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The Australian Business Excellence Framework

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for

GB 002-2011 The Australian Business Excellence Framework

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Date: Friday, 14 August 2015 9:16 AM

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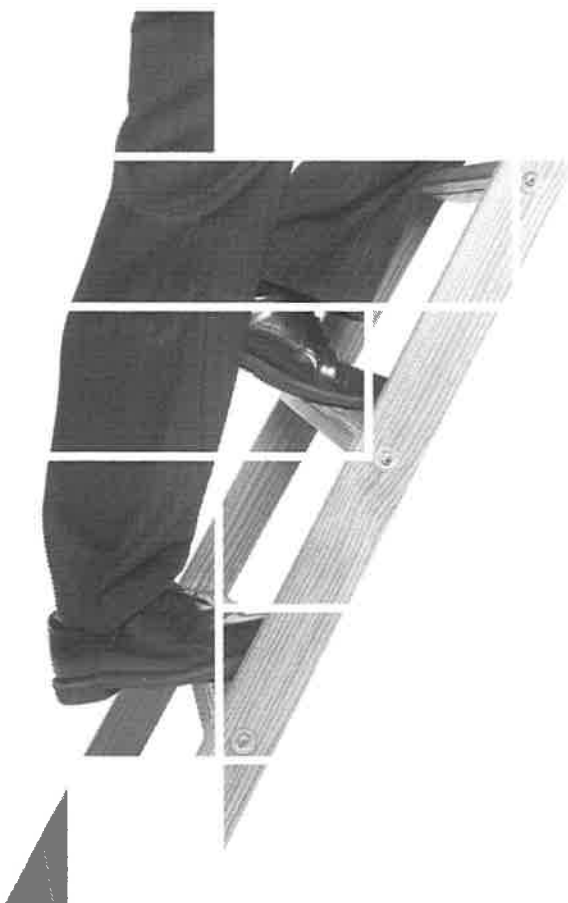SAI GLOBAL STANDARDS Australia ISO IEC ANSI BSI DIN JSA ETSI

CONTENTS

SECTION 1

An overview OF THE AUSTRALIAN BUSINESS EXCELLENCE FRAMEWORK

WHAT IS THE **Australian Business Excellence Framework?**

The Australian Business Excellence Framework (*ABEF*) is an integrated leadership and management system that describes the elements essential to organisations sustaining high levels of performance. It can be used to assess and improve any aspect of an organisation, including leadership, strategy and planning, people, information and knowledge, safety, service delivery, product quality and bottom-line results. The *ABEF* provides organisations with assurance of their sustainable performance.

Importantly, the *ABEF* recognises the unique nature of each enterprise. When an organisation embarks on a journey for sustainable performance, it is challenged to look within and address key questions, such as 'how are we really performing as an organisation?', 'what are we good at?', 'what do we need to improve?' The internationally recognised Australian Business Excellence Framework ensures that the organisational review remains holistic; that is, it encompasses all levels of the organisation and considers all factors that can influence sustainable performance. It enables any organisation to clarify the factors inhibiting or accelerating organisational advancement and provides a roadmap to implement targeted strategies.

The *ABEF* has proven relevance to all types and size of organisation – multinational, small and medium sized enterprise, not-for-profit, corporate, joint venture and public sector. The *ABEF* borrows concepts from international best practice leadership models and integrates them with Australian approaches for success to provide an integrated leadership and management framework that will guide organisations to sustainable performance.

AIM

The aim of the *ABEF* is to create an **environment for aligned continuous improvement at all levels of the organisation, a leadership focus** on sustainable performance and the organisation's improved capability to deliver desirable outcomes. This environment can be described as follows:

- The organisation is outward looking, has a strategic understanding of its operating environment, and is strongly focused on adaptability and sustainable performance. It understands the current and future needs of stakeholders and is aware of their interests, perceptions and expectations. Knowledge about stakeholders is deliberately used to shape the way processes are executed and measured.

- There are processes to formulate business strategies. These processes are continuously influenced by both the internal and external environments and are clearly communicated throughout the organisation. The people who are responsible for delivering strategic objectives are actively engaged and involved and their efforts are consistently aligned with the organisation's objectives.

- It is recognised that people in the organisation work in a 'system'. Leaders and managers focus on improving that system while encouraging the resourcefulness and enthusiasm of the people involved. This means that there is personal engagement with the organisation's values and directions, sustainable behavioural change and productive organisational relationships.

- A successful organisation continually improves its processes through understanding their performance and capability relative to its strategy and goals, effectively using data and information for evidence-based decision-making, and fostering corporate learning and knowledge. Data and information are essential components of performance monitoring and direction-setting by all levels of leadership within the organisation.

- Behavioural changes and cultural alignment are considered and organisational values and the Principles of Business Excellence are consistently applied in order to bring about improvement in the organisation's performance.

STRUCTURE OF THE *ABEF*

The *ABEF* specifically aims to create an organisational environment that leads to sustainable performance. It is based on enduring principles of organisational learning and improvement. Use of the *ABEF* helps leaders maintain a comprehensive (systemic) overview of the organisation (a 'helicopter view') and supports a values and principle-based organisational environment.

The underlying philosophy of the *ABEF* is expressed in nine **Principles of Business Excellence**, consistent application of which is fundamental to creating an environment for sustainable performance. The nine Principles of Business Excellence are considered to be governing laws that are to be used as a basis for predicting and reasoning.

The Principles of Business Excellence are interpreted according to individual business settings using seven **Categories** and 16 sub-categories, or **Items**. The broad Categories, and more specific Items, break down the complex structure of an organisation into tangible components that can be systematically monitored and improved.

A critical component of the *ABEF* is the **ADRI Learning Cycle**. Applying ADRI to the systems, processes, policies, practices and performance for each of the Items enables the Principles of Business Excellence to be integrated into the fabric of the organisation. This is depicted in Figure 1.1 below.

The organisation's performance against each Item is assessed using an **Assessment Matrix**. This type of assessment shows the extent to which the organisation's systems and operations are aligned to the Principles of Business Excellence. Improvement can then be planned. The Assessment Matrix can be used in three ways: by the organisation to implement the *ABEF* and measure its progress; by SAI Global in its role as a strategic partner to guide the organisation towards sustainable performance; and by the *Australian Business Excellence Awards* Evaluators.

FIGURE 1.1: THE ELEMENTS OF THE *AUSTRALIAN BUSINESS EXCELLENCE FRAMEWORK*
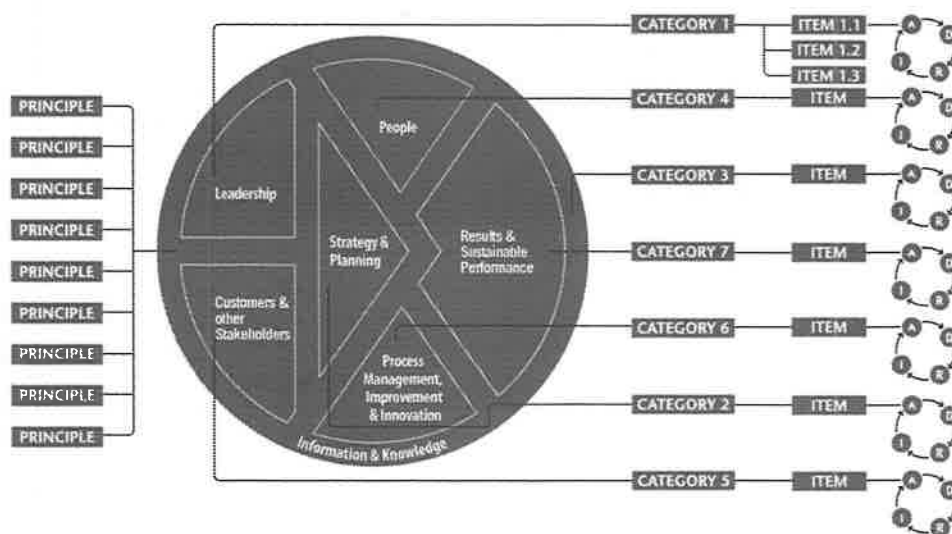
This is Australia's Framework for innovation, improvement and sustainable performance. It is applicable to all organisations, large and small, private, not for profit and pubic, whatever their purpose and nature.

HOW CAN THE *ABEF* **help your organisation?**

Your organisation can use the *Australian Business Excellence Framework* to:

- achieve stronger financial performance
- focus on a sustainable future
- create visionary and inspirational leadership
- drive innovation in products and services
- focus on customer service and satisfaction
- deliver to stakeholder requirements
- increase market penetration and revenue
- create effective business planning processes
- raise productivity and reduce operating costs
- engage teams in the process of improvement and increase staff satisfaction
- improve its decision-making capabilities
- increase its capacity to manage change
- be recognised for its achievements in excellence through the Australian Business Excellence Awards
- demonstrate to key stakeholders (i.e. customers, shareholders, boards, community, employees) that it has a structured and systematic approach to improving and achieving best practice and excellence.

Additionally, the *ABEF* provides an umbrella under which a number of business initiatives can be integrated to form one coherent, cohesive organisational systems model. Many of these initiatives are methodologies that have emerged in response to interpreting the underlying Principles of Business Excellence. Rather than focus on individual elements, the *ABEF* helps integrate and provide purpose to these initiatives. Business initiatives that fit comfortably within the *ABEF* include the following:

- ISO 9000 series
- Lean Six Sigma
- Balanced Scorecard
- Enterprise Resource Planning
- Triple Bottom Line reporting
- Corporate Governance
- Risk Management.

