

BEX Sustainable Business Excellence Framework



“Excellent organisations consistently out-perform their peers”

About the Business Excellence Institute

At BEX, we're passionate about excellence. We work to help people and organizations achieve it, offering a broad range of services that translate our passion into results.

Our mission is to achieve outstanding results for all our stakeholders by inspiring and helping organisations on their journey to excellence, leveraging the knowledge, skill, innovation and team work of our people and the Business Excellence Institute's community to add real value to their businesses.

This Sustainable Business Excellence Framework, which is aimed at the mature organisation and is freely available, is one of the ways we strive to achieve our mission.

For more information, visit businessexcellence.org.

What is Excellence?

Everyone has an opinion about what excellence is – if you ask 100 different people to define it, you'll probably get 100 different answers. But there will be a number of common elements that form a generic theme... it's about being the best.

Organisations are no different from individuals; they are naturally competitive. They want to be the best. Have you ever heard a CEO stand up to rally the troops by saying; "we're going to make this a mediocre organisation"?

All organisations want to be excellent. Not all of them achieve it – by definition, only a few can be "World Class" at any one time, but all aspire to achieve it. Excellence is not a static state. Once you reach the top, you have to continue to improve and innovate if you want to stay there.

We don't believe individuals get up in the morning and go to work with the intention of doing a bad job. People want to be proud of the work they do and work in a place they can be proud of. When that basic contract is broken, people become demotivated and this impacts on everyone around them, whether that's colleagues, suppliers, members of the public or customers.

Excellence Frameworks are designed to give us a tool that helps us understand what "excellence" means for our organisation and helps us plan the journey that takes us from our "current state" to the "desired state" – organisational, or "business excellence".

Our Definition of Excellence

We define excellence as being able to consistently out-perform your peer group in delivering results for all your stakeholders.

It's natural for people to compare the performance of one organisation with another; that's why it's called "competition". Sometimes we may feel that comparisons being made are "unfair" because the organisation we're being compared to has more resources, more money, more people or works in a completely different sector. Unfortunately, perception is reality. If people are making that comparison, you need to understand why they feel you're not performing at the level you should be and how you can improve. Using the Sustainable Business Excellence Framework can help you do so.

Why do we need this Framework?

The first question to ask yourself is “Do I want to work in an excellent organisation?” If the answer is “No, I’m quite happy working in a mediocre one” then you don’t need a Sustainable Business Excellence Framework. If the answer is “Yes” then read on.

The origins of the “business excellence movement” are most commonly attributed to the management practices established in Japan in the 1950s and 1960s. However, whilst most trace their origins back to this common ancestor, over the subsequent decades numerous different models for excellence have evolved in different regions and sectors. All the models out there have their own relative strengths (otherwise no one would be using them) and weaknesses. Some Models are holistic and generic; others are more detailed and prescriptive. Sometimes the differences have been driven by cultural differences, sometimes by political direction. However, the “global economy” has long since ceased to be a concept and become a working reality for the vast majority of us.

If we want to thrive in this environment, we need a common framework that can be used by anyone, anywhere, to support their own organisation’s development and to facilitate the sharing of good practice with other like-minded individuals and organisations. This framework has been developed from our practical experience of working with a wide range of the different models, in different sectors, cultures, and organisations of different sizes. We’ve distilled the best of what has come before and added a healthy dose of new thinking to create the “next generation” business excellence framework – one that is suitable for organisations that wish to sustain and enhance their ability to outperform their peers.

Underlying Principles

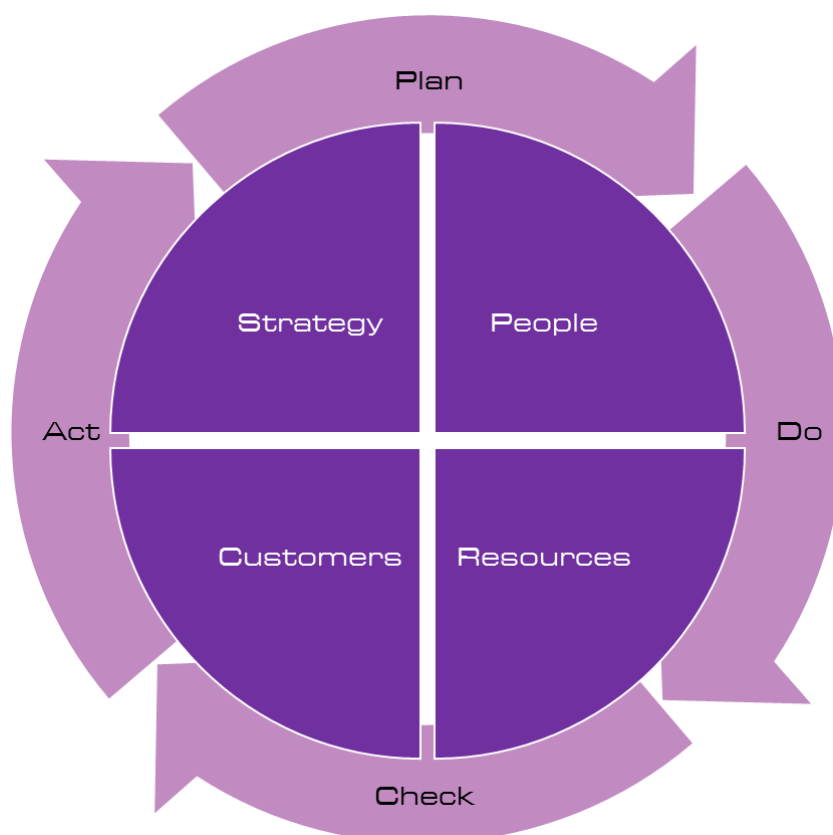
There are a number of underlying principles incorporated within this framework. These are assumptions, based on beliefs, observations and experience, that we consider as essential for achieving excellence. Whilst not always explicitly stated within the framework, these principles are implicit in underpinning the basic philosophy on which it is built:

- ◆ **Consistency**
Excellence starts with consistently delivering on your promise. If this requires something to be repeatable, there normally needs to be a defined process.
- ◆ **Leadership**
Leaders need to lead; managers need to manage. When necessary managers need to be leaders, ensuring everyone focuses on delivering the strategy.
- ◆ **Sustainability**
We need to ensure sustainability for future generations by balancing long-term goals with short-term demands.
- ◆ **Innovation & Improvement**
The world does not stand still – we need ongoing cycles of innovation and improvement to ensure we don't either.
- ◆ **Flexibility & Agility**
We need to be flexible and agile, listening and responding with appropriate speed to counter emerging threats and exploit new opportunities.
- ◆ **Partners & Suppliers**
No organisation is an island; we all need suppliers and partners to help us deliver on our promises. We need to ensure it is beneficial for them to do business with us and, since our customers only see our organisation, we need work with them to ensure that their input enables us to be excellent.
- ◆ **Trust & Transparency**
Our future success depends on ensuring we have the on-going support of our key stakeholders. Personal integrity, combined with open, transparent communication, are key to building trust and maintaining this support. Robust governance, focused not on compliance but on demonstrating integrity, solidifies this trust with all stakeholders.

