BUSINESS EXCELLENCE – THE WAY TO MAKE PRODUCTS AND SERVICES MORE COMPETITIVE

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Summary
This paper discusses the conclusions of research based on business excellence level in Croatia, and proposes a possible model for improving the level of business excellence in Croatian public and private companies, taking into consideration the experience of our precursors. The main goal of implementing the EFQM Business Excellence Model is increasing the competitiveness of the local economy in the global marketplace with the development of competitive local suppliers able to meet the supply requirements of Multinational Corporations (MNCs). The purpose of this paper is to track and define the relationship between implementing EFQM criteria and the competitiveness of domestic products and services.

Keywords
Business Excellence, competitiveness, Croatian Organizations and Business Excellence, EFQM Business Excellence Model

1. INTRODUCTION

Quality is much more than the quality of a product, but not all of us know or notice it. We can talk and write about it, but there is always something new to tell and someone else to listen to. Business excellence makes the world better, it organizes and leads people to their happiness, and makes their dreams, and those of customers, companies and national economies, come true. The increasing globalization, dynamism and complexity of the current economy show the convenience of adopting integrated models of management. According to Zhao and Bryar (2001), ‘approaches combining the knowledge of management philosophy and quality principles are essential to achieve competitive advantage’. Developing the potential and competitiveness of the domestic economy can be influenced by company owners and managers. Business excellence and quality, as evolutionary predecessors, have a considerable effect on financial performance, and correlate with value creation, which is frequently not taken into consideration. Customer care and lack of collecting information on customer behaviour cannot replace the components of good production processes and technologies. We need both, and much more, to stay competitive. When they have it all, companies are on the way to ensuring leading positions in technology, having high quality products, attracting employees and satisfying their customers’ needs in the domestic, as well as in the global, market.

As long as the customer is someone who interferes, quality standards do not exist and will not make the close connection between each element of success. Transition is not just a matter of
implementing something new; it is a matter of changing, and changing makes things go better. It involves people and their feelings, fears of something new and the fear of failing that makes us avoid something new and better, because we feel safe when things are just the way they are. Changing is a process, and it needs the involvement of motivated people to succeed; therefore, it is important to make a close connection to them as a prerequisite of improvement in changing the world. The European Foundation for Quality Management (EFQM) and European Organization for Quality (EOQ) define Organizational Excellence as 'The way of working which enables an Organization to achieve balanced stakeholder satisfaction (i.e. customer, employee, society and shareholder) so increasing the probability of long-term success'. (Kanji, 2006)

Performance indicators include the motivation and competence of the personnel, customer satisfaction and loyalty, and, within a broader scope, the satisfaction of the society. Continuous improvements are the way to create competitive products and services with results that can be sustained.

2. WHERE TO START ON THE PATH TO MAKING PRODUCTS AND SERVICES MORE COMPETITIVE

If we look through the evolution of Quality Management Concepts shown in Figure 1, we will notice that the evolution started more than a hundred years ago and will be continuing in the future. It is often perceived that certification of an organization to ISO 9001:2000 Quality Management standard represents a good starting point on the journey to excellence, giving an organization, if used properly, a stable base for further improvements in accord with ISO 9004 guidelines for continuous improvement. Nevertheless, this is often not enough for ambitious organizations, because they are always searching for new ways of improvement.

![Figure 1 - Evolution of Quality Management Concepts](source: author ’s own projection (Fadić, 2007))
Both ISO 9001 and TQM are suitable for achieving the expected quality level of the output of an organization, but the difference is in the systematic approach of the organization to keeping and managing continuous improvement. Total quality management, as the expression already explains, is dedicated not only to the production process or service provision, but also to the other parts of the organization. Business excellence rises above the system-oriented approach, and makes a connection with the needs of the customers in the society, and the improvement of product quality and the organization as a whole. How can we make our products or services more competitive? One possible answer is to start with self-assessment against the EFQM Business Excellence Model, because it incorporates principles of total quality management (TQM). The approach is shown in figure 2.