For more information about how organisations apply the *ABEF* to achieve sustainable performance, please contact SAI Global's Improvement Solutions team at **improve@saiglobal.com.**

IS THERE PROOF **that the *ABEF* works?**

Extensive research carried out in Australia and overseas clearly demonstrates that significant business improvements will result from implementing the *Australian Business Excellence Framework*.

THE BUSINESS EXCELLENCE INDEX

SAI Global commissioned SIRCA, a financial services research organisation, to conduct a study of all Australian Stock Exchange (ASX) listed *Australian Business Excellence Award* winners. Through this study, SAI Global aimed to provide Australian organisations with valuable quantitative data to answer the key question: *Does excellence pay?*

The research produced the Business Excellence Index, which compares the performance, over 16 years, of the ASX listed *Australian Business Excellence Award* winners against the ASX All Ordinaries Index.

RESULTS

A hypothetical investment in all listed *Australian Business Excellence Award* recipients generated a significantly higher return than that of the market benchmark - Standard and Poor's Accumulated Index. A portfolio of *Australian Business Excellence Award* recipients generated a 169 percent return, outperforming the Standard and Poor's Accumulated Index benchmark of 113 percent.

Graph 1 below presents a summary of the results.

RESEARCH BY MASSEY UNIVERSITY, NEW ZEALAND

Research conducted by Massey University, New Zealand, supports SIRCA's results. A key component of the University's research was the benefits users derived from implementing the *ABEF*. The results of the research are set out in the report *Beneath the Surface: Enhancing the development, design and deployment of the Australian Business Excellence Framework.*

In brief, 62 percent of respondents believed that their performance was significantly better since implementing the *ABEF*. All of these organisations had been using the *ABEF* for between four and 12 years and it was evident that the benefits increase as the length of use increases. In fact, all of the organisations that have used the *ABEF* for more than 10 years believe it benefits them significantly.

These examples and studies highlight the positive correlation between performance measured against the *ABEF* and improvements in key results.

1990-2006
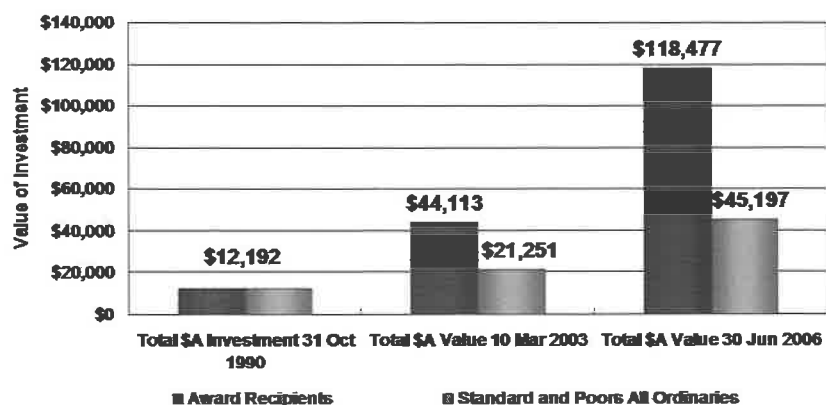
The full report by SIRCA is available from SAI Global.

THE **nine principles** OF BUSINESS EXCELLENCE

SECTION 2
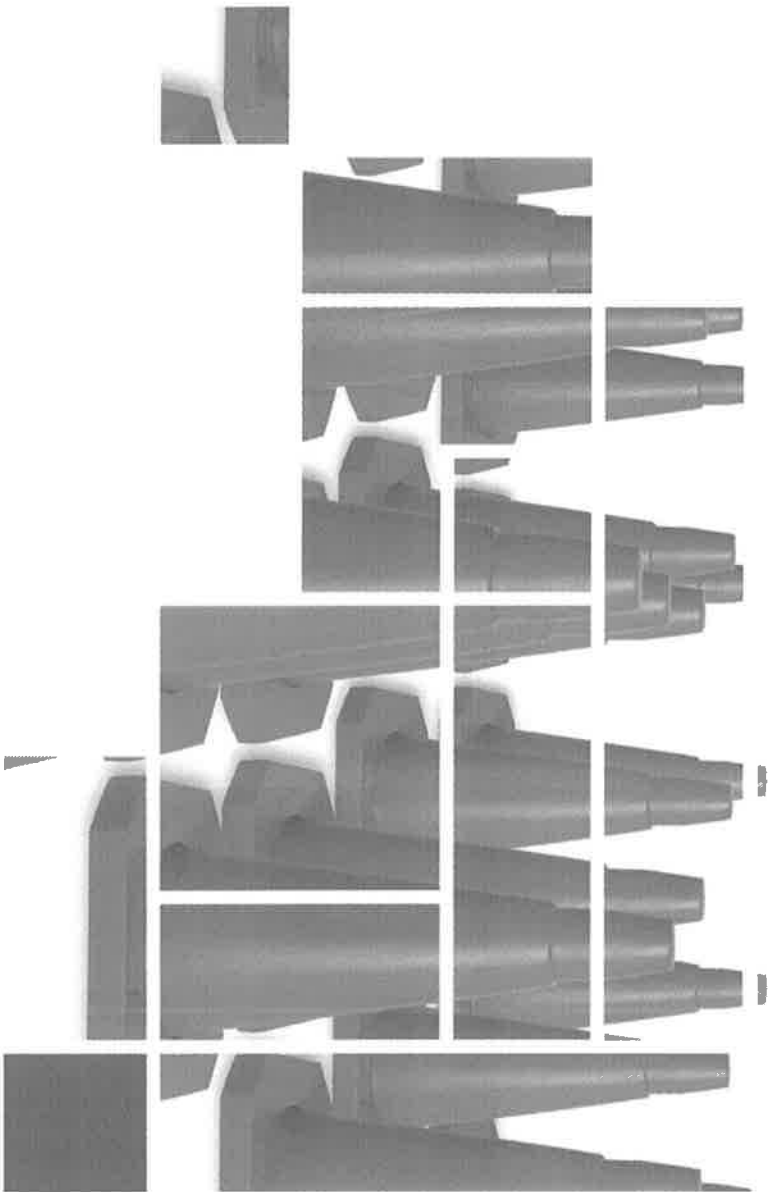
The *ABEF* has been built on a set of tested and proven Principles of leadership and management.

In order to understand the *ABEF* and appreciate its applications and many benefits, it is important to first understand and embrace the Principles of Business Excellence. A body of published research that underpins all similar frameworks and excellence models throughout the world supports these foundational Principles of Business Excellence, which have evolved over the past 60 years. They form the basis of a unified theory of management.

Their wisdom is not only self-evident but also simple. An organisation that lives by these Principles of Business Excellence creates best practices across the whole leadership and management system by:

- demonstrating improved performance over the long term; and

- maximising positive outcomes for the organisation, its stakeholders and society.

The Nine Principles of Business Excellence, when understood and applied across your organisation, provide a powerful and integrated philosophy of leadership. These Principles of Business Excellence, through the Categories and Items of the *ABEF*, can guide your organisation to improvement and sustainable performance.

principle one

■ **CLEAR DIRECTION AND MUTUALLY AGREED PLANS ENABLE ORGANISATIONAL ALIGNMENT AND A FOCUS ON THE ACHIEVEMENT OF GOALS.**

Clear direction and agreed plans to drive action help people know what to do, understand why they are doing it and how their individual and team efforts align to the achievement of organisational success. By keeping to that clear direction, people are able to use resources wisely in the pursuit of the organisation's goals. The organisation measures progress and success relative to the direction and goals.

principle two

■ **UNDERSTANDING WHAT CUSTOMERS AND OTHER STAKEHOLDERS VALUE, NOW AND IN THE FUTURE, ENABLES ORGANISATIONAL DIRECTION, STRATEGY AND ACTION.**

Knowledge about stakeholder perception of value influences the design of key areas such as strategy, end-to-end processes and the nature of products and services. The shape of the organisation should reflect the strategic use of this knowledge by leaders. This has many benefits for the organisation, including sustaining competitive advantage, assisting in partnerships, improving customer acquisition, promoting advocacy and assisting in achieving sustainable performance.

principle three

■ **ALL PEOPLE WORK *IN* A SYSTEM. OUTCOMES ARE IMPROVED WHEN PEOPLE WORK *ON* THE SYSTEM AND ITS ASSOCIATED PROCESSES.**

An organisation operates as an organisational system and will view the environment in which it operates as a system. An excellent organisation finds the causes of problems in the processes and systems rather than focusing on individual events. It engages people and their ideas to manage, simplify and optimise its system of processes to improve the outcomes.

principle four

■ **ENGAGING PEOPLE'S ENTHUSIASM, RESOURCEFULNESS AND PARTICIPATION IMPROVES ORGANISATIONAL PERFORMANCE.**

Involving people and their creativity improves the system and the outcomes, promotes shared ownership of the organisation's goals and creates a committed, productive and innovative workforce. Development and well being of employees enhances their performance and working relationships and improves organisational outcomes.

principle five

■ **INNOVATION AND LEARNING INFLUENCE THE AGILITY AND RESPONSIVENESS OF THE ORGANISATION.**

Both personal and organisational learning leads to improved efficiency, effectiveness and innovation. The sustainable advantage of an agile organisation is the ability to learn quickly and respond rapidly with new ways of doing business.