Keeping it Simple

The world is complicated enough; we don't need a model that adds additional complexity. The objective has been to develop a simple framework that's easy to understand, easy to use and capable of providing leaders with valuable insights into their organisation.

The Framework



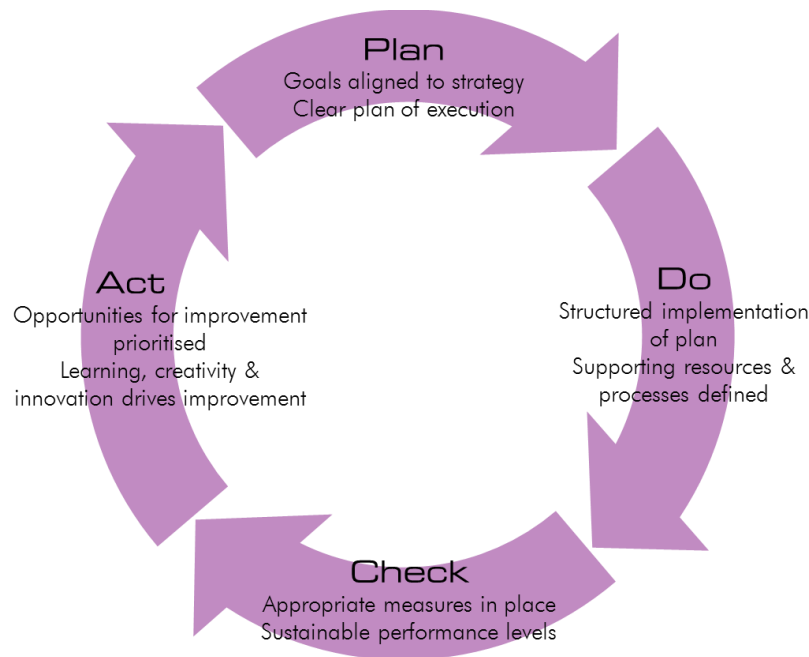
The Framework is split into 4 dimensions: Strategy, People, Resources and Customers. Underpinning this framework is the “Plan, Do, Check, Act” (PDCA) cycle. This cycle has been around for more than 50 years; why reinvent the wheel? Or cycle, in this case.

Many managers, regardless of sector or specialisation, have some awareness of this concept and many people already use it in their day-to-day working. Adding a simple rating system that allows the “maturity level” against this cycle to be determined through an assessment process aids the identification of potential for improvement and provides a scoring mechanism to track progress over time, assuming a similar assessment is repeated.

When we assess using the Framework, we follow the PDCA cycle and assess the Results (the things we achieve) along with the Enablers (the things we do in the organisation to drive Results). As you’ll see below, the 4 dimensions are split into different sections. The first sections relate to how we “Plan” and “Do” the related activities in each dimension. The final sections relate to the “Check” of our performance against the goals we’ve set and how we “Act” based on the learning derived from this.

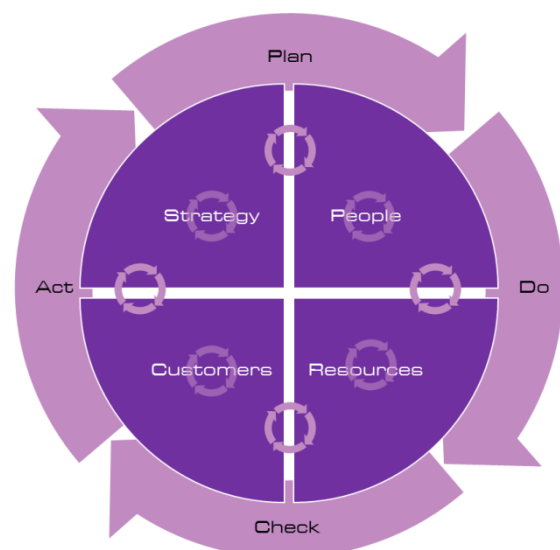
Dynamic Nature of the Framework

There is a direct relationship between the actions we take and the results we achieve; this should be reflected in the indicators we use to manage the business. Therefore, when we are in the “Plan” and “Do” phase of the cycle, look at the approaches adopted and the processes that ensure they deliver the level of consistency required by the organisation. When we are in the “Check” phase, we look at the results achieved and, finally, in the “Act” phase, we look at how this learning is being used to improve the enablers. To reflect this, the corresponding Enablers and Results appear together within the Assessment Framework.



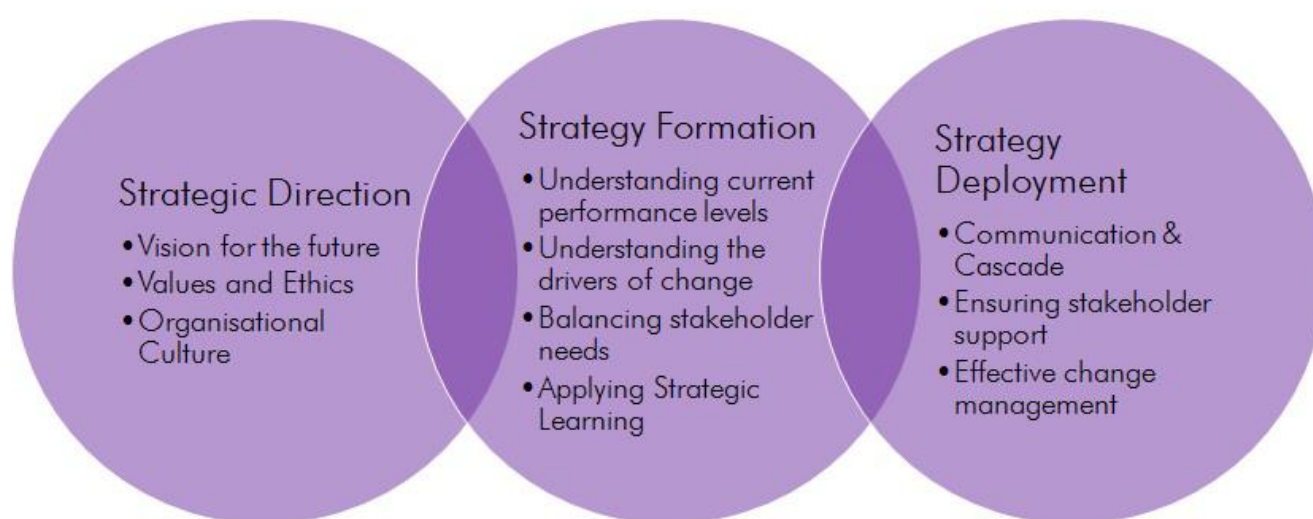
As we know from practical experience working in organisations, there are multiple PDCA cycles going on simultaneously at different levels within the organisation; whether it's the Top Management Team reviewing progress against strategic goals or a front-line individual checking whether the customer is satisfied with the service they have just delivered.