![Figure 2 - EFQM Business Excellence model](source: www.efqm.org)

To help guide an organization to improve its performance, the EFQM launched, in 1991, the EFQM Excellence Model. EFQM is a helping tool for better implementation of TQM, and therefore it stands for the most advanced stage. This Model is the application of Total Quality Management reflected in the structured management system of a company. Companies, schools, healthcare organizations, police services, utilities and government offices can all use it. The EFQM Model for TQM additionally provides these organizations with a common management language and tool, thus facilitating the sharing of ‘good practices’ across different sectors throughout Europe. At the national level, the EFQM Model is a useful tool which helps companies in the country with the implementation of TQM – the purpose of which is to generate tangible achievements from an organization’s operations, and, moreover, the confidence that these results will be sustained in the future.
3. CROATIAN ORGANIZATIONS AND THE CONCEPT OF BUSINESS EXCELLENCE; SURVEY RESEARCH

According to HR Survey 2007 (HR Survey 2007, HDK), at the end of 2006 there were 1,608 organizations in Croatia certified to ISO 9001 international standard for quality management, and by the end of 2007 the number had increased to 2073; we can also see a continuous progressive annual growth in the number of certificates. If we compare these data to some similar European transition countries, it is obvious that Croatia, in this respect, lags behind. For example, at the end of 2007, according to an ISO Survey, Croatia had only 2,073 certificates, whereas, for example, Austria had 4,203, Bosnia and Herzegovina 652, a slightly smaller country than Croatia, Slovakia 2,840 certificated organizations, while the almost equal-sized Czech Republic had 10,458 certificated organizations, and a country twice as large, Hungary, had 10,473. (See Table 1.)

Table 1 - ISO 9001:2000 certifications in Europe

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Austria</td>
<td>4 203</td>
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<tr>
<td>Bosnia and Herzegovina</td>
<td>652</td>
</tr>
<tr>
<td>Croatia</td>
<td>2 073</td>
</tr>
<tr>
<td>Czech Republic</td>
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<td>Slovakia</td>
<td>2 840</td>
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<tr>
<td>Hungary</td>
<td>10 473</td>
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</table>

Source: The ISO Survey of Certifications 2007

Taking into account that ISO 9001 is the first step in achieving business excellence, this fact points out a somewhat weak commitment by Croatian organizations (management) to excellence. According to Business Excellence achievements, a rather big gap existed between Croatian and European business practice. Among the European countries, there is a large number of organizations which are winners of prestigious quality awards, based on the EFQM model.

The research, relating to Business Excellence practice in Croatia, was held in the period from January to March 2007, covering 521 organizations with an implemented ISO 9001:2000 certificate for QMS, across the whole territory of the Republic of Croatia (Fadić, 2008). The sample consisted of organizations in the Republic of Croatia which are at the beginning of their path to Excellence, taking into account that the ISO 9001:2000 is the first step towards Excellence. (Porter, L.J. & Tanner, S.J. (2004), Seghezzi H.D. (2001), Bauer J., Flashaw R., Okland J.S. (2005)). The results obtained from this number of organizations will help in drawing conclusions about the Croatian economy in general. The sample contained a representative number of organizations varying in size (micro, small, medium, large or very large), legal type (stock companies, limited liability companies, public sector institutions, trades), profit and non-profit type, and various other aspects. The research was based on a survey methodology in accordance with the questionnaire, sent to 521 organizations. The return rate was 111 (21.31%) correctly answered questionnaires. The questionnaire was addressed to the top management of the assigned organizations, and heads of quality or controlling departments who were thought to be the most competent people, within the organizations, to give the most relevant and exact answers to this questionnaire.
3.1. Business Excellence Concepts

The Eight Fundamental concepts of excellence that underpin the EFQM Excellence Model can be summarized as follows (EFQM, 2003)

- Leadership and Constancy of Purpose
- Continuous Learning, Innovation and Improvement
- People Development and Involvement
- Partnership Development
- Customer Focus
- Managing by Processes and Facts
- Corporate Social Responsibility
- Results Orientation

Organizations had to assess themselves on a scale from 1 (meaning no use at all) to 5 (using all). The results of the self-assessment from the organizations surveyed according to the 8 basic concepts of Excellence are shown in Table 2 below.

