

**BUSINESS PERFORMANCE ASSESSMENT AND THE EFQM  
EXCELLENCE MODEL 2010  
(CASE STUDY)\***

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Case study  
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*The application of the latest management methods becomes today, during the ongoing European integration processes, a requisite for the success of the business within the environment of international markets. In this paper, the authors pay attention to the expansion of the organizational knowledge base with an application of a new management method. They are dealing with assessment of the organization performance, the issue of its effectiveness and the increasing economic efficiency, on an example of a selected mining company as a case study. In order to detect weaknesses in the company reviewed and to offer suggestions for improvement, which may move the company towards prosperity, the authors carried out the performance assessment by using the EFQM Excellence Model 2010. The aim of this paper is to introduce the business performance assessment model in terms of the European standards that will allow the use of latest management methods in the environment of both the Slovak and European companies.*

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## 1. INTRODUCTION

The application of the latest management methods is, in the context of the ongoing European integration processes, a prerequisite for business success on international markets. In this paper, the authors analyze the expansion of the knowledge base by applying the latest management method. They deal with assessing performance of an organization, the issue of its effectiveness and increasing economic efficiency on an example of a selected mining company. In order to unveil weak points in the chosen company and to give suggestions to improve them, which may move the company to prosperity, the authors carried out the performance assessment by the EFQM Excellence Model 2010. The aim of this paper is to present the company performance assessment model in terms of European standards that will allow the use of the advanced management methods in the environment of both the Slovak and European markets.

## 2. EVALUATION OF BUSINESS PERFORMANCE

The advanced management methods are primarily customer-oriented concepts, contributing with their principles to the development of a new management style and corporate culture (Závorská, 2007). An organization is productive in the long run, if it achieves the predetermined performance objectives defined in its strategy. The process by which the organization management affects the performance of the organization towards the achievement of the set objectives is called Organization Performance Management (Meyer, 2005). There is a direct relationship between the performance of processes and organization performance, with a wide range of considerations, approaches, methods, and tools for measuring business process performance. Performance assessment indicators and approaches and their development are presented in Table 1.

Table 1. Performance assessment indicators and approaches

1920s	1970s	1980s-1990s	Current Trends
ROI	EPS	EVA	BSC
ROA	P/E	INEVA	EFQM
ROE	B/PV	RONA	PM
DuPont Decomposition Return	Dividend Yield	CFROI, CVA, SVA	MBO, SIX SIGMA, Pyramid Decomposition of Indicators

Source: Kotulič, Király, Rajčániová (2010).

## **2.1. EFQM Excellence Model**

The Excellence Model, established by the European Foundation for Quality Management, is a tool designed for comprehensive assessment of a company and its performance. It emphasizes the role of leadership in the organization, its corporate strategy and policy, the impact on employees, as well as resources and partnerships used as basic presumptions of the proper functioning of processes. The outcome of these processes is expressed by a relationship with customers and employees and their relationship to the company, which can be regarded as the results of its core activities. This EFQM Model puts the greatest emphasis on the principle of continuous improvement (Šulák, Vacík, 2005).

This European model of excellence is suitable for any company wishing to continuously improve its operations. It allows a complete analysis of the processes and activities running in the company at all levels with all employees involved, along with a determination of the areas to be improved (Závadský, 2005).

### **3. CASE STUDY: THE EFQM EXCELLENCE MODEL 2010-BASED PERFORMANCE ASSESSMENT OF A MINING COMPANY**

#### **3.1. Problem description**

The observation conducted to assess the performance was focused on a mining company in Slovakia, with the main business of processing the natural stone, stone products manufacturing, etc. The company is currently recovering travertine by open-cast mining.

In order to detect weaknesses in the company and propose suggestions for improvement that might move it towards greater prosperity, the performance assessment, using the EFQM Excellence Model 2010, was carried out. The selected company had not implemented any assessment of the performance so far.

#### **3.2. Problem solution**

Total company scoring was determined based on the findings from the self-assessment forms, scoring the sub-criteria. The RADAR Scoring Matrix used in the model application for the results criteria is shown in Table 2.

