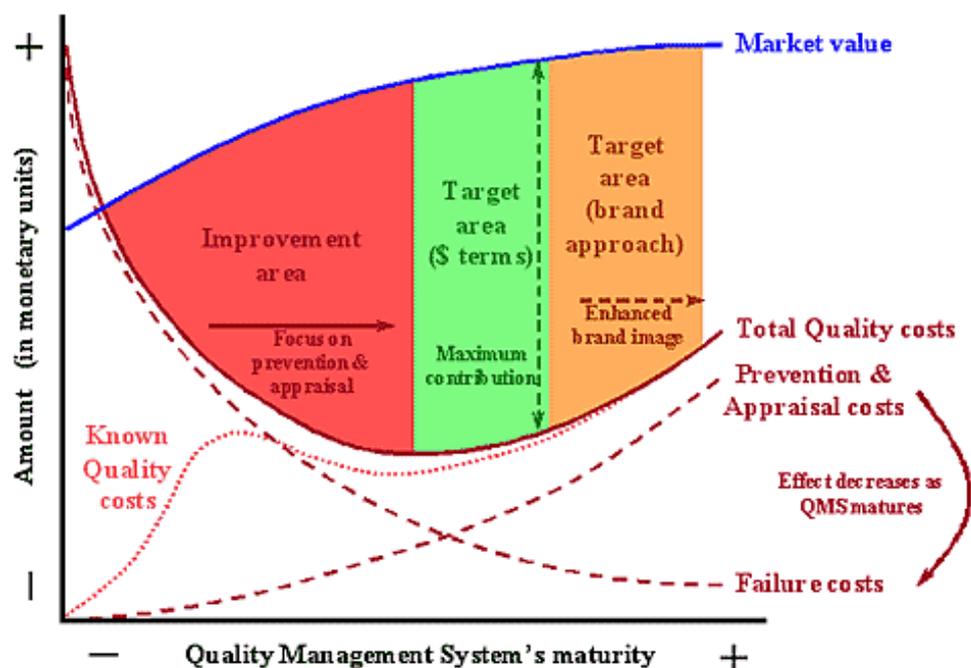
1. Leadership – excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics and inspiring trust at all times. They are flexible, enabling the organisation to anticipate and react in a timely manner to ensure the ongoing success of the organisation.
2. Strategy – excellent organisations implement their mission and vision by developing a stakeholder focused strategy. Policies, plans, objectives and processes are developed and deployed to deliver the strategy.
3. People – excellent organisations value their people and create a culture that allows the mutually beneficial achievement of organisational and personal goals. They develop the capabilities of their people and promote fairness and equality. They care for, communicate, reward and recognise, in a way that motivates people, builds commitment and enables them to use their skills and knowledge for the benefit of the organisation.

4. Partnership and resources – excellent organisations plan and manage external partnerships, suppliers and internal resources in order to support strategy and policies and the effective operation of processes.
5. Processes, products and services – excellent organisations design, manage and improve processes to generate increasing value for customers and other stakeholders.

In criteria of results excellent organisations:

- Develop and agree a set of performance indicators and related outcomes to determine the successful deployment of their strategy and supporting policies, based on the needs and expectations of their stakeholders.
- Set clear targets for Key Results based on the needs and expectations of their stakeholders, in line with their chosen strategy.
- Demonstrate positive or sustained good results over at least 3years.
- Clearly understand the underlying reasons and drivers of observed trends and the impact these results will have on other performance indicators and related outcomes.
- Anticipate future performance and results.
- Understand how the Key Results they achieve compare to similar organisations and use this data, where relevant, for target setting.
- Segment results to understand the experience, needs and expectations of specific stakeholders.

We have to say, that it is no easy to build system for effective implementation of the EFQM Excellence Model. Ability to develop all The Fundamental Concepts of Excellence is determined by organization's level of maturity in relation to the quality system. And in addition to the ability to develop Concepts of Excellence, there is still the financial aspect. According to well known model of total quality costs (figure 2), when a Quality management system (QMS) is young, one euro invested in prevention produces much more than one euro in savings because of a strong drop in failure costs.



Source: Garriga E.: Facing crisis through quality: Back to basics

Fig. 2 Impact of QMS maturity on brand and financial results

As the QMS matures, that same euro invested in prevention does not produce as much of a benefit. In fact, at the some point, the investment in quality costs more than the value it gives the product, except perhaps in brand image.

Implementation of EFQM Excellence Model is most often associated with higher level of QMS maturity, so its impact is reflected primarily in enhanced brand image. Although the development of all principles of excellence helps organisation to achieve competitive advantage, we should keep in mind its potential in the area of financial results. This point of view is important especially today, in time of economical crisis.

Automotive was always sector of innovation and not only in technology, materials or technical solutions, but also in area of management, marketing or quality approach. Most of TQM models and tools were developed exactly there. Today organisations of automobile and supplier industry create networks with objective to intensify exchanges of ideas and experiences between the companies such as Network of Automotive Excellence (NoAE) and many others.

It is difficult to implement EFQM Excellence Model in organisation and it is even more difficult to develop system by achieving excellent results. This can be achieved only if the QMS and management of organisation are the single entity. Automotive shows, that this principle is possible. Many award or prize winners from automotive in European Excellence Award or in Slovakian National Quality Award prove it. From all participants we can present organisation such as Robert Bosch GmbH (from Germany) – the EFQM Excellence Award 2011 Price winner in Leading with Vision, Inspiration & Integrity and Managing by Processes, or the finalist Bosch Car Multimedia from Portugal. Fact, that we can find for example BMW AG Werk Regensburg between companies recognised for Excellence 5 stars in EFQM, is no surprise. In Slovakia, it is the company HANIL E-HWA AUTOMOTIVE SLOVAKIA, s.r.o. delivering parts for Kia, Hyundai or Volskwagen, that was awarded in Slovakian National Quality Award in 2010.

But the interest of customers is still the highest award to all organizations that build their excellence.

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