Table 2 - Descriptive statistics upon fundamental concepts of Business Excellence

<table>
<thead>
<tr>
<th>The Fundamental Concepts of Excellence according to the EFQM model</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results Orientation</td>
<td>111</td>
<td>1</td>
<td>5</td>
<td>4.39</td>
<td>0.73</td>
</tr>
<tr>
<td>Customer focus</td>
<td>111</td>
<td>3</td>
<td>5</td>
<td>4.69</td>
<td>0.55</td>
</tr>
<tr>
<td>Leadership and Constancy of Purpose</td>
<td>110</td>
<td>2</td>
<td>5</td>
<td>4.10</td>
<td>0.79</td>
</tr>
<tr>
<td>Management by Processes and Facts</td>
<td>110</td>
<td>2</td>
<td>5</td>
<td>3.85</td>
<td>0.79</td>
</tr>
<tr>
<td>People Development and Involvement</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.91</td>
<td>0.80</td>
</tr>
<tr>
<td>Continuous Learning, Improvement and Innovation</td>
<td>109</td>
<td>2</td>
<td>5</td>
<td>4.14</td>
<td>0.79</td>
</tr>
<tr>
<td>Partnership Development</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.81</td>
<td>1.04</td>
</tr>
<tr>
<td>Public Responsibility</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>4.11</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Source: Research results (Fadić, 2008)
The results obtained after such self-assessment are very significant. Customer Focus and Results Orientation show the highest score, 4.69 for customers and 4.39 for results, with relatively low standard deviation. The worst results were achieved in the fields of People Development and Involvement with 3.91, Management by Processes and Facts, 3.85, and Partnership Development, 3.81 with the highest standard deviation. This leads to the conclusion that Croatian organizations are mostly oriented to short-term results (customers, results), and less to long-term success factors such as People Development and Involvement and Partnership Development. The lowest score is in the field of Management by Processes and Facts, which should be the foundation stone for Business Excellence development. These organizations have already implemented, and these results lead to the conclusion that all other organizations in Croatia which are not ISO 9001-certified would, therefore, achieve inferior results in terms of Management by Processes and Facts. On the other hand, if Croatia could improve consistency and strategy focused on process and partnership development in its organizations, then we could expect improved focus on customers and results.

3.2. Application of Business Excellence Models in Croatia

Relating to the question whether they know of EFQM BEM, 51.4% of organizations answered positively, while 48.6% answered negatively. (Table 3)
Table 3 - Knowledge of EFQM BEM

<table>
<thead>
<tr>
<th>Knowing the EFQM BEM</th>
<th>Number of organizations</th>
<th>Structure in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>57</td>
<td>51.4</td>
</tr>
<tr>
<td>No</td>
<td>54</td>
<td>48.6</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research results (Fadić, 2008)

This shows us that Croatian organizations, even those from the research as potentially excellent ones, showed a rather low level of knowledge of Business Excellence Models, which means that, for many of these organizations, certification in accordance with the ISO 9001 Quality Management System was, to a great extent, a formal goal. Organizations' statuses as related to self-assessment in accordance with EFQM BEM is shown in Table 4.