principle six

■ **EFFECTIVE USE OF FACTS, DATA AND KNOWLEDGE LEADS TO IMPROVED DECISIONS.**

The combination of facts, data and knowledge can enhance judgement and enable better-informed decisions to be made. It is the willingness to analyse past decisions for unintended consequences that contributes to a base of knowledge for enhanced future decision-making. Decisions based on opinion or assumptions have a higher risk of being ill informed decisions.

principle seven

■ **VARIATION IMPACTS PREDICTABILITY, PROFITABILITY AND PERFORMANCE.**

Variation is a natural occurrence of processes and systems. Some variation comes from outside the system and cannot be eliminated, although contingency plans can be developed to control it. Organisational system and process variation needs be understood and managed to enhance performance and allow an organisation to make and keep realistic promises to stakeholders in a consistent manner.

principle eight

■ **SUSTAINABLE PERFORMANCE IS DETERMINED BY AN ORGANISATION'S ABILITY TO DELIVER VALUE FOR ALL STAKEHOLDERS IN AN ETHICALLY, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE MANNER.**

An excellent organisation behaves responsibly as a corporate citizen and is perceived to do so by all stakeholders. Good governance with corresponding accountabilities will ensure that the organisation's broader responsibilities, including ecological and economic sustainability, are identified and met.

principle nine

■ **LEADERS DETERMINE THE CULTURE AND VALUE SYSTEM OF THE ORGANISATION THROUGH THEIR DECISIONS AND BEHAVIOUR.**

A culture of excellence can be achieved and sustained when organisational leaders model behaviours based on these Principles of Business Excellence. Leaders communicate the mutually agreed organisational purpose, values and core strategies and ensure that they are understood and outcomes are delivered.

THE **seven categories** OF THE AUSTRALIAN BUSINESS EXCELLENCE FRAMEWORK
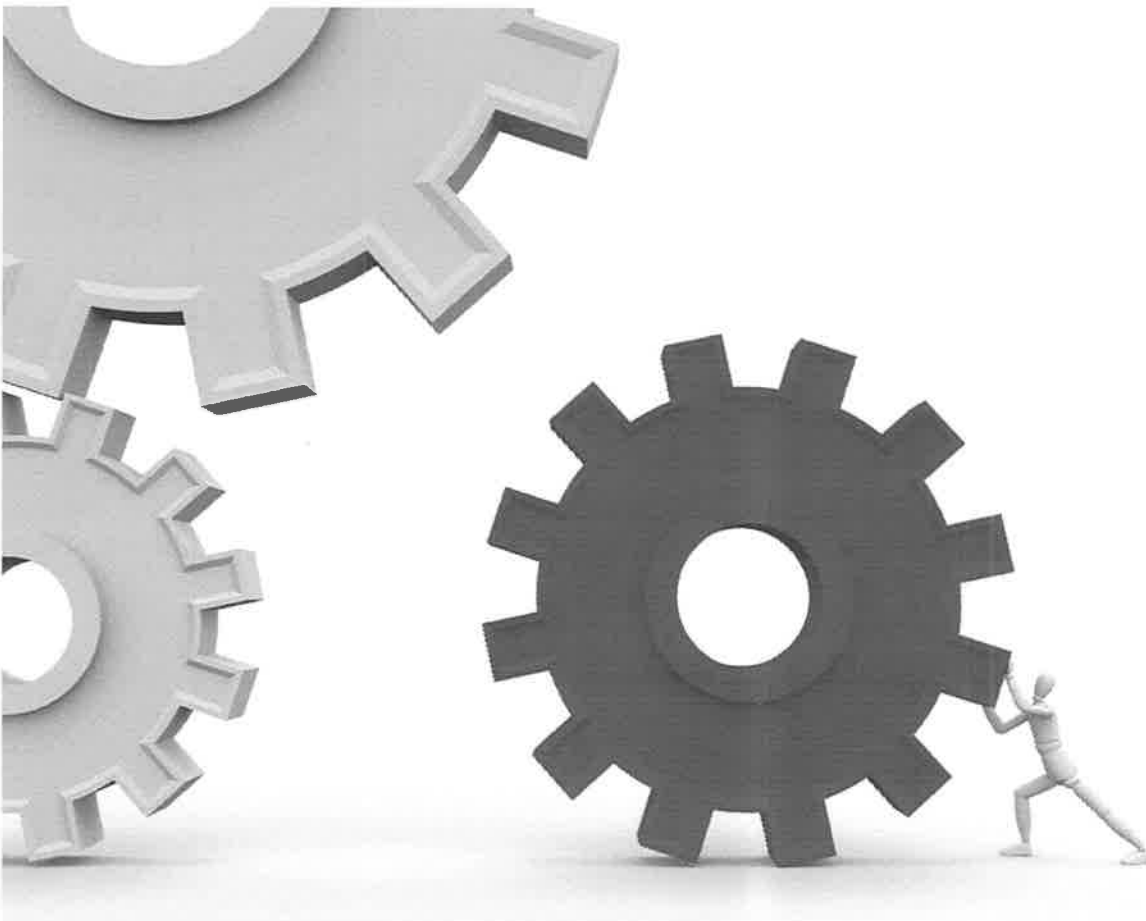
Introduction

The seven Categories of the *ABEF* form a structure with which an organisation can review, question and analyse its leadership and management system. All Categories are linked to one another and an organisation's success relies on it having sound systems and processes in place for all seven. The Categories are set out in Figure 3.1 below. They are arranged from left to right to reflect their interdependent relationship.

FIGURE 3.1: THE SEVEN CATEGORIES OF THE *ABEF*

CATEGORY ITEMS

Each Category is made up of sub-categories called Items. There are 16 items spread across the seven Categories. The *ABEF* gives descriptions of areas in each Item that are worthy of consideration. The Items are designed to guide an organisation on what it may consider when applying the Principles of Business Excellence to generate sustainable performance. Question and define your own approach to each Item using the intent and criteria in the *ABEF* as inspiration.

CATEGORY TYPES

The Categories can be divided into three types: 'Drivers', 'Enablers' and 'Results'. Drivers are factors that position the organisation in the external environment. Drivers represent the intent of the organisation. Enablers are the processes, tools and approaches that support an organisation's pursuit of its goals and objectives. Results are the organisation's measures of success: they provide comparison against past performance and the organisational objectives.

Drivers

The **Leadership** and **Customers & other Stakeholders** Categories are the Drivers of all the other components of the *ABEF*. Leadership 'drives' or sets the direction for the organisation by focusing on Customers and other Stakeholders and desired performance (i.e. intended business results). In Figure 3.2 these Categories are on the left-hand side, illustrating their influence on the shape or design of the rest of the Categories. Implicit in this depiction is the key Principle of designing the organisation to deliver value to its customers and other stakeholders.

FIGURE 3.2: THE DRIVER CATEGORIES

Enablers

The **Strategy and Planning** and **People** Categories are shaped by the Drivers and support the processes that enable the organisation to achieve its objectives, in line with its intended directions and performance goals. In Figure 3.3 the Strategy and Planning and People Categories are shown in the middle to represent their supportive role.

FIGURE 3.3: THE STRATEGY AND PLANNING, AND PEOPLE CATEGORIES

In Figure 3.4 the **Information and Knowledge** Category weaves through all the other Categories: it is connected to all aspects of the organisation. Access to and strategic use of knowledge and information is fundamental to the creation of an environment for business success, understanding the external environment now and into the future, evaluation of business strategies, modelling, monitoring performance and evidence-based organisational development.

FIGURE 3.4: THE INFORMATION AND KNOWLEDGE CATEGORY

The **Process Management, Improvement and Innovation** Category is shaped by the Drivers, supported by the Enablers and fundamentally focused on how work is done to achieve the required results and sustainable performance of the organisation (See Figure 3.5).

The Category describes the management and improvement of the organisation's processes; that is, its operational system. Products and services are the outputs of these processes. The total experience of stakeholders and therefore the value they perceive is driven by the execution of these processes.

FIGURE 3.5: THE PROCESS MANAGEMENT, IMPROVEMENT AND INNOVATION CATEGORY

Results

The **Results and Sustainable Performance** Category deals with organisational outcomes. In Figure 3.6 this Category is on the right-hand side to show that the Categories must be approached holistically. To improve its organisational performance a business must work on the design of, and interrelationship between, the other six Categories.

FIGURE 3.6: THE RESULTS AND SUSTAINABLE PERFORMANCE CATEGORY

It is important to understand the Categories as a holistic view of an organisation, rather than as a set of functional segments. Category 4 'People', for example, is more than the conventional Human Resources function. It is a view of the whole of the organisation from the perspective of people. Similarly, Category 1 'Leadership' addresses the entire perspective of formal and informal leadership across the organisation, rather than a limited view of 'who's in charge'.

CATEGORY 1: **Leadership**

Category 1 explores how an organisation develops and uses leadership concepts, business processes and management systems, how it develops an organisational culture that is consistent with its values and how it supports its communities and the environment.

ITEM 1.1 **LEADERSHIP AND GOVERNANCE THROUGHOUT THE ORGANISATION**

An excellent organisation has effective and visible systems and processes of leadership in place at all levels that also clearly reflect the underlying Principles of Business Excellence. Management structures promote leadership and the allocation of effective accountabilities and responsibilities.

Considerations may include:

- **Clarity of purpose and alignment of direction**— The organisation defines its purpose, vision and values for organisational success and ensures it is understood and applied across the organisation.