Table 2. RADAR scoring matrix

	Attributes	0%	25%	50%	75%	100%
Suitability and applicability	<b>Scope and suitability:</b>	The results are not clear.	Suitable range and ¼ of the results understood.	Suitable range and ½ of the results understood.	Suitable range and ¾ of the results understood.	Suitable range and all the results understood.
	The scope of the results presented.					
	Responds to the needs and expectations of stakeholders?					
	Is in line with the strategy of the organization?					
	Are the most important results identified as priority and key ones?					
	Are relationships between relative results understood?					
	<b>Integrity:</b>	The results are not clear.	¼ of the results are timely and reliable.	½ of the results are timely and reliable.	¾ of the results are timely and reliable.	All the results are timely and reliable.
Are results timely, reliable and accurate?						
<b>Breakdown:</b>	The results are not clear.	Related to breakdown in ¼ of the results.	Related to breakdown in ½ of the results.	Related to breakdown in ¾ of the results.	Related to breakdown in all the results.	
Are results structured in any manner?						
<b>Total</b>		5 ... 25	30 ... 50	55 ... 75	80 ... 100	
Performance	<b>Trends:</b>	The results are not clear.	Positive trends and satisfactory performance in ¼ of the results for at least three years.	Positive trends and satisfactory performance in ½ of the results for at least three years.	Positive trends and satisfactory performance in ¾ of the results for at least three years.	Positive trends and satisfactory performance in all the results for at least three years.
	Are trends positive /does the good performance last?					
	<b>Objectives:</b>	The results are not clear.	Achieved and reasonable in ¼ of the results.	Achieved and reasonable in ½ of the results.	Achieved and reasonable in ¾ of the results.	Achieved and reasonable in all the results.
	Are they set for key results?					
	Are they appropriate?					
	Have they been achieved?					
	<b>Comparison:</b>	The results are not clear.	Favorable comparisons are in ¼ of the results.	Favorable comparisons are in ½ of the results.	Favorable comparisons are in ¾ of the results.	Favorable comparisons are in all the results.
	Is it conducted with key results?					
	Is it adequate?					
	Is it favorable?					
	<b>Causes:</b>	The results are not clear.	Causes and effects seen in ¼ of the results.	Causes and effects seen in ½ of the results.	Causes and effects seen in ¾ of the results.	Causes and effects seen in all the results.
Are the links between results and their causes clear?						
Based on the results presented, can the positive development be maintained in the future?						
<b>Total</b>		5 ... 25	30 ... 50	55 ... 75	80 ... 100	

Source: Authors.

The fulfillment of individual criteria, as shown in Table 2, was scored in the range of 0 to 100 upon evidence, which was identified in the assessment. This model will help the company under review to focus on the results that meet the stakeholders' needs, increase the efficiency of internal processes, employee involvement and motivation, and so on. These aspects comply with the nine criteria that form the model. The first five criteria are the prerequisites that are necessary to make the company successful. They focus on the actual business activities, which are compared with best practices. Other four criteria assess whether the results established, that the company sought to achieve, were actually achieved or not.

The overall scoring is a sum of points obtained for each criterion. Scoring is based on assessing the degree of success of an approach and the extent to which the basic concepts were implemented. Subsequently, the position is determined compared to the maximum possible number of achievable scores.

This model (the RADAR logic), is based on the following considerations (Nenadál, 2004):

- **Result** – the role of the organization is to determine the desired results;
- **Approach** – the organization plans and prepares appropriate approaches;
- **Deployment** – the organization develops these approaches;
- **Assessment** – the organization evaluates the results, and
- **Review** – the organization examines their implementation and achievements.

In evaluating *Assumptions* (first to fifth criterion), partial considerations are assessed. When assessing the *Results* (sixth to ninth criterion), the aspects assessed are e.g. adequacy, applicability and performance. In this paper, the trends, objectives, comparison with the best ones in the industry and the causes of those results are analyzed. The assessment procedure is the same as in *Assumptions*. Tables 3 and 4 provide a comprehensive overview of the balance of criteria or results obtained by the EFQM Method.

The company under review obtained 593 points in the self-assessment using the EFQM method (see Table 4). The results show that it is a well-run and profitable company. Its management is at a professional level, as evidenced by the fact the company has been expanded after the crisis period.