Table 4 - Status of self-assessment process against EFQM BEM

<table>
<thead>
<tr>
<th>Self-assessment process against EFQM BEM</th>
<th>Number of organizations</th>
<th>Structure in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, we have started the process</td>
<td>4</td>
<td>3.6</td>
</tr>
<tr>
<td>No, but we have the intention to do so soon</td>
<td>30</td>
<td>27.0</td>
</tr>
<tr>
<td>No, and we do not have the intention to do so in the near future</td>
<td>23</td>
<td>20.7</td>
</tr>
<tr>
<td>We haven't heard of that term</td>
<td>45</td>
<td>40.5</td>
</tr>
<tr>
<td>No answer</td>
<td>9</td>
<td>8.2</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research results (Fadić, 2008)

From this overview we can see that only 3.6% of organizations have started the self-assessment process towards EFQM BEM, and 27% have the intention to do so. 20.7% have no intention at all to start applying self-assessment in the near future. Most of them have never heard of the EFQM model, while 48.9% did not answer the question. We have all the basic assumptions for implementing the EFQM model in Croatia.

4. WHAT CAN CROATIA LEARN FROM OTHERS?

Does Croatia need to start the journey to excellence all by itself, or is it enough to walk along the path of others? Good practice and imitation saves time and money. Imitation and adaptation of experience to the characteristics of the Croatian economy can do miracles and help us improve on the paths of others and readjust them to ourselves. The first step is implementing ISO 9000, and with every step forward the journey to excellence becomes shorter.

The EFQM model gives the right direction; it helps companies to struggle through and encourages them to develop in the way they want. From a general point of view, we can see
two different approaches: one based on improving the public sector, and the other on improving the private sector. Implementation of EFQM in companies makes them a desirable supplier and creates accreditation for the country, which enables development and export. Learning and competition is based on the same management framework.

To gain insight, we have carried out theoretical research based on the experience of implementing EFQM BEM in the Czech Republic private sector, and the public sector of the United Kingdom. The best practice is not a unique possibility to learn, but is one of the most useful. The ways of reaching excellence are quite different, but one thing they have in common is the process. One predisposition for successful implementation of Business Excellence in the public sector is Government support, and for effective implementation in the private sector there should be strong support from top management. EFQM can be implemented as a pilot project for the selected company or companies, or in the economy as a whole. The patience and support of stakeholders creates exceptional results. A national award for Business Excellence is seen as good motivation for the companies involved, but also as self-promotion of the EFQM model.

4.1. The Czech Approach to Implementing the EFQM Business Excellence Model in the Private Sector

The EFQM model forms a good base for benchmarking and structuring processes in companies and improving them without making a restrictive framework and preventing a company, and the society, from growing. The strategies which the Czech Republic used were the attraction of high value-added inward investment, supporting SMEs to become more competitive, development of key clusters, providing quality sites and buildings in the regions, supporting government in policy implementation and designing effective mechanisms for programme delivery and monitoring of structural funds.¹ Using it, one can improve FDI (Foreign Direct Investment), but can have indirect influence on domestic investments. Products and services can become more competitive because of process structuring which has been going on in the company. The role of the government agency was to co-ordinate and facilitate suppliers, and support the programme with resources. Commitment to self-improvement presents an important success factor, and the role of suppliers is to give resources to the programme. The guidance, support and advice of Multinational Corporations (MNCs), and placing orders with companies in the programme, presents the imperative of its efficiency. The Czech Republic made strong links with investors, and there has been great reliance on foreign consultants. However, the evaluation of project links to local universities was not fully exploited. Incentives for MNCs were shorter supply chains, more flexible suppliers, cost reduction, product and partnership development. SMEs saw the benefits in easier access to customers, market information and technology, knowledge transfer as the result of becoming international SMEs, and better lines of credit for further expansion. The goal of the Government was to increase the level of competence in the government agencies involved, and to increase the economic impact of inward investment, which could inspire job creation and tax take. On the other hand, it was a way to develop and stimulate the use of Universities in support of the SME growth and development.