- **Implementing good governance**—The organisation identifies its responsibilities to stakeholders and implements effective systems of leadership, authority, accountability and control to fulfil them. A system of values, policies, regulations, processes, controls, risk management and relationships is implemented to meet legal, financial and ethical obligations. Governance processes define the roles, powers and responsibilities within the organisation and the links with the organisation's ownership, its stakeholders and its internal management structure.

- **Promoting a leadership system that generates desired competencies**—The organisation creates an environment that promotes a system of leadership at all levels (including providing consistent direction, constancy of purpose, integrity and coaching). The leaders of an organisation require certain competencies consistent with the Principles of Business Excellence, where the organisation monitors how people develop those competencies (including how performance in leadership competencies and the overall effectiveness of the leadership system is assessed).

- **Developing an effective management system**— The organisation's management system encourages people at all levels to exercise appropriate leadership using associated structures involving principal roles, accountability and responsibilities.

ITEM 1.2 LEADING THE ORGANISATIONAL CULTURE

An excellent organisation develops cultures and supports behaviours consistent with its strategy, values and Principles of Business Excellence to achieve its objectives.

Considerations may include:

■ **Relating organisational values to practice**—The organisation's values relate to its management philosophy; that is, how values are communicated, adopted, reviewed and reinforced throughout the organisation, and how values are expressed and incorporated into the workplace environment, policies and other organisational documents.

■ **Creating the right culture**—The organisation maximises the potential of its people through constructive leadership coupled with a strong performance ethic. It creates a work environment that encourages the elements needed for high individual and organisational performance, transparency, inclusiveness, diversity, fairness, innovative thinking and freedom from fear.

■ **Establishing behaviour that demonstrates the values**—The organisation defines individual behaviours that promote the values and maintains an environment where these behaviours are recognised and acknowledged.

■ **Recognising the role of senior leadership in modelling desired behaviour**—The collective and personal commitment, involvement and visibility of senior leaders develop the values of the organisation and maintain an environment for innovation, diversity and business excellence. ('Senior leaders' means those people identified by an organisation as the highest level decision makers.)

■ **Encouraging creativity and innovation**—The organisation promotes, encourages and supports creativity and innovation. It applies these qualities strategically as well as operationally.

■ **Providing for organisational adaptation**—The organisation absorbs change and responds quickly to opportunities.

ITEM 1.3 SOCIETY, COMMUNITY AND ENVIRONMENTAL RESPONSIBILITY

An excellent organisation supports society by participating in capacity-building activities to optimise positive social outcomes for its community. In particular, it fosters environmental responsibility, equal opportunity, education and health, and encourages wellbeing among community stakeholders by minimising the adverse impacts of its products and services, systems and processes.

Considerations may include:

■ **Sustaining the environment**—The organisation acts responsibly with respect to the environment through, for example, conservation, recycling, waste reduction and the use of the earth's resources in a way that does not jeopardise the reasonable rights of future generations.

■ **Demonstrating corporate social responsibility**—The organisation contributes to its community in areas such as health, socio-economic value, education and community development and demonstrates good corporate citizenship.

■ **Demonstrating legal and ethical behaviour**—The organisation demonstrates its commitment to its community and the wider society by, for example, disclosing information to the community, listening (through community consultation), and reducing and preventing nuisance and harm arising from its operations and the lifecycle of its products and services and by influencing its business sector.

■ **Promoting equal opportunity**—The organisation demonstrates its commitment to equal opportunity and acts as a model of good practice for employers and people in the community.

CATEGORY 2: **Strategy and Planning**

Category 2 explores how an organisation establishes systems to set strategic directions (where the organisation has come from, where it is going and how it will get there) and how it deploys plans to achieve those strategies.

ITEM 2.1 **STRATEGIC DIRECTION**

An excellent organisation uses systems and processes to establish and communicate its purpose, vision, values and goals. It understands how to plan for sustainable performance, what the core business strategies are and how to align the whole organisation to its core purpose. These practices help it to remain focused on sustainability into the future and give meaning to the people who work in the organisation and to its stakeholders.

Considerations may include:

- **Activating purpose and direction**—The organisation applies and communicates its purpose, vision, principles, strategies, goals and objectives for organisational success, and the ethics, values, beliefs and behaviours that underpin this strategic direction.

- **Defining strategic positioning**— Core competencies inform the selection of appropriate markets and strategies. The organisation makes choices between competing opportunities based on knowledge of the customer, other stakeholders and the business environment in which it operates—now and into the future.

- **Utilising robust processes for the development of strategy**—The organisation drives the development and communication of strategy through effective processes that embrace good governance, give weight to information, and challenge and stimulate thinking. These processes engage key stakeholders and promote confidence in the strategic direction.

- **Creating and utilising strategic relationships**— these include partnerships, joint ventures and other forms of alliances that contribute to achieving the organisation's objectives.

- **Anticipating change and contingency planning**— The organisation is agile and adjusts its strategic direction by anticipating change, managing uncertainty, contingency planning, managing strategic and operational risk and responding rapidly to significant external changes. It assesses and predicts the technology, knowledge, skills, resources and competencies required to be successful in the future.

ITEM 2.2 **THE PLANNING PROCESS**

An excellent organisation develops systems and processes to turn strategic decisions and imperatives into actionable plans. Through planning it sets priorities to use, direct and build its resources and assets and then applies them to achieve its goals and increase its future value.

Considerations may include:

- **Developing and deploying objectives and related measures**—The organisation develops and deploys objectives and measures in order to assess results against intended outcomes. The organisation measures its performance against customer and other stakeholder requirements and plans, makes improvements and corrections as needed and periodically reviews what it has learnt.

- **Strategic and business plan development and implementation**—The organisation involves people at all levels (and other stakeholders) in the development of plans that reflect its values. It translates plans into action, anticipates and adjusts for change, allocates accountability for executing and communicating the plans, and uses team and individual measures to help track achievement against its plans and objectives.

- **Ensuring business plan alignment and integration**—The organisation uses systems to ensure that various levels and types of plans are integrated and aligned, and that strategic plans are linked to and deployed via annual plans, operational plans, service and product delivery plans, marketing plans and people plans etc.

- **Conducting capability gap analysis**—The organisation analyses data in order to close the gap between where the organisation is now and where it wants to be. It determines how resources and assets will be developed, valued, used and managed in order to support the deployment of the strategy. Resources and assets include the following:

  - physical *assets*—major capital items (buildings, production facilities, equipment etc.)

  - *soft assets*—intellectual property, corporate reputation, image control

  - *knowledge resources* – corporate, customer and operational knowledge

  - *service delivery resources*—the ability to deliver on service commitments

  - *financial assets*—effective management of investments and capital

  - *technology*—identification and evaluation of emerging technologies and the replacement of outdated/inefficient or environmentally unfriendly technologies

  - *skill resources*—the capability required to achieve plans

CATEGORY 3: **Information and Knowledge**

Category 3 focuses on the effective application of the information and knowledge required to achieve the organisation's objectives and the need for efficient and effective processes to acquire, analyse, apply and manage the information and knowledge.

ITEM 3.1 **GENERATING, COLLECTING AND ANALYSING THE RIGHT DATA TO INFORM DECISION-MAKING**

An excellent organisation has effective systems and processes for determining what data and information should be collected (e.g. the development of meaningful organisational indicators) and how it is handled, stored, analysed and interpreted to create information and knowledge. The organisation uses this information to increase its understanding of the environment in which it operates (internally and externally) and continually reviews it to ensure it remains current, meaningful and effective.

Considerations may include:

- **Planning data collection and linking it to strategy**—The organisation establishes criteria and processes for determining what data should be collected and for preventing the collection of data that is not useful. The processes show clear links between data gathering and organisational purpose, strategy and core values as well as customer requirements and organisational learning at all levels. A broad range of stakeholders is considered in determining what data should be gathered.

- **Understanding variation**—The organisation analyses and interprets data in order to learn and inform its decision -making in both the short and long term. The analysis supports the organisation's understanding of the nature and impact of variation on processes, outputs, outcomes and measurement systems.

- **Sharing the data**—The organisation puts in place systems to ensure that data is shared among those who can use it to improve decision -making and performance and that the data is generally accessible.

- **Ensuring data integrity**—The organisation ensures that data is valid, reliable, relevant, timely, secure and sound.

- **Use of technology** – The organisation utilises appropriate technology to enable knowledge-driven decision-making.

ITEM 3.2 **CREATING VALUE THROUGH APPLYING KNOWLEDGE**

An excellent organisation realises there is no substitute for knowledge and therefore establishes systems and processes to consolidate knowledge and share it across the organisation. It uses this knowledge to support decision-making, stimulate innovative thinking and ensure the organisation's sustainable performance.

Considerations may include:

- **Defining knowledge requirements**—The organisation puts in place processes to ensure that the knowledge required for its sustainable performance can be defined.

- **Sourcing, creating and enhancing knowledge**—The organisation identifies and uses existing and potential knowledge sources (internal and external to the organisation). It regularly updates the information held within its systems and by its people. The organisation maximises its strategic advantage by harnessing the knowledge and expertise of its people and the knowledge embedded in the organisational systems.

- **Encouraging the application of knowledge**—The organisation puts in place systems and processes to encourage its people to access, discuss and build upon data, information and knowledge. The organisation ensures that all decisions are based on current information, knowledge and facts.

CATEGORY 4: **People**

Category 4 explores how an organisation acknowledges that people are essential and are to be valued, and how it creates great places for people to work by attracting the right people, developing their skills, engaging them and retaining them. Appropriate policies, systems, processes and tools ensure that people are engaged and make a meaningful contribution to organisational improvement, goals and success.