While the complexity involved in these review cycles is different, the basic concept is the same.



1. Strategy

The strategy defines the “desired state”... where the organisation wants to go – what it wishes to achieve within a defined timescale – and how it intends to get there. “Leaders” within the organisation (not necessarily confined to top management) are the key people involved in the development and implementation of the strategy.



1.1 Strategic Direction

The long-term direction of the organisation, normally articulated in its Vision and Mission. These give a general frame of reference for what the organisation does and what it wants to achieve.

All organisations have a culture. Leaders cannot control this. However, their actions and behaviours have a significant influence on the culture. In excellent organisations, leaders ensure that the culture has a positive impact on the organisation’s ability to perform. They nurture a culture of excellence that reinforces the organisation’s values, supports its strategy and contributes to the achievement of its mission. One in which people are risk aware but entrepreneurial when required, where there is mutual support and care between individuals and teams, and where people take pride in delivering excellence.

As culture is very influential on governance, leaders work to ensure the culture is one of openness and trust in which people are involved, take ownership, personal responsibility and accountability. Further, since few people are loyal to an abstract “organisation”, they ensure that the culture is one of respect, learning and cooperation so that the organisation is a team to which its people can be loyal.

1.2 Strategy Formation

The approach used to craft strategy may vary but the excellent organisation is always open to strategic learning. Irrespective of which approach is used, there needs to be a mechanism in place to gather feedback and other information to gain a clear understanding of the different needs and expectations of all stakeholder groups. These needs and expectations are then balanced against the long-term direction of the organisation, which is normally articulated in its Vision and Mission.

Strategy is based on an understanding of the organisation's environment, capabilities and performance as well as on the expectations of the organisation's stakeholders. This is frequently split into 2 perspectives; the "internal perspective", defining current capabilities, capacities and performance and the "external perspective" which considers the drivers of change in the organisation's operating environment.

1.3 Strategy Deployment

The strategic plan normally includes the "what"; the desired outcome and the "how"; the policies, processes, resources and structures required to transform the organisation from the "current state" to the "desired state". In excellent organisations, the links and interdependencies between different strategic initiatives are clearly defined and their implementation is coordinated to maximise their efficiency and effectiveness. The deployment is normally coordinated through change plans, communication, objectives, projects and initiatives.

Leaders need to ensure the organisation has the right people, in the right place, with the right skills, knowledge, tools, technology and resources supporting them, at the right time to ensure the desired outcomes are achieved.

The strategic goals and objectives need to be reflected in the Management System and the performance indicators that leaders use to monitor progress. If management continues to focus on the "old world" measures, this will drive the actions of their people and the "new world" described in the strategy will not be realised.

1.4 Strategic Indicators

These are the leading indicators that an organisation uses to understand the business and how the implementation of their strategy is impacting it. These could relate to the planning process itself, such as tracking data to ensure any strategic assumptions made were correct or to the effective execution of the strategic plan. They could include:

- ◆ Tracking external indicators
- ◆ Communication of strategy
- ◆ Progress against the change plans

1.5 Strategic Outcomes

These are the measures that the organisation uses to track their performance against the strategic objectives they have set. They could include:

- ◆ Financial outcomes, such as turnover / revenue, net profit, etc.
- ◆ Market share
- ◆ Brand image and reputation
- ◆ External awards and recognition

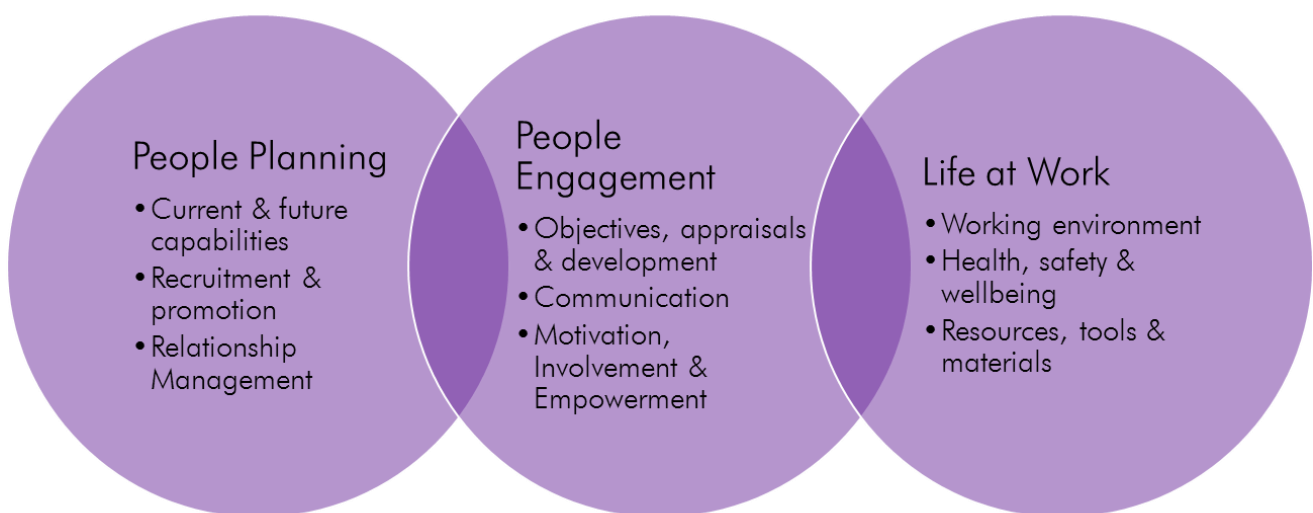
1.6 Learning, Improvement & Innovation

Data, information and learning should be collated, analysed, understood and transformed into information and insights that help leaders drive improvement to their respective areas of the organisation.