4.2. The United Kingdom Approach to Implementing the EFQM Business Excellence Model in the Public Sector

The UK is, without doubt, the international leader in applying the BEM in the public sector. That is the reason for choosing the UK for stimulating the interest of the Croatian Government and making use of consultancy and further information and guidance on applying the technique in Croatian national public sectors as the quality changeover leader. The United Kingdom made the greatest step forward, as far as the public sector is concerned, by implementing the EFQM business excellence model in the Cabinet Office with the main goal of providing higher levels of service across the public sector. The UK realized the power of a dominant leading structure, and used it for improving and ensuring the co-operation of quality schemes in order to maximize their collective impact on raising quality in the public sector. The project was intended to provide a means of self-assessment by which particular aspects of performance could be identified where a large proportion of public organizations were under-achieving, and where a central initiative might be appropriate in order to improve the general level of service provided. The Modernising Government agenda has driven a change in approach, where organizations act together in order to provide a 'joined up' service which is seamless for the user.²

The project went through three phases. Phase One of the Excellence Programme³ was a pilot exercise, designed to determine whether the BEM was applicable to the public sector and, if so, whether it was a useful tool for supporting performance improvement. Phase Two of the project sought to extend the use of the BEM more widely across central government and to develop more effective methodologies for self-assessment. In order to support the Modernising Government agenda's thrust towards joined-up delivery and the sharing of best practice between sectors, Phase Three was open to organizations from the wider public sector.

The response has been overwhelming, which underpins the thesis that the best thing is to be non-obligatory and prescriptive, as the EFQM model is, and then it creates interest and curiosity. Although involvement in the project remained voluntary, and there was minimal central funding, there have been hundreds of approaches from organizations from Local Government, the police, educational establishments and military units, as well as from agencies.

5. THE PROPOSED WAY OF IMPLEMENTING EFQM IN CROATIA

The purpose of implementing EFQM BEM, and later establishing a national quality award, is to improve the competitiveness of the domestic economy by increasing Foreign Direct Investment and ensuring a way to benchmark with others. The increase of competitiveness in the global marketplace especially stands for transition countries which perceive EFQM as a way-mark for a 'better future', and a way to satisfy the demands of the foreign global market. Objectives are often creating new jobs in high value-added sectors, innovation support, development of new industries and technologies, ensuring a competitive business environment for all companies, and effective access to the EU structural funds for business

³ Ibidem.
and their delivery. From the start, the key focus for the EFQM was recognition, and that is what Croatian companies need. The founders of the EFQM believed that the identification and promotion of best practices required an award system which encouraged high-performing organizations to put themselves forward as potential role models. This would raise the profile of Total Quality Management as a key determinant of business success, while encouraging other organizations to develop quality improvement activities. The self-assessment process offers the organization an opportunity to learn. To learn about the organization's strengths and areas for improvement. To learn about what TQM means when applied to your organization, and how far down the Quality road the organization has travelled, how much further the organization has to travel and provide an opportunity to compare with others.

Croatian businesses have had a difficult period in the past decade, and the government aims to develop a strong domestic private sector, using the SME sector as the key to economic regeneration. The mission of the current project, “Cluster-Associate to Success”, is to encourage the association of economic subjects for the emergence of economic interest associations aiming for a higher degree of finalized joint products. The private sector can be strengthened, and made internationally competitive through the development of management capacities, introduction of quality systems into business operations, and fostering of innovation and up-to-date technology. The research of business excellence level in Croatia carried out in 2007 (Fadić, 2007) showed that the community had still not sufficiently based its business on business excellence as a management concept, which indicates a large discrepancy between the Croatian and, on one hand, European, and, on the other, world economic practices. Moreover, it showed the existence of linkages between the sizes of the markets in which organizations operate and the degree of integration of management concepts based on business excellence in business practices of the organization. The conclusion is that companies that operate in the broader region have stronger business excellence. Structuring Croatian companies with the help of the EFQM business excellence model can enable company benchmarking both at the national and at the international level, which could have a great impact on their competitiveness, recognition and quality products and services. The foundations of positive expectations are cases of business practices in the Czech Republic, Great Britain, Denmark, the Netherlands, Slovenia and others. The research on the level of EFQM has shown that excellence is not only a great privilege of profit organizations; practice, and the principles of business excellence, can significantly improve the operations of non-profit and small organizations, too.

