“EIPM & EFQM Framework for the Management of External Resources”

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15 years

1991/2006

The EIPM 11th Annual Purchasing Conference
7th – 8th December, Archamps
EFQM in one slide

- Based in Brussels, Belgium
- Not-for-profit Membership Foundation
- Governed by Top Executives
- Core EFQM Team of 30 people
- Extensive Network of Members, Partners, Assessors
- Core competencies and activities
  - Recognition, the assessor network, independence
  - Multiple opportunities for sharing and learning from each other
  - Assessment and review of business performance
  - Topics: Leadership and people management, balanced scorecard, customer experience, process management, innovation, risk management, external resources management, Knowledge management, Six sigma…
EFQM strategy in one slide

• Execution, getting things done, making the strategy happen, this is what matters today.
• EFQM seeks Active and Ambitious members.
• The pact is the leadership group for EFQM and its members.
• It supports the creation of attractive value propositions for Executives and help to build new image.
Excellence requires Passion

It’s a state of mind, a journey
It’s about getting there more than being there

It evokes words like “superior”, “best”, and “unique”. It sounds arrogant but in the end it’s about becoming a great organisation

It means improvement and innovation, enabling sustainable performance. Only diamonds are eternal but you can always strive for brilliance

It’s about fulfilling and why not exceeding the needs, expectations of the stakeholders by mobilising the whole organisation

In the end, you recognise it when you see it, it jumps in the face
Fundamental Concepts (FC) of Excellence

Customer Focus

People Development & Improvement

Management by Process and Facts

Partnership Development

Corporate Social Responsibility

Results Orientation

Continuous Learning, Innovation & Improvement

Leadership & Constancy of Purpose
## The FC at different “organisational” maturity stages

<table>
<thead>
<tr>
<th>Concept</th>
<th>Start up</th>
<th>On the way</th>
<th>Mature</th>
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</thead>
<tbody>
<tr>
<td>Results Orientation</td>
<td>All relevant stakeholders are identified</td>
<td>Stakeholder needs are assessed in a structured way</td>
<td>Transparent mechanisms exist to balance stakeholder expectations</td>
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<tr>
<td>Customer Focus</td>
<td>Customer satisfaction is assessed</td>
<td>Goals &amp; targets are linked to customer needs &amp; expectations. Loyalty issues are researched</td>
<td>Business drivers of customer satisfaction needs &amp; loyalty issues are understood, measured &amp; actioned</td>
</tr>
<tr>
<td>Leadership and Constancy of Purpose</td>
<td>Vision and Mission are defined</td>
<td>Policy, People and Processes are aligned. A leadership “Model” exists</td>
<td>Shared Values and Ethical role models exist at all organisational levels</td>
</tr>
<tr>
<td>Management by Processes and Facts</td>
<td>Processes to achieve desired results are defined</td>
<td>Comparative data and information are used to set challenging goals</td>
<td>Process capability is fully understood and used to drive performance improvements</td>
</tr>
<tr>
<td>People Development &amp; Involvement</td>
<td>People accept ownership and responsibility to solve problems</td>
<td>People are innovative and creative in furthering organisational objectives</td>
<td>People are empowered to act and openly share knowledge and experience</td>
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<tr>
<td>Continuous Learning, Innovation and Improvement</td>
<td>Improvement opportunities are identified and acted on</td>
<td>Continuous improvement is an accepted objective for every individual</td>
<td>Successful innovation and improvement is widespread and integrated</td>
</tr>
<tr>
<td>Partnership Development</td>
<td>A process exists for selecting and managing suppliers</td>
<td>Supplier improvement and achievements are recognised and key external partners are identified</td>
<td>The organisation and its key partners are interdependent. Plans and policies are co-developed on the basis of shared knowledge</td>
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<tr>
<td>Corporate Social Responsibility</td>
<td>Legal and regulatory requirements are understood</td>
<td>There is active involvement in “society”</td>
<td>Societal expectations are measured and actioned</td>
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The killing question

So what is the Payback?
Bottom line improvement

Research jointly sponsored by the EFQM and the British Quality Foundation (BQF) provides independent objective evidence that the effective implementation of the principles of the EFQM Excellence Model impacts bottom-line business results.

The study has been conducted by the University of Leicester, the Linkoping University and the Georgia Institute of Technology.
Positive Financial Impact - 3y

- 77% better than comparison Cie in annual sales turnover
- 44% better than comparison Cie in increase in Assets
- 4.4% better than comparison Cie in reduction in Total Cost over Sales
The EFQM Excellence Model

• A framework to deliver the business strategy
• Using a cause-effect logic to focus on what matters
• While keeping an holistic perspective
• It can be the basis for regular assessment of the deployment of the strategy
The EFQM Excellence Model

- **Leadership**
- **Policy & Strategy**
- **Partnerships & Resources**

**Enablers**

- **People**
- **Processes**

**Results**

- **People Results**
- **Customer Results**
- **Society Results**
- **Key Performance Results**

**Innovation and Learning**
The EFQM EIPM Framework for Managing External Resources
The challenge of the past

Yesterday: Getting the elephant to dance
The new challenge for the global corporation