2. People

The success of all organisations relies on having the right people, with the right skills, attitude and tools, in the right place at the right time. When looking at how an organisation manages its people, we need to do so both from the collective perspective – the overall planning & management of their workforce – and the perspective of the individuals that make up these groups. There is no "production line" for people; everyone is an individual with different needs and expectations.

Excellent organisations understand that it is their people who create value and recognise that motivation and commitment are essential to maintaining customer focus and operational success. As a result, they embrace diversity and provide their people with leadership, guidance, clarity of purpose, and work that they can find fulfilling, as well as recognising and rewarding their input.



2.1 People Planning

Leaders set and communicate strategy and objectives, implement structures and processes, and create plans and expectations to enable and guide people towards the achievement of the organisation's mission. As the organisation's values and culture influence behaviour in places measurement can't reach, and are strongly linked to performance, they lead by example and embody the organisation's values.

Leaders establish and maintain plans and prepare people to take on key roles in the organisation. They define transparent career paths using straight-forward competencies profiles, facilitate talent development, and provide people with opportunities to grow the contribution they make to the organisation and progress their career should they wish to do so.

Care is taken to minimise conflicts of interest between individuals, their team(s) and the organisation as a whole. Where these conflicts are intrinsic, such as on the question of pay rates – where it could be argued

that it is in the organisation's interest to pay as little as possible – common sense and a transparent approach is adopted.

2.2 People Engagement

Leaders are responsible for ensuring their people have an unambiguous, operational understanding of what constitutes exemplary performance and for managing the performance of their people. They understand the difference between process performance and people performance and have clearly defined people performance requirements.

Leaders ensure people are aware of how they contribute to the achievement of the organisation's mission. They evaluate the performance of individuals and teams in a fair, consistent and transparent way. People are rewarded for their work and their efforts and achievements are recognised in a way that further increases their motivation and engagement.

Everyone within the organisation has talent and potential, though the level of each will differ from individual to individual. Leaders are responsible for getting the best out of everyone on their team and out of the team as a whole. Consequently, people's capabilities and competencies are cultivated, ensuring they have the skills and competencies required for both current and future challenges. They are provided with development opportunities for their benefit and that of the organisation.

People are also given the authority to act and make decisions within set guidelines. This enables the creation of jobs with greater intrinsic motivation and facilitates the delegation of responsibility required to ensure that people spend the majority of time adding optimal value to the organisation.

2.3 Life at Work

People are provided with safe, healthy work environments. Leaders ensure their people are cared for, in terms of both their general health and wellbeing and ensuring they are able to achieve a healthy "work-life" balance. They have access to the resources, tools, materials and information they need to maximise their productivity and contribution to the organisation.

In the age of 24/7 connectivity, leaders promote responsible working practices, leading by example. Excellent organisations recognise that, for the organisation to continue to evolve, they need to encourage diversity of thought within their people. They create strength from this diversity, generating new ideas, innovations and new ways of working.

2.4 People Performance Indicators

These could include performance indicators that show the effectiveness and / or efficiency of the approaches adopted for:

- ◆ Skill & competency levels
- ◆ Recruitment & promotion processes
- ◆ Employee relations
- ◆ Internal communications
- ◆ Health, safety and wellbeing in the workplace
- ◆ Productivity levels

2.5 People Perception

These could include perceptions of:

- ◆ Motivation and engagement
- ◆ Overall satisfaction
- ◆ Training & development
- ◆ Working environment
- ◆ Employee relations
- ◆ Internal communications

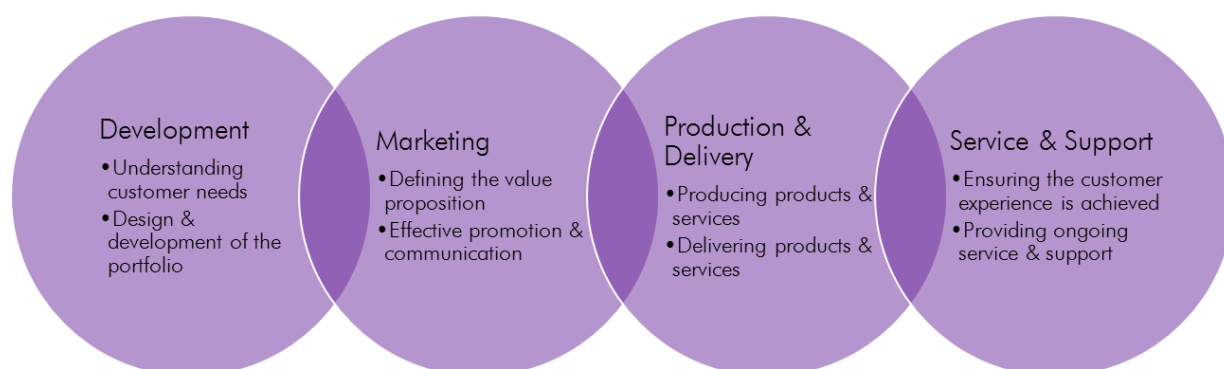
2.6 Learning, Improvement & Innovation

Data, information and learning should be collated, analysed, understood and transformed into information and insights that help leaders drive improvement to their respective areas of the organisation.

3. Customers

The goal of every organisation is to deliver something that adds value to the Customer. The basic process flow is pretty similar; design & development, marketing & promotion, production & delivery and service & support. The order might be different; it's common place in some industries to promote services and then design them to meet a specific need or requirement.

Consistently great customer experiences do not happen by accident. They are carefully designed, from the customer's perspective, from the conception of new products through to managing aftersales support and the ongoing relationship.



3.1 Product Development

Excellent organisations design, develop, manage and improve the products and services they offer to add value for their customers. They ensure their products and services are “fit for purpose” and focus their attention on the details that really matter to the customer.

Product design and development can extend beyond a “research and development” function. Partners, suppliers and customers can be highly involved in the process, bringing in valuable external insights, experience and knowledge. In addition to “collaborative design”, other concepts to consider in this section could include “Design for Manufacturing” and “Green Design”.

Rather than just looking at individual products and services, excellent organisations take a more holistic approach to managing the portfolio of products and services they offer. As physical products are being increasingly copied and replicated in timescales that were previously unheard of, the competitive edge for many companies has moved from the product itself to the services and additional value they provide.

3.2 Product Marketing

Excellent organisations focus on the total customer experience, designing it as an integral part of the product. They effectively promote their products and services to defined target audiences, ensuring they are aware of what's available and understand how this could add value to them.