ITEM 4.1 **A GREAT PLACE TO WORK**

An excellent organisation creates work environments that are engaging, positive and open, foster creativity and unify the efforts of its people. It encourages people to learn, test what they see, improve their skills and challenge possibilities.

Considerations may include:

■ **Building trust and respect**—The organisation builds strong relationships through communication, trust and respect with the support of appropriate policies that define behaviour. Consistent behaviour and the way in which tasks and responsibilities are delegated largely determine the degree of trust that exists.

■ **Communicating well**—The organisation encourages effective communication that is open, top-down, bottom-up and horizontal. It has mechanisms for getting input from people throughout the organisation, including their perspectives and needs. Feedback processes are critical.

■ **Health safety and well-being**—The organisation establishes a workplace that treats Occupational Health & Safety as a priority and where people are provided with appropriate working environments, facilities and the tools to do their work well. These may include:

- Healthy life styles
- Safety focused culture
- Work – life balance
- Support services

ITEM 4.2 BUILDING ORGANISATIONAL CAPABILITY THROUGH PEOPLE

An excellent organisation aligns its needs with people's expectations. It encourages people to work collaboratively to improve the organisation. It attracts people who are capable of growing with the organisation, places them in the right roles and then develops, evaluates, remunerates, leads and manages them appropriately.

Considerations may include:

- **Aligning organisational needs and people's expectations**—The organisation communicates organisational needs in a manner that aligns individual and team effort and is supported by learning, positive reinforcement, recognition, remuneration and performance objectives. People are encouraged to improve their skills in ways that collectively improve the organisation and its ability to succeed.

- **Effective leadership and performance management of people** —The organisation maximises the performance of people in alignment with organisational objectives.

- **Evaluating and developing individuals**—The organisation aspires to develop its people to their full potential. Learning is valued and is achieved through experience, exposure and education. It is linked to effective career progression and feedback systems.

- **Attracting, recruiting, retaining and redeploying people**—The organisation identifies its current and future workforce needs and in particular, the talent, capabilities, culture and values it needs to move forward. Mechanisms are in place to recruit, retain, redeploy and outsource as internal and external circumstances change. The organisation provides remuneration and benefits that support and provide value to organisational intent.

CATEGORY 5: **Customers and other Stakeholders**

Category 5 explores how an organisation analyses its customer and other stakeholder requirements, how it uses this knowledge, how it manages the relationships and how it delivers increasing value to customers and other stakeholders.

ITEM 5.1 GAINING AND USING KNOWLEDGE OF CUSTOMERS AND OTHER STAKEHOLDERS

An excellent organisation uses processes to find out what its customers and other stakeholders value now and in the future. This enables the organisation to inform the design of products, services and processes that underpin the lifecycle of experiences desired by its customers and other stakeholders.

Considerations may include:

- **Effective segmentation**—The organisation clearly defines, segments and communicates the priority of customers and other stakeholders, also giving consideration to potential customers and other stakeholders.

- **Defining current and future value**—The organisation collects information from customers and other stakeholders and learns about their requirements and how they perceive value. This is then analysed, translated and communicated within the organisation.

- **Using the information for design**—The organisation uses information about customer and other stakeholder requirements to pro-actively develop products and services and the processes that deliver them and promote advocacy.

ITEM 5.2 EFFECTIVE MANAGEMENT OF CUSTOMER AND OTHER STAKEHOLDER RELATIONSHIPS

An excellent organisation establishes processes for developing and managing customer and other stakeholder relationships.

Considerations may include:

- **Developing customer and other stakeholder relationships**—The organisation designs and manages its relationships with customers, other stakeholders and segments to suit the requirements, promote trust and confidence, and provide clear contact points.

- **Ensuring a positive experience**—The organisation selects, trains and empowers its employees to meet and exceed expectations of all customers and other stakeholders.

- **Facilitating and acting on stakeholder feedback**—The organisation establishes effective feedback processes so that customers and other stakeholders can easily provide feedback. It analyses feedback patterns and uses the analysis to improve relationship management, processes, products and services.

ITEM 5.3 CUSTOMERS AND OTHER STAKEHOLDERS PERCEPTION OF VALUE

An excellent organisation measures perception of value and advocacy, compares the results with other organisations and uses the information to improve internal processes, products and services and so delivers increasing value for all customers and other stakeholders.

Considerations may include:

- **Measuring value through focused feedback**—The organisation has a clear approach to collecting feedback on advocacy and perception of value, focusing on key expectations and determining the importance and nature of its relationship with the customers and other stakeholders.

- **Measuring the total experience**—Measurement is linked to important customer and other stakeholder requirements throughout their engagement with the organisation, comparison of results with other organisations and the intended design of processes that deliver the experiences.

- **Leveraging the feedback**—The organisation analyses feedback and communicates it to the relevant people in the organisation. Managers and teams set time aside to review the results and initiate improvement actions or projects.

CATEGORY 6: **Process management, improvement and innovation**

Category 6 explores the processes an organisation uses to supply value to stakeholders. It also examines how they encourage innovation and improvement to these processes and, therefore, improve the quality of its outputs.

ITEM 6.1 IDENTIFICATION AND MANAGEMENT OF PROCESSES

An excellent organisation identifies and manages its value-creation, support and leadership processes in order to achieve its objectives. It maps and understands the interdependencies in its end-to-end sets of organisational processes that deliver value. It manages, simplifies and optimises its system of processes as a whole and regularly reviews processes for relevance and suitability in assisting the organisation to achieve its objectives.

Considerations may include:

- **Translating stakeholder requirements and internal capabilities into process design** — An organisation considers its management systems model in the design of processes. Value-creation requirements are used to shape the design of processes and ensure that all interdependencies are considered. Process governance is maintained by allocating ownership and accountabilities for the process.

- **Managing end-to-end processes**—Cross-functional and end-to-end processes are managed as a whole to optimise the key requirements of stakeholders and to meet the needs of the organisation. Partnering dependencies among both internal and external contributors are defined, developed and managed to agreed performance requirements that maximise overall performance. Methods to control and monitor processes are clearly in place to ensure predictable performance.

- **Managing process performance through measurement**—The organisation establishes present and future measures for process performance, effectiveness and efficiency. The organisation uses measures and monitoring methods to confirm that the quality of the products and services delivered to the customer will meet their expectations. Trends and patterns of variation (both stability and capability) are studied to determine if changes made lead to improvement in performance.

ITEM 6.2 PROCESS IMPROVEMENT AND INNOVATION

An excellent organisation uses consistent methods to improve its processes and achieve efficiency and effectiveness for all stakeholders. It learns, adapts for change and maintains the agility needed to meet new challenges as they arise.

Considerations may include:

- **Defining and deploying an appropriate process improvement methodology**—The organisation applies appropriate improvement methodologies in reducing complexity. Capability to resource such work is sustained through a system of development designed to provide varying levels of skills and experience to deliver process improvement.

- **Managing innovation processes**—The organisation supports the identification, implementation and resourcing of innovative ideas to achieve breakthrough performance.

- **Involving staff in the improvement process**—The organisation recognises the value employees (at all levels) contribute to organisational improvement and empowers and enables their widespread participation. It encourages and supports risk-taking within appropriate parameters.

- **Learning from others**—The organisation increases the efficiency and effectiveness of its processes by recognising the need to learn from others and utilises techniques such as benchmarking, comparisons, networks and alliances to enable breakthrough improvement.

CATEGORY 7: **Results and Sustainable Performance**

Category 7 explores an organisation's results and the methods it uses to monitor and demonstrate how well it is performing and how well it is likely to perform in the future. The organisation must have clear and appropriate measures against their objectives and their stakeholder requirements that enable it to undertake review and improvement.

ITEM 7.1 **MEASURING AND COMMUNICATING ORGANISATIONAL RESULTS**

An excellent organisation uses systems and processes to measure and understand its results. It uses data to show how well it is performing and as the basis for its on-going review and improvement.

Considerations may include:

■ **Taking a holistic approach**—The organisation takes an integrated and balanced view of its performance. It establishes key measures reflecting sustainable performance, understands the linkages between outcome and predictor indicators and has an architecture of key measures seen in relation to one another. The measures are used as the basis for ongoing review and improvement of systems and processes. Key measures could include:

  - Financial Results
  - Customer and other Stakeholder Outcomes
  - Leadership and Governance Results
  - People Results
  - Operational Results
  - Society Outcomes

■ **Measuring progress**—The organisation reports results for all relevant indicators, including trends, and comparative data against other organisations. It interprets the data and informs all relevant levels in the organisation.

ITEM 7.2 **ACHIEVING SUSTAINABLE PERFORMANCE**

An excellent organisation uses the systems and processes by which it measures and interprets internal and external indicators to help ensure its sustainable performance.

Considerations may include:

- **Financial and Asset capability**—The organisation reviews its future strategic requirements to ensure it meets short, medium and long term financial commitments.

- **Using risk management**—The organisation reviews, evaluates and amends the controls established to mitigate strategic risks and the organisation's capacity to leverage newly identified opportunities.

- **Assessing relevance to stakeholders**—The organisation measures and assesses changing stakeholder requirements and its capacity to be relevant to stakeholders in the future.