Table 3. Balance of criteria

Criterion No.	1	%	2	%	3	%	4	%	5	%	6	%	7	%	8	%	9	%
Subcriterion	I	57	I	64	I	61	I	63	I	59	I	57	I	57	I	70	I	60
Subcriterion	II	66	II	55	II	57	II	62	II	61	II	59	II	61	II	67	II	57
Subcriterion	III	57	III	56	III	59	III	51	III	63								
Subcriterion	IV	46	IV	47	IV	61	IV	43	IV	80								
Subcriterion	V	46			V	59	V	49	V	66								
Sum of Subcriteria	272		222		297		268		329		116		118		137		117	
Average of Subcriteria	54		56		59		54		66		58		59		69		59	

Source: Authors.

Note: **Assumptions** (criterion 1- 5)

289: 5 = 58

**Results** (criterion 6 - 9)

245: 4 = 61

This assessment only confirms that it was no coincidence. The company obtained 58 points in *Assumptions* and 61 points in the *Results*. Since *Assumptions* did not outscore the *Results*, it is clear that there is currently a lot of opportunities and possibilities for improvement. However, the company obtained the point value of 593 out of a reference scale of 500 -1000, which means there is space for measures which may be implemented in order to improve the business situation.

The final balance showed that the selected mining company is one of the well-managed organizations in Slovakia. However, it is recommended that the company focuses on some of the following measures in the future, in particular:

- Increase pressure on the production of the entire company and also on the productivity of employees;
- Implement quick decision-making process to enable the workforce to adapt to increased volume of orders;
- Increase the efficiency of mining;
- Increase the effectiveness of orders;
- Develop constant pressure on the quality and increasing it;

- Establish a regular monitoring of the performance of the teams;
- Strengthen the labor and technological discipline.

Table 4. Final balance using the EFQM method

Criterion		Average of Sub Criteria Converted to Decimals	Score per Criterion	Scoring Assigned
1	Management	0.54	x 100	54
2	Strategy	0.56	x 100	56
3	People	0.59	x 100	59
4	Partnerships and Resources	0.54	x 100	54
5	Processes, Products and Services	0.66	x 100	66
6	Results of the Relation to Customers	0.58	x 150	87
7	Results of the Relation to Employees	0.59	x 100	59
8	Results of the Relation to Company	0.69	x 100	69
9	Core Results	0.59	x 150	89
Overall Scoring Assigned		593		

Source: Authors.

#### 4. CONCLUSION

The 2010 EFQM Excellence Model was selected to assess the non-financial aspects of the performance of a company, analyze the current situation in the company, find areas for potential improvements, reveal weaknesses in its operations which should be eliminated in order to make the company more effective and ultimately economically efficient. Using this method, it was confirmed that the company performs well, is well-managed and its performance is improving.

Due to the creation of new jobs done by new employees, whereby the company responds to the post-crisis expansion, some deficiencies in the performance may occur in the future. There might be a sudden drop in orders which would lead to further redundancies. One of the possible measures to predict changes is the introduction of statistics of contractual orders several months in advance, which will help the company to adapt its production capacities to the market potential developments. Since this company has only

several big customers, it can track contracts in the long run too. Although the company has used the global economic crisis in its favor, it is quite impossible to prepare for the crisis, since no one can have a clear idea and a real image of its aspects and impacts at the moment when the crisis begins. As can be seen from the measures proposed for the company in this paper, a fast response and good decisions by flexible managers, introduction of uncompromising measures, and especially a willingness and desire to work are often a way to address adverse situations.

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## OCJENA POSLOVNOG REZULTATA I EFQM-OV MODEL POSLOVNE IZVRSNOSTI IZ 2010. GODINE

### Sažetak

Primjena suvremenih menadžerskih metoda danas postaje zahtjevom za uspjeh poduzeća u međunarodnom okruženju, s obzirom na trajne procese europskih integracija. U ovom radu, autori se referiraju na povećanje organizacijske baze znanja, koja nastaje primjenom novih menadžerskih metoda. Pritom se bave analizom organizacijskih performansi, pitanjem efektivnosti poduzeća i povećanjem ekonomske efikasnosti, na primjeru izabranog rudarskog poduzeća, kao studije slučaja. Kako bi utvrdili slabosti te mogućnosti za unapređenje poslovanja, autori analiziraju organizacijske performanse korištenje modela poslovne izvrsnosti EFQM-a iz 2010. godine. Cilj je ovog rada predstaviti procjenu poslovnih performansi u kontekstu europskih standarda, a koje će unaprijediti korištenje suvremenih menadžerskih metoda u slovačkim i europskim poduzećima.