The relationship between the organisation and the customer can be very simple. For example, if you work in a shop, you have direct contact with the person making the purchase. However, the person who pays for the product might not be the "end user" - we all go to shops and buy gifts for someone else. It is therefore important to clearly define who your customers are and design the customer experience with their needs and expectations. Segmenting customers into groups is one way of simplifying this complexity. An excellent organisation ensures that, in line with its value proposition, the experience is as frictionless as possible and that it is easy to do business with the organisation.

3.3 Production & Delivery

The approaches adopted in this section, and therefore what "excellence" looks like, will vary greatly depending on the nature of the organisation itself. For example, if the organisation manufactures physical products from raw materials, it needs to consider how the production processes, from designing the line through to the delivery of the end product are managed. If it is a service provider, it needs to consider how it prepares, structures and delivers that service.

The concepts of sustainability apply to both types of organisation. Excellent organisations produce products and services in ways that minimise the negative impact and, where possible, have a positive impact on the world around them. To achieve this, they need to optimise the way they work to ensure they are as efficient and effective as possible.

3.4 Service & Support

Once the product has been delivered, there can be some level of service & support required – this is part of the customer experience. Organisations need to plan how they're going to manage customer contact requirements, whether that's remotely, face to face or a combination of both. It's been proven through numerous studies that how the organisation responds "when things go wrong" often has a more significant impact of customer loyalty than the product itself.

The customer experience planning should also ensure the customers understand how to use the products safely and responsibly, including at the end of the product's life.

Finally, the organisation needs to consider how it will manage its ongoing relationship with the customer.

3.5 Customer Performance Indicators

These are the internal measures the organisation uses to understand the customer experience, from product development through to the ongoing service and support they offer. The processes, and therefore the measures, should reflect the product lifecycle and should focus on the things that really matter to the customer, not what people in the organisation think are important. For example, a customer does not care how much “rework” has gone on during the production process – they care whether they get what they asked for, on time and at the agreed price. “Rework” should not be visible to the customer; if it’s a relevant measure, it should be considered as part of its Resource Utilisation (see section 4.5).

Customer Performance Indicators could include performance indicators that show the effectiveness and / or efficiency of the approaches adopted for:

- ◆ Number of new products / services launched
- ◆ Number of people responding to promotion activities
- ◆ On-time delivery
- ◆ Ability to resolve enquiries and complaints

3.6 Customer Perception

These could include perceptions of:

- ◆ Overall satisfaction
- ◆ Willingness to recommend
- ◆ Intention to repurchase
- ◆ Satisfaction with product and / or service delivery
- ◆ Satisfaction with customer service and communications

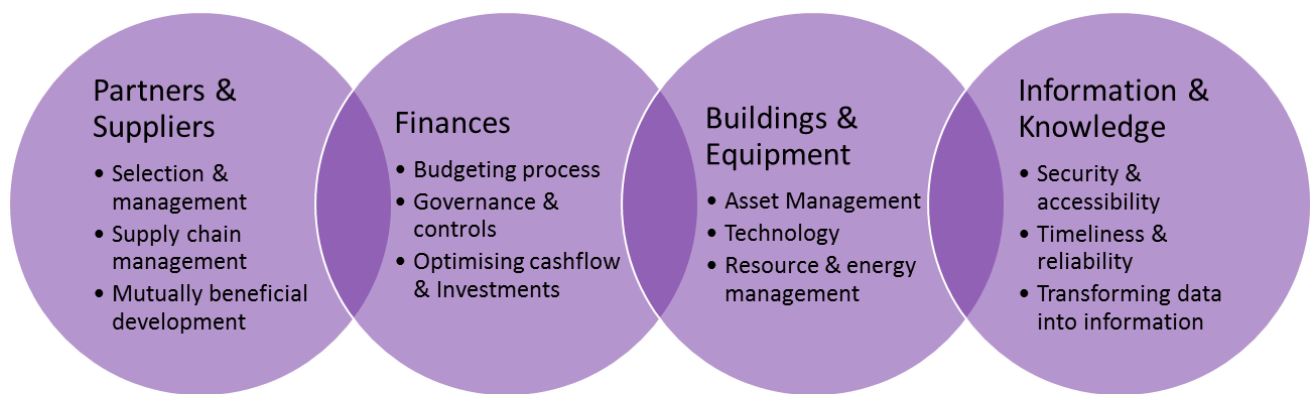
3.7 Learning, Improvement & Innovation

Data, information and learning should be collated, analysed, understood and transformed into information and insights that help leaders drive improvement to their respective areas of the organisation.

4. Resources

Organisations need to ensure they have access to the resources required to operate effectively and efficiently. These resources could include building, equipment, raw materials and technologies.

The focus should be on ensuring the organisation has the right resources available to achieve its mission and goals. To gain access to these materials, organisations need to work with partners and suppliers. To create and maintain an advantage, they need to be able to capture knowledge and data and transform it into information. And they need to ensure future sustainability, both for the organisation and the world in which they work.



4.1 Partners & Suppliers

Excellent organisations understand that having the right Partners & Suppliers is vital to ongoing success. They seek to form relationships with organisations which share similar standards and values. They use openness and transparency to build trust and develop relationships over time, delivering benefit for both parties.

They recognise that, from the perspective of other stakeholders, the actions of third parties within their supply chain are no different to their own. They ensure that third parties follow the same standards and ethical codes that they themselves apply.

4.2 Finances

Financial stability is necessary for all organisations. Leaders need to ensure they secure the financing needed to fund day-to-day operations and the pursuit of the organisation's mission. Financial

management needs to support the running and development of the organisation, enabling it to be flexible and agile when necessary, so that it can achieve its mission and goals.

Robust governance enables the organisation to effectively navigate conflicts of interest, providing stakeholders with confidence that their interests are being safeguarded. Consequently, excellent organisations ensure they have sound governance in place and that it is an integral part of the Management System, particularly in the areas of financial and risk management.

4.3 Buildings & Equipment

Organisations need to ensure they have the appropriate infrastructure – the buildings, equipment, technology and other resources – they require to achieve their mission and goals. They need to consider how they will make best use of these resources, taking into account the impact of their actions on the world around them.

Excellent organisations maximise the potential of the resources available to them in pursuit of their mission and goals. They manage them in a safe and responsible manner, ensuring their people have access to the tools and materials they need to deliver on their promise to the customer.

4.4 Information & Knowledge

Information and knowledge are important resources and need to be managed accordingly. They need to be created, stored and, where necessary, protected, whilst ensuring easy and timely access to relevant stakeholders. The validity, reliability and accuracy of data and information held needs to be assured and maintained.