- **Organisational capability**—The organisation continually monitors its technology, knowledge, skills and resources to meet future requirements

SECTION 4

APPLYING THE **learning cycle to your organisation**
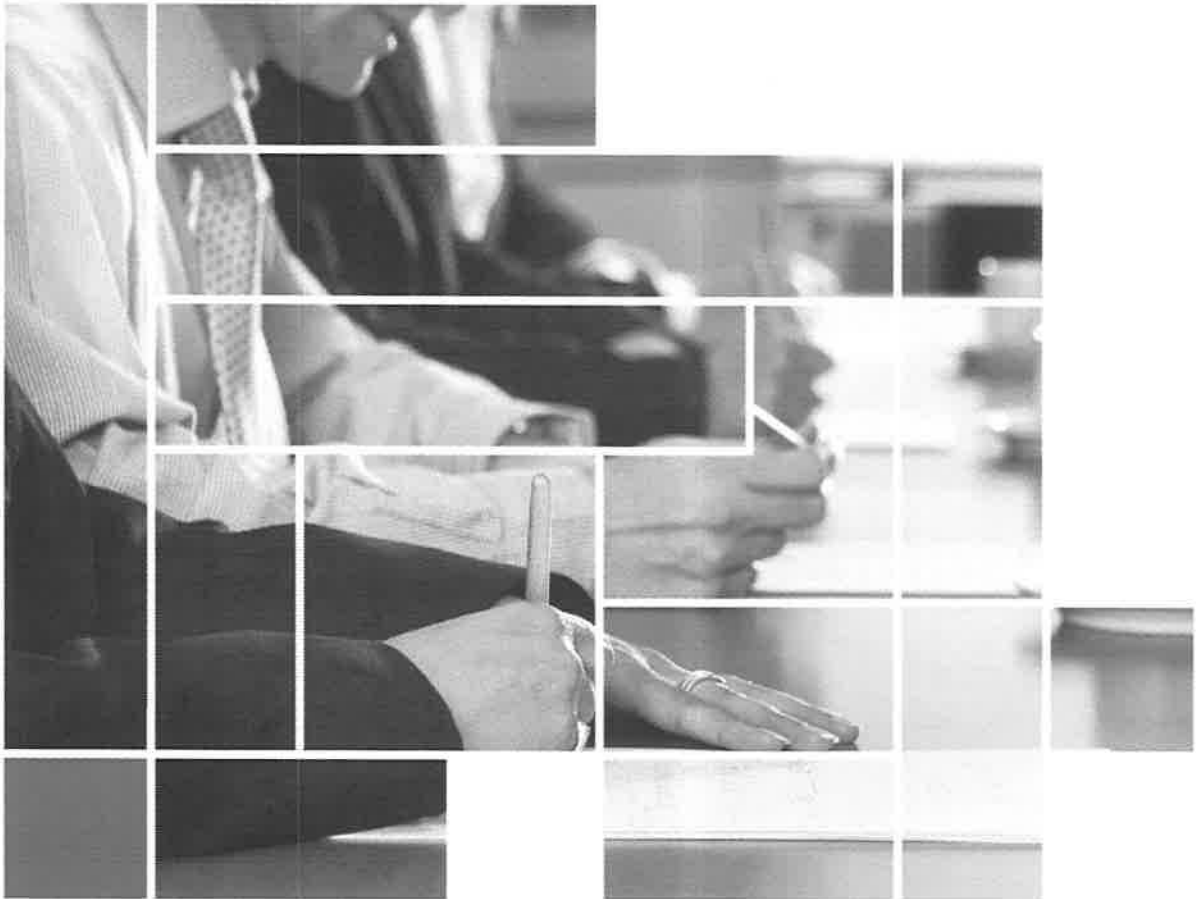
The ADRI Learning Cycle

The ADRI component of the *ABEF* forms an organisational learning cycle that you can apply to your organisation's systems, processes, policies, practices and performance against each Item. Figure 4.1 illustrates the learning cycle.

- **Approach**—identifies your organisation's intent for an Item; the thinking and planning and the strategies, processes and infrastructure designed to achieve the intent and to track progress.

- **Deployment**—integrates those planned implementation activities supporting the organisation's improvement strategy derived in the Approach.

- **Results**—the performance indicators (and process by which they are monitored and evaluated) that measure the effectiveness of the Approach and its Deployment.

- **Improvement**—the process by which Approach and Deployment are reviewed and adapted to achieve improved results.

FIGURE 4.1: THE LEARNING CYCLE
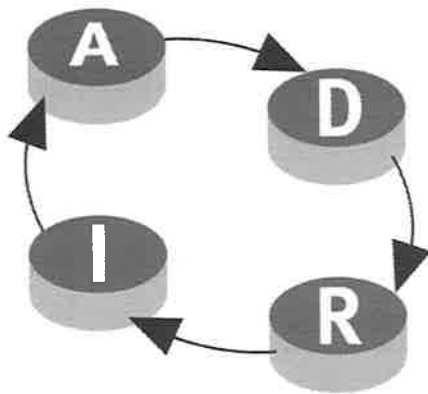
The learning cycle dimensions encourage you to follow the practice of having an approach, deploying it, assessing its effectiveness and improving the approach across all aspects of your organisation. Each Item of the *ABEF* can be applied by considering the following questions when discussing your organisation's improvement strategy and the implementation of that strategy.

THE LEARNING CYCLE

APPROACH

'Thinking and planning'

- What are you trying to achieve for the Item—what is your intent?
- What goals have been established?
- What strategies, structures and processes have been developed to achieve your intent, and why did you choose them?
- What quantitative and qualitative performance indicators have been designed to track progress?
- How does your approach align with the Principles of Business Excellence?

DEPLOYMENT

'Implementing and doing'

- How have those strategies, structures and processes been put into practice?
- What is the depth and breadth of their implementation throughout the organisation?
- To what extent have they been accepted and integrated as part of normal operations?
- How does your deployment align with the Principles of Business Excellence?

RESULTS

'Monitoring and evaluating'

- What are the trends in the performance indicators for this Item?
- How do these results compare with best-known performance?
- How does the way you measure and monitor results align with the Principles of Business Excellence?

Give examples.

- To what extent are these results indicative of the entire organisation's performance?
- How do you know that these results flow from the Approach and its Deployment?
- How do you communicate, interpret and use these results?

IMPROVEMENT

'Learning and adapting'

- What is the process to review the appropriateness and effectiveness of the Approach and its Deployment for the Item? How do you use the Results for the Item to do this?
- What have you learnt, how have you captured this learning, and how have you used the learning to improve the Approach and its Deployment?
- How does your improvement process align with the Principles of Business Excellence?

SECTION 5

ASSESSING your organisation's performance
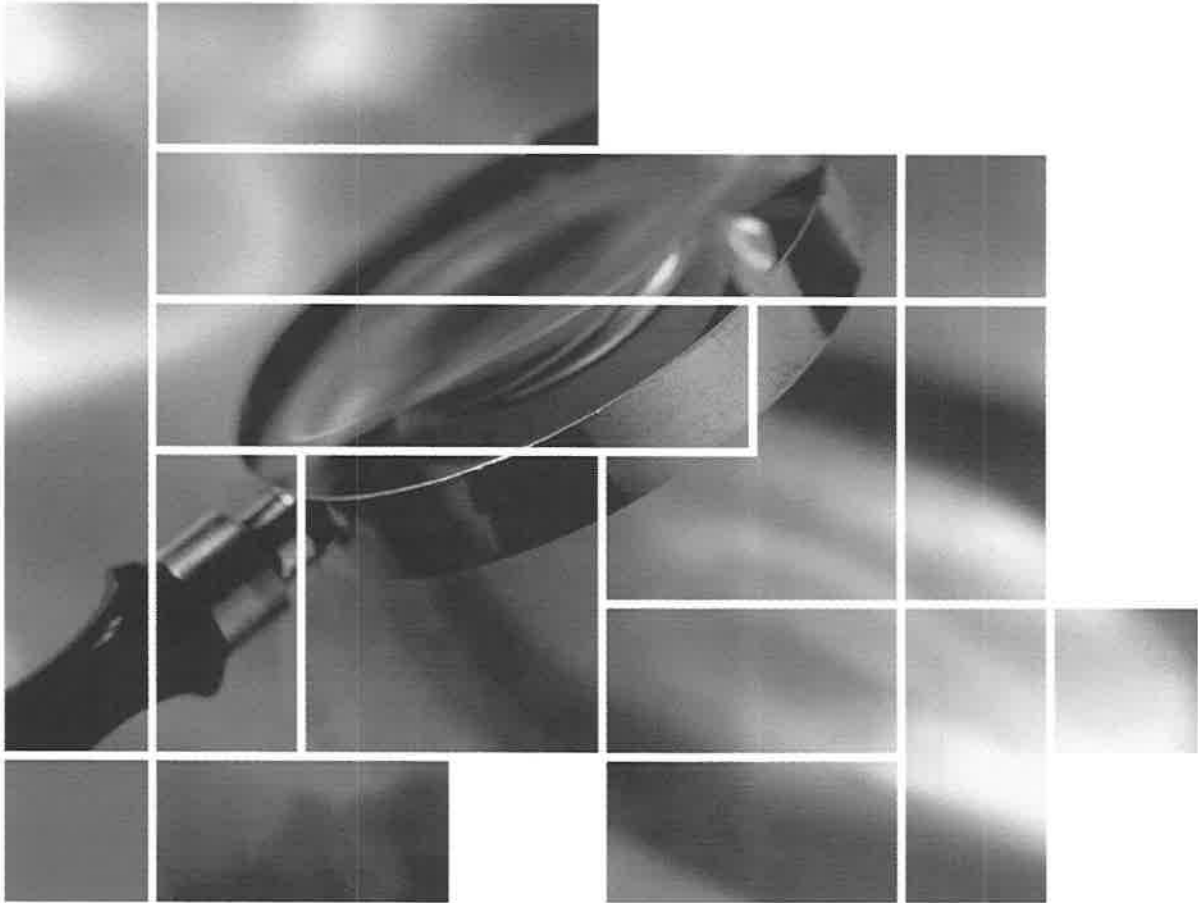
THE BENEFITS OF ASSESSMENT

The *ABEF* translates the core Principles of Business Excellence into a set of criteria that can be used for assessment and improvement planning. Assessment helps you to move from the Principles of Business Excellence to plans and actions using the seven Categories. It can be either internal (self-assessment) or external (by accredited SAI Global facilitators).