The main purpose of this project is strengthening the competitiveness of Small and Medium Enterprises (SMEs) in the Republic of Croatia, with the main goal being the meeting point of customer demands (see Figure 5). Allocating to Universities the function of strengthening competences could improve the leadership skills of management within the companies and institutions of state administration involved in the project, and encourage the transfer of knowledge and skills within and between companies (domestic and foreign) involved in the project. Another expected impact is the raising of the level of innovation and product development, as well as improvement in customer care and strengthening of Corporate Social Responsibility by strengthening of the state administration, which supports the SME services. The result could be seen in an increased level of FDI and the contribution of SMEs to the Gross Domestic Product of Croatia. The idea is that companies and individuals who have been active participants, and have achieved the best results, represent the role model.
The beneficiary authority and the main partner of the proposed model of implementation of EFQM in Croatia could be the Trade and Investment Promotion Agency (APIU)\(^4\), which could be seen in the co-ordination of the project and as the organizer of a “Meet the customer need fair” with the aim of encouraging co-operation between foreign customers in the EU and domestic suppliers.

![Diagram](image.png)

**Figure 5 - Proposed Model for Implementing EFQM Model in Croatia**

*Source: Author’s own projection (Samardžija, 2009)*

A questionnaire will be directed towards target companies with a view to enhancing knowledge of and interest in the implementation of the model. It also represents a call to a conference on the EFQM model and its benefits for business, and a public presentation of the project to stakeholders. A joint meeting of all relevant actors would be needed, as well as the formation of a steering committee which would draw up the criteria for the selection of candidate organizations and prepare a self-assessment form. Initial education of APIU staff on the EFQM model of business excellence by Croatian Universities would be needed, and domestic Business Excellence Assessors, as well as EFQM certified trainers at the final stage.

\(^4\) [http://www.apiu.hr](http://www.apiu.hr) (Trade and Investment Promotion Agency)
The target project number is 100 candidate organizations, with the assumption that the latter stages of the project (training for BEA by EFQM) will be reached by 20-30% of the candidates from the selected companies.

After finishing the first cycle, the plan is to extend this practice to new candidates from the SMEs, as well as to print the manual in co-operation with EFQM, which could include basic concepts of the EFQM model and its use of tools, with the aim of facilitating understanding and application for the subsequent group. Based on the successful implementation of a pilot project, Croatia could be able to request support from the European Instrument for Pre-Accession Assistance (EU IPA Fund). In the advanced stage, the Croatian Chamber of Commerce (HGK)\(^5\), together with the Croatian Society for Quality (HDK), could arrange the organization of, and set the criteria for, the Croatian Business Excellence Award (CBEA).

There always needs to be someone who leads and shows the right direction. The role of the task force is to explore the inter-relationship between quality schemes operating in the public sector, examine the scope for improved guidance to services, identify and promote best practice, and consider opportunities for working closer together, with a view to enhancing the impact of the different schemes, and as a contribution to improving the quality of services in the public sector.

The wider objective of the project is to better meet the national economic requirement with respect to the competitiveness of the economy through structural adjustment and modernization of the public and private sectors. Taking into consideration the experience of our precursors, and research that has been carried out on the level of business excellence in Croatia, a model for implementation of EFQM BEM in Croatia has been made. The main objective is increasing the competitiveness of the local economy in the global marketplace through development of competitive local suppliers able to meet the supply requirements of multinational corporations (MNCs). The most important task is to find a potential MNC from among those who respect the model and its assessment: for example, RankXerox, IBM, TNT, Siemens, Volvo, Nokia Mobile Phones, Bosch, BMW.