Excellent organisations transform data into information and information into knowledge through analysis, reflection and experience. They use this knowledge to drive creativity and innovation to generate additional value for their stakeholders.

4.5 Resource Utilisation Indicators

These could include performance indicators that show the effectiveness and / or efficiency of the approaches adopted for:

- ◆ Supplier performance
- ◆ Financial planning & management
- ◆ Buildings & Equipment utilisation
- ◆ Technology performance

- ◆ Waste & energy management
- ◆ Patents applied for / granted

4.6 External Perception

These could include perceptions of:

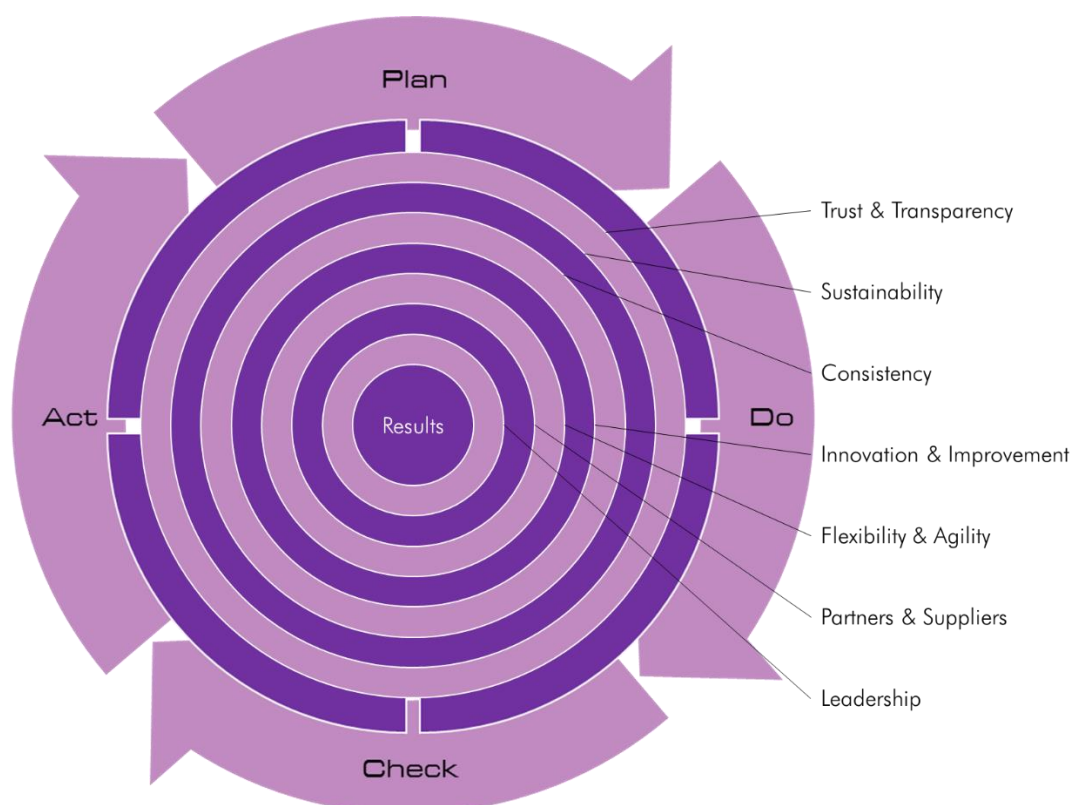
- ◆ Partners and suppliers
- ◆ External bodies, such as NGOs, local authorities, educational institutions
- ◆ Local communities and their representatives

4.7 Learning, Improvement & Innovation

Data, information and learning should be collated, analysed, understood and transformed into information and insights that help leaders drive improvement to their respective areas of the organisation.

Integration of the Underlying Principles

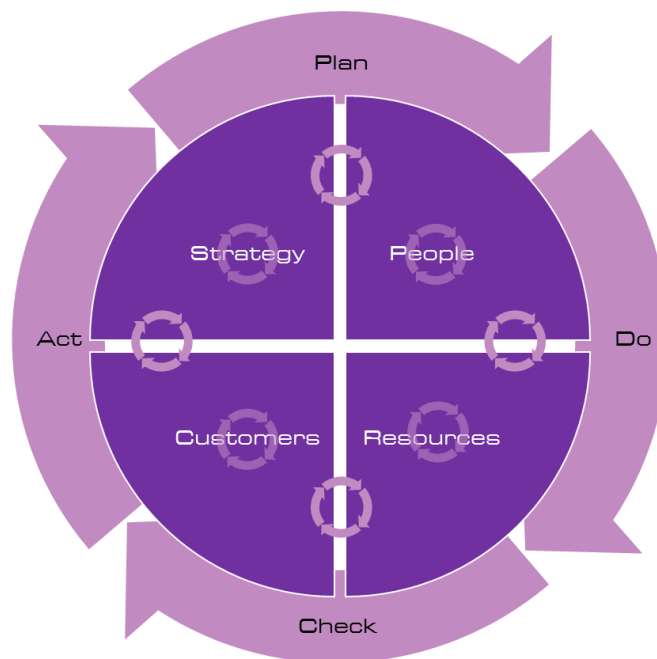
Elements of all the underlying principles appear in each of the 4 dimensions. For example, Partners & Suppliers can be involved in the approaches for Strategy, People, Resources and Customers. The extent of this involvement will differ depending on the nature of the organisation but the potential to leverage the skills, expertise and capacities of third parties is applicable to all organisations.



Ultimately, the “excellence” of any organisation is determined by its ability to consistently deliver results that meet or exceed the expectations of its stakeholders. Stakeholders do not live in a bubble – they will be aware of how many other organisations perform, from both a professional or personal perspective. They will be making comparisons, whether as a formal “benchmark study” or informally, based on their own perception. This is why we define excellent organisations as being ones that consistently out-perform their peers.

Assessing using the Framework

The Sustainable Business Excellence Framework is designed to be used to assess the maturity of any organisation, regardless of size or sector. Assessors need to keep the underlying principles in mind, along with the vision, mission, and strategy to ensure that they focus on “what really matters” to the organisation. The maturity rating is determined based on how effectively the organisation is able to demonstrate the PDCA cycle is working effectively and efficiently. The system used by assessors is illustrated in the table on the next page.



The maximum rating available is 1000. To achieve this, an organisation would have to be able to demonstrate that they are truly “World Class” in every aspect of everything that they do. Each of the perspectives are given equal weighting and, again, each of the phases of the PDCA cycle is given equal weighting.