Now: Getting the global tribe to sing in tune
What is expected

• Integrated supply chain management
• Supplier relationship management
• Supplier development
• Supplier innovation
• Borderless company
• Competitive supply chain
What is delivered

• Price reduction
• Supply base reduction
• Quality and delivery fire-fighting
The EFQM EIPM Framework for Managing External Resources

Linking ambition with reality

Enablers → Results
The EFQM EIPM Framework for Managing External Resources

• A framework to deliver the strategy related to external resources
• With a cause-effect logic
• But dedicated to external resources management
• Can be the basis for occasional assessment
• Triggers problem solving related to the execution of the external resource strategy
The EFQM EIPM Framework for Managing External Resources
Next steps

• Use the framework as a source of ideas
• Use the framework to roadmap major changes
• Assess your maturity and chart your progress and get some results
Guideline to roadmap major changes

Innovation through external resources

Enablers
= key actions

LEADERSHIP
1a – identifying and aligning mission and vision of external resources
1b – adapting and aligning the organisation
1b – identifying and ensuring ownership

POLICY and STRATEGY
2a – identifying competitive advantages and core competences of external resources
2a – defining vertical integration
2d – communicating the company strategy to stakeholders and ext. res.
2d – designing key process

PROCESS
5d – selecting ext. res. based on development capabilities and values
5d – aligning internal and external organisations, resources and process
5d – managing IP

Results
= benefit

KEY RESULTS
9a – larger market share
– sales increase
– shorter time to market
9b – number of innovation

Innovation
## Assessment tool

### Enablers

<table>
<thead>
<tr>
<th>Criteria</th>
<th>0 - Nothing has been done</th>
<th>1 - Some approach have been implemented, outcomes is still uncertain, deployment is embryonic</th>
<th>2 - Relevant and tested approach have been implemented, systematic deployment has started but not reached all targeted activities</th>
<th>3 - Approach aligned with the strategic needs have been implemented, deployment is well advanced in relevant areas, systematic measurement and review has started</th>
<th>4 - Approach recognized as a good practice outside of the organization, full deployment in relevant areas achieved, measurement and review well structured and regularly practiced</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>1a Leaders develop the vision, mission, values and ethics for the management of the organization’s network of external resources</td>
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<td>1b Leaders ensure that the management system for the network of external resources of the organization is appropriately developed, shared, implemented and continuously improved</td>
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<td>1c Leaders interact with the network of external resources and reinforce a culture of excellence</td>
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<td>1d Leaders identify and champion change regarding the management of the network of external resources</td>
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<td>Policy and Strategy</td>
<td>2a Business Policy and Strategy are based on the present and future aspects of the supply market</td>
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<td>2b Policy and Strategy for the network of external resources are developed, reviewed and updated based on the company’s business strategy and the market trends</td>
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<td>2c Policy and Strategy for the network of external resources are based on information from performance measurement, benchmarking and learning</td>
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<td>2d Policy and Strategy are communicated and deployed through a framework of key processes</td>
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<td>People</td>
<td>3a People resources for managing and supporting the network of external resources are planned, managed and developed</td>
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<td>3b People’s knowledge and competencies are identified, developed and sustained for promoting excellence in the management of network of external resources</td>
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<td>3c People acting on the network of external resources are involved and empowered</td>
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<td>Process</td>
<td>4a Relationships with external organizations are managed</td>
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<td>4b Financials involved in external resources activities are managed</td>
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<td>4c Technology related to external resources activities are managed</td>
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<td>4d Information and knowledge regarding activities related to the network of external resources are relevant and timely</td>
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<td>Resource</td>
<td>5a Category strategy is systematically designed, implemented and managed</td>
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<td>5b External resources base is systematically managed</td>
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<td>5c External resource performance is systematically monitored and developed</td>
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<td>5d External resource integration in value creation is systematically designed and managed</td>
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<tr>
<td>5e Relationship with external resources is systematically designed and managed</td>
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<td>5f Operational integration of external resources is managed</td>
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### Results

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<tr>
<th>Results</th>
<th>0 - Results are not measured</th>
<th>1 - Some measurements have been implemented, objectives can remain unclear</th>
<th>2 - Relevant and tested measurements have been implemented, clear objectives have been established. Some positive trends can be seen.</th>
<th>3 - Measurements and objectives are aligned with the strategic needs, positive trends are recorded. Links with enablers is sometimes unclear</th>
<th>4 - All trends are positive, links with enablers is well understood and some results are the industry benchmark</th>
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<tr>
<td>6.1 Excellence in the management of external resources impact on final customer results</td>
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<td>6.2 Excellence in the management of external resources impact on internal customer results</td>
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<td>6.3 Excellence in the management of external resources impact on people results</td>
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<td>6.4 Excellence in the management of external resources impact on society results</td>
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<td>6.5 Excellence in the management of external resources impact on key performance results</td>
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As a summary

Think globally, act locally, panic internally

Think or EFQM Framework
Thank you!

Ohanes Missirilian – EIPM
Hervé Legenvre - EFQM
Reach “supplier led” momentum

Energy is not manpower but mindset and leadership!

Source EFQM-Robert Bosch Diesel Systems