THE ASSESSMENT MATRIX

Your organisation's performance against each Item of the *ABEF* is assessed using an Assessment Matrix. This type of assessment shows the extent to which your organisation's systems and operations are aligned to the Principles of Business Excellence.

The **Assessment Matrix** is constructed from 0% to 100% across the assessment dimensions of 'Approach', 'Deployment', 'Results' and 'Improvement' (ADRI). Use the scoring to determine where you are now, then plan for the future and determine scores again from time to time in order to track progress. The scoring system is not designed to promote competition among parts of the same organisation but, rather, to provide a way to quantify the organisation's overall performance to date against the Categories and Items.

Scoring is best undertaken as a team process. The subjectivity of the scoring process means that group consensus scores are generally more useful than an individual's scores. The score helps the group reach consensus on what is really being achieved within the organisation.

This matrix is also used to assign scores to applicants to the *Australian Business Excellence Awards* but the score obtained in an Awards Evaluation is only one element of several used to determine whether an award will be conferred. For more information about the *Australian Business Excellence Awards* application and evaluation process please contact SAI Global.

For any organisation, the identification of strengths and opportunities for improvement, not the score, is the real benefit of the *ABEF*.

THE ASSESSMENT MATRIX

Level	Score	Statements
1	0%-5%-10%	**Approach** - No evidence that an Approach has been considered and there is a reactive attitude to problems. **Deployment** - Deployment is reactive, no evidence of systemic approach nor little alignment with organisational objectives. **Results** - Anecdotal use of results. The use addresses few relevant areas, trend data not utilised, results do not reflect approach or deployment activity. **Improvement** - Improvement is reactive, Anecdotal. No improvement activities in place, no organisational alignment is displayed, work units operate independently.
2	15%-20%-25%	**Approach** - A form of an Approach exists, it is reactive but not systems focused. **Deployment** - Approach is applied in some areas, not integrated into normal operations and not supporting the basic requirements of the approach for this item. **Results** - Some measures are in place to assess the effectiveness of achieving the intent of the Approach. Limited amount of comparative data is used or reported. **Improvement** - Early stages of transition from reactive methods indicating that the Approach and Deployment are subject to ad hoc review.
3	30%-35%-40%	**Approach** - Beginnings of a planned and prevention based Approach for this item is evident. **Deployment** - Approach is applied in some major areas but some areas are only beginning to implement. Approach is beginning to be a part of normal operations. **Results** - Positive trends in some areas. The organisation is beginning to make external comparisons. Some evidence that Results are caused by the Approach in some areas. **Improvement** - Approach and Deployment are subject to ad hoc review. Evidence that improvements are being implemented.
4	45%-50%-55%	**Approach** - Approach is planned and has a defined sequence of Deployment. **Deployment** - Approach is applied to many areas and activities; including the major ones. Approach is becoming part of operations and planning. **Results** - Positive trends in many areas, including the major ones. Results are comparable with external organisations in some areas. Evidence that Results are caused by the Approach in many areas. **Improvement** - Approach and Deployment are subject to regular review. There is evidence that Approach and Deployment have been improved.
5	60%-65%-70%	**Approach** - Approach is planned with a focus on improving innovation, quality and improvement to enhance organisational performance. **Deployment** - Approach is applied to most areas and activities, including all the major ones. Approach is part of normal operations and planning. **Results** - Positive trends in most areas, including the major ones. Favourable comparisons with external organisations in many areas. Evidence that Results are caused by the Approach in most areas. **Improvement** - There are mechanisms for regular review and improvement of Approach and Deployment. There is evidence that the organisation is learning continuously.
6	75%-80%-85%	**Approach** - The Approach is proven as a method for improving organisational performance. **Deployment** - Approach is applied to all major areas and activities as well as most support areas. Approach is established as part of normal operations and planning. There is evidence of the approach being integrated as part of the present and future .objectives. **Results** - Positive trends in all major areas. Among "best in class" in some areas including the major ones. Evidence that Results are caused by the Approach in most areas, including all major ones and has been sustained over a number of years. **Improvement** - There is evidence of a systematic approach to continuous organisational learning with regular review and improvement of the Approach and Deployment for this item.
7	90%-95%-100%	**Approach** - Approach is accepted as best practice in the field, fully addressing all the components of this item and is contributing directly or indirectly to organisational objectives. **Deployment** - Approach is applied to all areas and activities. Approach is totally integrated into normal operations and planning. **Results** - Positive trends in all areas. Excellent comparisons with external organisations in most major areas. Among "best in class" in many areas. Results are clearly caused by Approach in all areas. Results indicate that this is a sustainable role model organisation. **Improvement** - There is a proactive system for regular review and improvement of Approach and Deployment, including their appropriateness. Widespread evidence that the organisation is learning continuously.

GUIDELINES FOR SCORING USING THE ASSESSMENT MATRIX

1. Work on one Item of the *ABEF* at a time.

2. Go to level 4 of the matrix and read the statements. If the statements reflect the organisational performance, then select the appropriate percentage.

3. If **ALL** the statements in level 4 are not met then consider the statements above or below that level. Continue to move to the next level above or below until a consensus on the organisational performance characteristics are reached, then chose an appropriate percentage.

4. Multiply this percentage by the points assigned to that Item in the weightings table (page 39).

5. Repeat the above process for each Item. The total over the 16 items of the *ABEF* represents an overall score for the management system out of a possible 1000.

NOTES

1   When assessing the Approach, consider how that Approach reflects the relevant Principles of Business Excellence upon which the *ABEF* is based.

2   Remember that Results will generally lag behind Deployment, and Deployment will generally lag behind Approach. Evaluation, or assessment, must be conducted across all four Assessment Dimensions (ADRI) to give a total picture of where the organisation sits now in order for it to target activity for the future.

EXAMPLES

■   If no approach exists but there is deployment with little results and no improvement the percentage would be 5% (refer to level 1) in line with the statements, if there is some improvement then 10% is a possible choice.

■   If the approach is planned, focused on improvement, applied to most areas, with positive trends and regular review the percentage would be 60% (refer to level 5). Other inclusions within the ADRI statements would increase the percentage at this level relevant to the evidence in place.

WEIGHTINGS OF CATEGORIES AND ITEMS

In order to work out your organisation's score against the *ABEF*, the 16 Items (spread across the seven Categories) have been assigned weighted values. As shown in the table below, your management system can be scored out of 1000 points.

TABLE OF ITEM WEIGHTINGS

CATEGORY	ITEM	POINTS
1.0 Leadership	1.1 Leadership and governance throughout the organisation	50
	1.2 Leading the organisational culture	50
	1.3 Society, community and environmental responsibility	50
		150
2.0 Strategy and Planning	2.1 Strategic direction	50
	2.2 The planning process	45
		95
3.0 Information and Knowledge	3.1 Generating, collecting and analysing the right data to inform decision-making	45
	3.2 Creating value through applying knowledge	50
		95
4.0 People	4.1 A great place to work	50
	4.2 Building organisational capability through people	50
		100
5.0 Customers and other Stakeholder	5.1 Gaining and using knowledge of customers and other stakeholders	60
	5.2 Effective management of customer and other stakeholder relationships	50
	5.3 Customers and other Stakeholders' perception of value	40
		150
6.0 Process Management, Improvement and Innovation	6.1 Identification and management of processes	60
	6.2 Process improvement and innovation	50
		110
7.0 Results and Sustainable Performance	7.1 Measuring and communicating organisational results	150
	7.2 Achieving sustainable performance	150
		300

APPENDIX A

Glossary of Terms

PRECISE DEFINITIONS OF THE KEY TERMINOLOGY

ADRI—Approach, Deployment, Results, Improvement.

Agility—a capacity for rapid change and flexibility.

Alignment—a state that occurs when the combined talents of people in an organisation and its resources are actively directed towards the same desired future.

Approach—a way of identifying the organisation's intent for an Item; the thinking and planning plus the strategies, processes and infrastructure that are designed to achieve the intent and to track progress.

Assets—any resources of value to the organisation, including typical balance sheet assets, such as buildings, plant and equipment, but also other resources, such as people, goodwill, intellectual property and knowledge.

Benchmarking—a method of comparing and measuring processes and outcomes with those of recognised leaders, with the intent of improving performance.

Best practice—the best-known management practices as captured through global benchmarking with peak national excellence awards administrators and leading-edge research.

Business Excellence—the successful adoption of 'best-practice' management Principles, which contributes to higher profit, increased revenue, reduced operating costs and turnover, increased productivity and improved customer satisfaction.

Community—stakeholders of the organisation, other than its owners, people, customers, suppliers and partners. This might include, for example, geographical regions, professional groupings, industry bodies and the general public.