As with any assessment tool, the focus should be on ensuring the “strengths” and “opportunities for improvement” identified are accurate, clear and relevant. This – not the score – is the “value added” for the organisation. It is good practice to produce a short Executive Summary, highlighting the key learning points of the assessment, in addition to the more detailed findings. You should consider the “management team” to be the audience for the summary and the “process owners” the audience for the detail.

The scoring needs to be fair and consistent but the accuracy of any “perception based” scoring methodology is open to challenge. Repeating the assessment once improvements have been implemented allows progress to be checked, assuming that the same scoring logic is applied consistently.

Self-assessment tools and methodologies are available from the Business Excellence Institute.

PDCA Maturity Rating for the Perspectives

Phase	Guidance	Very limited	Some ability	Able to demonstrate	Clear ability	World Class
Plan	Goals aligned to strategy					
	Clear plan of execution					
Do	Structured implementation of the plan					
	Supporting resources & processes defined and in place					
Check	Appropriate measures in place					
	Data is robust, reliable and timely					
	Sustained positive trends					
	Targets being achieved					
	Favourable comparisons with relevant benchmarks					
Act	Data is being transformed into information and used					
	Opportunities for improvement prioritised					
	Learning, creativity & innovation drives improvement					
	Confidence that performance levels will be sustained					
Rating		0%	25%	50%	75%	100%

N.B. The rating for each phase is determined by consensus, based on the individual ratings for each component; it does not have to be a mathematical average.

Calculating the rating

Strategy	Plan	%
	Do	%
	Check	%
	Act	%
	Average	%

People	Plan	%
	Do	%
	Check	%
	Act	%
	Average	%

Customers	Plan	%
	Do	%
	Check	%
	Act	%
	Average	%

Resources	Plan	%
	Do	%
	Check	%
	Act	%
	Average	%

Summary	Strategy	(Average % x 250)	
	People	(Average % x 250)	
	Products & Services	(Average % x 250)	
	Resources	(Average % x 250)	
	Overall	(Maximum 1000)	

The A to Z of Business Excellence

In all walks of life, over time a plethora of terms develop within a community that, to the uninitiated, can seem like another language. Although we've tried to keep the use of jargon to a minimum within this document, sometimes what seems like "normal language" to us may seem like a foreign language to others. Apologies.

In this section we've included a number of commonly used terms within the Business Excellence community, along with their definitions to help you understand some of the jargon. This is an extract of the full "A to Z of Business Excellence", a living document, hosted on the Business Excellence Institute website.

Agility	An organisation's ability to rapidly, efficiently, and effectively adapt to change.
Approach	The overall way by which something is made to happen. An approach consists of processes and structured actions within a framework of principles and policies.
Benchmarking	A systematic comparison of approaches with other relevant organisations, which provides insights that can help the organisation take action to improve its performance.
Business Excellence	Organisation-wide excellence that supplements Operational Excellence with excellent strategy, communication with all stakeholders, and – critically – results.
Business Model	The elements of the business that create and deliver value. These elements normally include the value proposition, the profit formula, key resources and key processes of the organisation.
Business Stakeholders	The people who provide funding for the organisation and to whom the Management Team ultimately report. Depending on the nature of the organisation, this could be the shareholders, partners or, in the public sector, the government, ministers or other politicians.
Capability	The quality of being able to turn capacity (see below) into action and results by accessing relevant knowledge, competence, expertise, resources and processes.
Capacity	A measurement of what can theoretically be achieved, usually expressed in terms of size, volume or number. In organisations, this often refers to what the theoretical maximum output is compared to what the actual output is, with the result being expressed as a percentage.
Change Management	An approach for leading the transition of individuals, teams and organisations from their current state to a defined, desired future state. It is an organisational process aimed at helping stakeholders affected to accept and embrace changes in their business environment.

Comparisons	Data used to compare the performance of one organisation or process with another.
Continual Improvement	The ongoing improvement of processes that lead to achievement of higher levels of performance through incremental change.
Control limits	Statistical calculation of the natural variation, based on the observed level of deviation from average, in a process. Under normal conditions, the results will fall between the upper and lower limits calculated. Data points outside these limits are normally the result of a “special cause”; something exceptional has happened.
Core Competence	The internal activity or capability that is central to the organisation’s competitiveness, profitability or efficiency.
Core Process	The key activities undertaken by the organisation to create value for its customers.
Corporate Governance	A framework of authority and control within an organisation used to help it fulfil its legal, financial and ethical obligations, helping to ensure accountability, fairness and transparency in an organisation’s relationships with all its stakeholders.
Cost Benefit Analysis	A systematic approach to estimating the potential benefits of a course of action compared to the costs incurred by taking that action.
Creativity	The generation of ideas for new or improved products, services, processes, systems or social interactions.
Critical Success Factor	Something without which a successful outcome is impossible and for which no substitute is available.
Culture	The specific collection of Values and Norms that are shared by people and groups in an organisation that control the way they interact with each other and with stakeholders outside the organisation.
Diversity	The state of being composed of people who are different <i>and</i> the extent to which the people within the organisation recognise, appreciate and utilise, the characteristics that make individuals unique. Diversity can relate to age, race, ethnicity, gender, beliefs, physical abilities & sexual orientation.
DMAIC	Acronym derived from “Define, Measure, Analyse, Improve, Control”; a structured problem solving approach commonly used in Lean Six Sigma.
Employability	A person's capability for gaining and maintaining employment. The meaning can be different depending on the perspective taken. For the individual, this could mean stability or mobility. For the organisation, it could mean flexibility.
Empowerment	The process by which individuals or teams are able to take decision making responsibilities, and operate with a degree of autonomy in their actions.