**CONCLUSION**

The EFQM model gives the right direction; it helps companies to struggle through and encourages them to develop in the way they want. From a general point of view, we can see two different approaches: one based on improving the public sector, and the other on improving the private sector. Implementation of EFQM in companies makes them a desirable supplier and creates accreditation for the country, which enables development and export. Learning and competition is based on the same management framework. The model forms a good base for benchmarking and structuring processes in companies and improving them without making a restrictive framework and blocking the growth of companies and society. Using it, one can improve FDI and indirectly influence inner domestic investment. Products and services can become more competitive because of the structuring process which has been going on in the company.

There needs to be a sense of initiative and creativity, organizational responsibility and involvement of personnel in the company to make a coming-out. A focus on continuous and

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\(^5\) [http://www.hgk.hr](http://www.hgk.hr) (Croatian Chamber of Commerce)
specific improvement as a function of customers’ needs will be important to achieve customer satisfaction in the long run. The willingness of an organization to build up a quality philosophy containing the basic principles – self-reflection and self-assessment, ongoing learning and co-operation within a team – will be important to achieve the goals of Total Quality Management. Core criteria, such as results orientation, customer focus, leadership and constancy of purpose, management by facts, competence development, long-range perspective, process orientation, continuous improvement, learning from others, faster response, partnership development and corporate social responsibility, have to be well known and implemented at all society levels.

What are the potential benefits of the implementation of the model for Croatia? The dominant unit can make the economy start to move faster. The key challenge for the modern supplier is to increase capacity within the economy through a strong SME base, with supportive research work from Universities. The SME population must be supported to work with the Universities; equally, the Universities must understand that their role is not optional, and ensure that linkage building is a continual feature of economic activity. Assistance should be given to firms to create greater added value through the processing of base products. The changes required and planned will not happen overnight. Significant investments in structures, people and marketing are required to test, deliver and measure programmes that create real impact.

There must be a great amount of will on all sides. The guidance, support and advice of Multinational Corporations (MNCs), and placing orders with companies in the programme, presents the imperative of its efficiency. Multinational Corporations need to take over supplier development once the state intervention has started the development process. If we look at it from the economic development perspective, we will notice a positive perspective in improving the capacity of local suppliers, and improving domestic investment as the indirect result of FDI; in each sense it creates a firm base for improving further actions of potential suppliers. Knowledge transfer will facilitate greater added value on all sides.

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BUSINESS EXCELLENCE – THE WAY TO MAKE PRODUCTS AND SERVICES MORE COMPETITIVE

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What do words:

- Business Excellence
- Competitiveness
- Croatian Organizations and Business Excellence
- EFQM Business Excellence Model

have in common?
Evolution of Quality Management Concepts

Source: author’s own projection (Fadić, 2007)
ISO 9001:2000 certifications in Europe

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Source: The ISO Survey of Certifications 2007
Fundamental Concepts of Business Excellence and Croatian Organizations

Source: Research results (Fadić, 2008)
Heard of EFQM BEM

Number of organisations

Source: Research results (Fadić, 2008)
Status of self-assessment process against EFQM BEM

Source: Research results (Fadić, 2008)
The Suggested Model of Implementing EFQM Model in Croatia

Source: Author’s own projection (Samardžija, 2009)
The Suggested Way of Implementing EFQM in Croatia

**SMEs-POTENTIAL SUPPLIERS**
- Competitiveness
- Self-improvement
- Benchmarking

**UNIVERSITIES**
Specialised expertise and close connection to national economy through providing education for SMEs

**MNSs**
Shorter supply chains, more flexible suppliers, cost reduction, product and partnership development

**NATIONAL ECONOMY**
Increased level of foreign and domestic investments

**BENEFITS**
for
EFQM Business Excellence Model

**Enablers**
- Leadership (10%)
  - People (9%)
  - Policy and Strategy (8%)
  - Partnerships and Resources (9%)
  - Processes (14%)

**Results**
- People Results (9%)
- Customer Results (20%)
- Society Results (6%)
- Key Performance Results (15%)

**Innovation and Learning**
I will be pleased to take questions now or later.

Detailed information on the practical aspects are available. If we have similar interests, contact me directly during the conference or

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