Creativity—the generation of new and original ideas for improved working practices, products, services, systems and social interactions leading to Business Excellence.

Culture—the total range of behaviours, ethics and values that are transmitted, practised and reinforced by members of the organisation.

Customer—the recipient or beneficiary of an output product or service. A customer may be internal or external to the organisation.

Data—raw numbers and facts, including perceptions.

Deployment—a way of identifying the activities needed to implement an Approach in order to achieve intent. Deployment involves achieving breadth, depth, acceptance and integration of these activities.

Effectiveness—the ability of a process, product or service to meet the specific needs of a customer, client or beneficiary.

Efficiency—the degree and speed of utilisation of the resources required to achieve a particular output.

Empowerment—a process that develops relationships between people where they share a purpose, develop a sense of self-worth, have confidence in each other's abilities, accept responsibility for their actions and communicate effectively to review performance and identify improvements.

Environment—
1 the major political, economic, market, competitive and social influences that affect the organisation
2 the components of nature that make up the world around us and which might be affected by the organisation, including air, water, soil, flora and fauna.

Ethics—(drawn from a definition from the St James Ethics Centre) 'Ethics is a kind of practical wisdom; it addresses the ancient question: 'What ought one do?' This wisdom will reflect a view about life that extends beyond the material. This view, or inner character, will drive behaviour. A truly responsible leader draws on such an inner orientation when weighing the issues that arise in determining a good course of action'.

Framework—a description of an interlinked and interdependent set of Items, established as a guide to action to support the achievement of a higher goal.

Governance—the processes by which an organisation identifies its responsibilities to its owners and other stakeholders and ensures that effective systems of leadership, authority, accountability and control are implemented to fulfil them. It includes defining and implementing a system of values, policies, regulations, processes and relationships to enable the organisation to fulfil its legal, financial and ethical obligations. Governance processes define the roles, powers, responsibilities and linkages with the organisation's ownership, its stakeholders and the internal management structure.

Information—data that has been processed in a way to give it meaning through analysis or interpretation and presentation.

Improvement—the process by which Approach and Deployment are reviewed in order to learn and adapt and thus achieve better results.

Innovation—the process of developing and applying novel products, processes, technologies and management practices to create significant value for stakeholders.

Knowledge—a state that is created when relationships demonstrated by information have been tested and refined through experience.

Leaders—those people who, through their relationships, inspire others or exercise influence in an organisation.

Learning—the process of acquiring knowledge, know-how and wisdom.

Management system—the framework of structures, systems, policies and processes used to ensure that the organisation can fulfil all the tasks required to achieve its objectives.

Mission—the unique purpose of an organisation; an explanation of why the organisation exists.

Partners—two or more parties in a working relationship who are creating added value for customers. Partners can include suppliers, distributors, joint ventures and alliances.

People—all of the individuals employed by the organisation or who represent the organisation in any capacity, including full-time, part-time, temporary, contract or volunteer employees.

Perception—the observations and interpretations by a person or a group of people that influence their opinions and behaviours.

Performance—achievement by an individual, team, organisation or process.

Policy—a range of pre-determined decisions for likely events, which embodies the agreed values, ethics and strategies of the organisation.

Principle—a governing law used as a basis for predicting and reasoning.

Process—a sequence of activities that adds value by producing required outputs from a variety of inputs.

Results—the performance indicators and the process by which they are monitored and evaluated, which measure the effectiveness of an Approach and its Deployment.

Stakeholders—all those who have an interest in an organisation, its activities and its achievements, including – but not limited to - customers, suppliers, partners, employees, shareholders, owners, competitors, the community, government and regulators.

Strategy—a high-level plan for achieving success in an activity, including being a successful enterprise.

Senior Executive—one of the highest-ranking people of the organisation and identified by the organisation as a senior decision maker.

Supplier—a contributor of goods or services to an organisation. An organisation is a customer of its suppliers.

Sustainability (organisational)—economic, social and environmental outcomes that meet the needs of present generations without compromising the ability of future generations to do the same.

Sustainable Performance (organisational)—ability of an organisation to deliver high performance outcomes that continuously enhance the perception of value of its diverse stakeholders.

System—a network of inter-related elements working together towards a common aim.

Systematic—a comprehensive and defined sequence of working.

Systemic—of the whole system and not confined to particular parts.

Trust—the relationship that develops between people when there is mutual respect, shared purpose, confidence in each other's abilities and open, honest communication.

Value—worth, desirability or utility. Usually determined as a balance between different characteristics (such as cost and benefits).

Values—

1. the understandings and expectations that describe how the organisation's people behave and upon which all business relationships are based (e.g. trust, support and truth)

2. individual beliefs about what is worthy in life.

Vision—a description or image of how the organisation wishes to be in the future.

APPENDIX B

A short history of the *ABEF*

WHO DEVELOPED THE *ABEF*—AND WHY?

The *ABEF* was developed in 1987 by a team of leadership and management experts in response to calls by the Commonwealth Government and industry that Australian enterprises should become more effective, efficient and competitive. Since that time, the *ABEF* has been regularly updated to reflect evolving, leading-edge thinking and state-of-the-art practice in business excellence.

The original aim of the *ABEF* was to describe succinctly the principles and practices that create high performing organisations and then to use these criteria to identify and recognise highly successful enterprises that pursued this approach. Recognition was given through the introduction of the Australian Quality Awards (now the Australian Business Excellence Awards). The knowledge gained by studying the leading organisations was then shared with other organisations, thereby enhancing their performance as well as contributing to the national economic wellbeing.

The Australian Business Excellence Awards enable the exemplars of business excellence in Australia to be identified and recognised annually. In addition, a large number of Australian enterprises, in all industry sectors (private and public), now use the *ABEF* as their principal reference for developing leadership and management systems throughout their organisations.

Research has been used to validate the Principles and criteria in the *ABEF*. Recent evidence confirms that organisations that have adopted the business excellence approach are achieving enduring success.

In addition, intellectual capital is generated by the *ABEF* Advisory Steering Committee, the panel of Award Evaluators and contributions from leading local and international experts and practitioners to ensure there is high-calibre and well-rounded industry and academic input to the *ABEF* development. SAI Global is also represented on the Global Excellence Models Council and through this Forum participates in continuous global learning in partnership with other leading excellence programs globally such as EFQM and Malcolm Baldrige.

SAI Global has managed the *ABEF* since 2001 and continues to invest heavily in its development. Additionally, SAI Global offers a range of services that provides assistance to a wide variety of organisations implementing the *ABEF*, including organisations from the following sectors:

- Financial
- Manufacturing and Aerospace
- Resource
- Professional Services
- Construction
- Technology
- Federal Government
- State Government
- Local Government
- Not for Profit.

CURRENT GLOBAL STATUS

There are now more than 80 countries around the world that have adopted similar *ABEF* and associated awards processes. The *ABEF* is compatible with similar models around the world, including the Baldrige Performance Excellence Criteria (US) and the EFQM Excellence Model (Europe), and contains all of the requirements of the ISO 9004:2000 system. As one of the pacesetters, the *ABEF* and the *Australian Business Excellence Awards* are highly regarded models for countries seeking to adopt and develop their own. Although the graphical models and the wording of Categories and Items may appear different, their underlying philosophies and principles are very similar throughout the world. They all reflect fundamental Principles of Business Excellence and holistic systems that provide guidance for organisational analysis, design, strategy and improvement.

SAI Global is a member of the Global Excellence Model (GEM) Council, including the custodians of the leading Excellence Models from the United States, Europe, India, Central & South America, Japan and Singapore. Through association with the network, the *ABEF* and the Australian Business Excellence Awards reflect proven leadership and management principles and practices, as well as providing access to leading-edge research regarding their application and organisational outcomes.

APPENDIX C

Australian Business Excellence Awards

INTRODUCTION

Since the introduction of the Australian Quality Awards in 1988 (since renamed), many organisations have benefited from being assessed against the *ABEF* and by being recognised at the various award levels.

Previous winners in the Australian Business Excellence Awards come in all shapes and sizes and from a wide range of industries. A full list of Award winners can be obtained by contacting SAI Global.

Winning is a bonus, but the greatest value from entering the Australian Business Excellence Awards is the comprehensive Feedback Report prepared by the volunteer business professionals who act as Evaluators. Hundreds of applicant organisations have benefited from having strengths and opportunities for improvement identified against each Item in the *ABEF*.

AWARDS APPLICATION AND EVALUATION PROCESS

The Awards have the most rigorous evaluation process in Australia. The combination of the expertise of the Evaluators, the process for evaluating and our leading-edge criteria make this process unique.

Organisations can apply at Award level, where they are evaluated against all 16 Items in the *ABEF*, or at Category level, where they are evaluated against only those Items in their nominated Category.

Application requires only basic information about an organisation, such as contact details, locations, and a summary of key activities. This information is used to assist Awards Management in allocating evaluation teams. The Australian Business Excellence Awards application guidelines can be obtained by contacting SAI Global.

AWARD EVALUATORS

SAI Global's unique Panel of Evaluators

More than 100 Business Excellence professionals Australia-wide undertake a rigorous and leading-edge evaluation of organisations applying for the Australian Business Excellence Awards. Our Evaluators are volunteers from a wide cross-section of sectors and industries and often hold senior positions in their organisations. All Evaluators have a passion for excellence and they contribute to all aspects of the evaluation process, which in turn benefits Award applicants. We thank our active Evaluators for their time and contribution.

A full list of current Evaluators can be obtained by contacting SAI Global.