Enabler	Something that enables an organisation to achieve results. Enablers are things that an organisation can influence directly and acting on them produces a knock-on impact on the results the organisation achieves for its various stakeholders.
Equal Opportunity	The practice of ensuring that all people receive fair and equal treatment regardless of gender, age, race, nationality, religion, disability or sexual orientation.
Gemba (Genba)	Derived from the Japanese term meaning “the real place”; in organisations this refers to observing the workplace to understand what’s really happening.
Good Practice	Approaches, policies, processes or methods that have been proven to lead to exceptional achievements. Since it is difficult to find out what is “best”, the term “good practice” is more useful. Ways to find good practice outside the organisation can include benchmarking and external learning.
Innovation	The practical and successful translation of ideas into new products, services, processes, systems or social interactions.
Intellectual Capital	The value of an organisation that is not captured in its traditional financial accounts. It represents the intangible assets of an organisation – the combined value of the knowledge and capability of its people, the value inherent in its relationships, and other intangible things, such as processes, which enable its people to create value.
Ishikawa Diagram	One of the 7 basic tools for quality management, the Ishikawa Diagram is used to identify the potential causes of an observed problem (also known as “Fishbone Diagram” or “Cause & Effect Diagram”).
Kaizen	Japanese word meaning “continuous improvement”, commonly used to describe on-going improvement activities in the workplace.
Kanban	An operations management system that focuses on reducing inventories and Work In Progress, having things ready “just in time” for when they are needed. Originally based on the use of “kanban” (the Japanese for “signboard”), it is an effective approach to improve productivity.
Kano Analysis	A structured approach for product development based on customer needs, developed by Professor Noriaki Kano in the 1980s.
Key Processes	The processes that are of most important for delivering the strategy and driving the value chain of the organisation.
Knowledge	Knowledge is expertise and skills acquired by a person through experience and education, involving the theoretical and/or practical understanding of a subject.
Leaders	The people who coordinate and balance the interests and activities of all who have a stake in the organisation.

Lean	A systematic approach to the identification and elimination of waste in a process or system of processes taken from Toyota's Production System and labelled "Lean" after it was introduced to America.
Learning Network	A group of people with a common goal or interest who pool their individual information, knowledge and experience to actively learn together.
Management System	The framework of processes, related performance/result indicators and process management and improvement systems used to ensure that the organisation can fulfil its Mission and Vision.
Mission	A statement that describes the purpose or "raison d'être" of an organisation, confirmed by its stakeholders.
Muda	Japanese word meaning "waste". In Lean, there are 8 types of waste; defects, overproduction, waiting, non-utilized talent, transportation, inventory, motion and excessive processing.
Natural Variation	The level of deviation observed in process performance due to existing variables within the system (the objective of Six Sigma is to minimise the level of variation, ensuring the consistency and predictability of results).
Organisational Agility	The ability to respond and adapt, in a timely way, to an emerging threat or opportunity.
Organisational Capability	Refers to the ability and capacity of the organisation to achieve specific goals. The organisation can enhance this capability, for example, through external partnerships or internal learning & development.
Operational Excellence	A component of Business Excellence - the state of having excellent processes and supported by culture in which staff understand how the organisation works as a value creation system, and the organisation enables its people to fix problems when necessary.
Partner	An external party the organisation strategically chooses to work with, to achieve common objectives and sustained mutual benefit.
Partnership	A durable working relationship between the organisation and partners, creating and sharing added value for both parties. Partnerships can be formed e.g. with suppliers, distributors, educational bodies or customers. Strategic partnerships support the strategic objectives of the organisation in a particular way.
PDCA Cycle	Acronym for "Plan, Do, Check, Act", a cycle designed to support continual improvement based on learning.
People	All individuals employed by the organisation (full time, part-time, including volunteers), including leaders at all levels.
Perception	The opinion stakeholders have of the organisation.

Process	A series of activities (where the output from one activity is the input for another) taken to achieve an outcome. Processes add value by transforming inputs into outputs, using resources.
Process Excellence	A component of Operational Excellence - the state of having highly effective and efficient processes that have been designed and improved so as to have consistent delivery with minimum variation and minimum waste.
Process Map:	A diagram that visually describes the process flow, from the initial trigger through to completion.
Process Model	A framework that provides a holistic overview of the organisation's processes and how the different processes link together to create value for the customer.
Purpose Statement	Used by some organisations instead of either the Mission and/or Vision statements.
Risk	Exposure to loss or harm.
Risk Management	A systematic approach for identifying risks to an organisation, understanding their potential impact, likelihood of occurrence and possible actions to reduce the exposure.
SIPOC	Acronym derived from "Suppliers, Inputs, Process, Outputs, Customers"; a method for providing a high level description of a process.
Six Sigma	The name given to an approach and set of tools, initially pulled together by Motorola from existing quality management tools, which can be used to reduce variation in a process.
Society	The social infrastructure outside the organisation that can be affected by the organisation.
Stakeholder	A person, group or organisation that has a direct or indirect stake or interest in the organisation because it can either affect the organisation or be affected by it. Examples of external stakeholders are owners (shareholders), customers, suppliers, partners, government agencies and representatives of the community or the society. Internal stakeholders are people or groups of people within the organisation.
Strategic Learning	Ongoing learning from observing the environment, monitoring progress towards strategic objectives, and other sources that results in changes to "intended strategy" and delivers a "realised strategy" which includes "emergent strategy" as required.
Strategy	A high level plan, which is crafted and revised, that describes the tactics by which an organisation intends to achieve its Mission and Vision, that are subsequently translated into aligned strategic goals and objectives reflecting what the organisation has to do.

Value Proposition	The differentiating value the organisation's products and services offer to customers.
Values	Operating philosophies or principles that guide an organisation's internal conduct as well as its relationship with the external world. Values provide guidance for people on what is good or desirable and what is not. They exert major influence on the behaviour of individuals and teams and serve as broad guidelines in all situations.
Variation	Deviation from a target outcome of a physical attribute (such as size or colour) or an intangible one (such as waiting time).
Vision	Description of what the organisation is attempting to achieve in the long-term future. It is intended to serve as a clear guide for choosing current and future courses of action and, along with the Mission, it is the basis for strategies and policies.
Work instruction	Detailed, step by step description of a task. In a Process Model, this is the lowest level of detail.
Xylophone	Percussion instrument, with wooden bars you hit with sticks. Not to be confused with a glockenspiel, which has metal bars.
Zebra	A member of the equestrian family of animals; a bit like a horse wearing pyjamas.
Zero-Sum Game	A situation in which one party's benefit is exactly cancelled out by the other party's loss. The opposite of excellence.

The Business Excellence Institute

The BEX Institute was been established to provide training, coaching and qualifications for Business Excellence Professionals. We recognise the world we live in is a truly global market. We are not bound by national or regional boundaries. We look at the big picture.

The tools and trainings we provide are designed to be pragmatic and practical. They can be applied in any organisation, regardless of size, sector or location. The qualifications gained through the BEX Institute are transferable, supporting individuals in their career development and helping them to add real value to their own organisations and all their stakeholders.

Through individual membership of the Institute, you become part of our global network of Business Excellence Professionals. As part of this network, you can share thoughts, ideas and experience with others on what really works for you and your organisation. You can also benefit from numerous professional development opportunities through the BEX Management Ecademy.

For more information about BEX, please visit BusinessExcellence.org.

