This manual is for training purpose only

The TATA Business Excellence Model
2010

Reference Manual
Tata companies have been pursuing ever improving standards of business performance by using the Tata Business Excellence Model (TBEM) since 1995. In the initial years, acceptance of TBEM was slow amongst some of Tata companies and the initiative was often viewed with a degree of cynicism. However, it is a matter of pride today, to see that a movement which began as an award dedicated to the memory of Mr. J.R.D. Tata, has steadily matured into a key driver of improvement for our companies, as Tata companies’ journey towards Business Excellence enters its 16th year.

The increasing adoption of the TBEM has institutionalized much-needed changes in the systems of our companies, promoted seamlessness, and strengthened our endeavour to innovate our products, services and processes as well as the manner in which we conduct our business, even as we have been gearing ourselves to face a very challenging global economic slowdown.

The TBEM framework has helped us in developing the attributes that will lead us to become globally competitive and stand apart, perhaps as a role model for others to emulate, while upholding our values and business ethics. The credit for this must deservedly go to the entire team at TQMS, to the Assessors and Mentors, as well as to all our people in our companies across different continents, who have relentlessly sought to drive improvement. It is this tremendous resource - our people - who have quietly yet steadily triggered a transformation in Tata companies, through teamwork, tenacity, and knowledge sharing reinforced by a passion to see us benchmark ourselves against the best in the world and lead in the businesses we have chosen to be in.

In consonance with the spirit of change that TBEM embodies, it is necessary to regularly update the Reference Manual to reflect the evolution of our quest for excellence. This 2010 version includes changes related to the four new ‘Areas of Emphasis’ that are being incorporated into the TBEM criterion this year. These are Safety, Innovation, Corporate Governance and Climate Change. Creating a positive customer culture leading to higher customer engagement is another important change being highlighted in TBEM this year.

In the last few years, as we have progressed and grown, we have moved from a focus on incremental improvements and moderate goals to setting our sights high. Even as the economic downturn underlines the importance of cost rationalization and cash management for our companies, Tata companies will also need to retain sight of their vision, continue to encourage their people to question the status quo, sustain an environment which nurtures innovation, and attain standards of performance which would enable them to stand apart. I am sure the TBEM would continue as an integral framework in enabling their efforts in this direction.

I trust that this Reference Manual will continue to serve as a useful guide to all those involved in driving Excellence across Tata companies. It gives me great pleasure in commending the TBEM Reference Manual 2010 to our companies.

Ratan N. Tata
Purpose

Attain leadership through business excellence in the sectors we operate in, while upholding our values and integrity, to improve the quality of life of the communities we serve.

Core values

Tata has always been values-driven. These values continue to direct the growth and business of Tata companies. The five core Tata values underpinning the way we do business are:

**Integrity** – We must conduct our business fairly, with honesty and transparency. Everything we do must stand the test of public scrutiny.

**Understanding** – We must be caring, show respect, compassion and humanity for our colleagues and customers around the world, and always work for the benefit of the communities we serve.

**Excellence** – We must constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide.

**Unity** – We must work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.

**Responsibility** – We must continue to be responsible, sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.
Tata Areas of Emphasis

TBEM 2010 incorporates Corporate Governance, Climate Change, Safety and Innovation. To have a better understanding Corporate Governance is highlighted in Blue colour **italics** font and Climate Change is highlighted in **bold, italics, underlined** font.

The external assessment 2010 will address these processes in the applicant company, under the overall guidelines and recommendations of the TQMS Executive Committee. These guidelines will dwell on the modus operandi related to its assessment such as scope, process, style, participants and respondents and will be issued in due course.

Addressing Internationalisation through Changes in the “Organisation Profile”:

1. With rapid changes in the business scenarios, the companies need to plan their strategies which do not confine to only domestic business circumstances. The choices available to the companies could be many. For example, the companies could adopt one or more alternative approaches, such as...
   - Looking beyond the boundaries of country of origin, at select geographies, to grow their business or fill up gaps in their business towards their long term success
   - Focusing on being operational in domestic but striving to be globally competitive having world-class products and services
   - Deciding to be close to the source of key raw materials
   - Deciding to install capacities or service centres close to a market that it considers important, in order to enhance competitiveness and support the long term growth
   - Strengthening the existing initiatives towards internationalisation through enhanced competencies and allocation of requisite resources.

2. In order to enable the companies to address such options and elaborate them in their applications, generic changes have been made in Organisational Profile.

3. The Assessors will need to take cognizance of the options chosen by the companies while conducting assessments.
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Chapter 1

Core Values and Concepts

**Ch 1.1 TBEM Criteria Purposes**

Tata Business Excellence Model (TBEM) is the basis for conducting organisational self-assessments and for giving feedback to applicants. In addition, the Criteria have three important roles in strengthening competitiveness:

- to help improve organisational performance practices, capabilities, and results
- to facilitate communication and sharing of information on best practices among organisations of all types
- to serve as a working tool for understanding and managing performance and for guiding organisational planning and opportunities for learning

**TBEM based Performance Excellence Goals**

TBEM Criteria is designed to help provide organisations with an integrated approach to organisational performance management that results in

- delivery of ever-improving value to customers and stakeholders, contributing to organisational sustainability
- improvement of overall organisational effectiveness and capabilities
- organisational and personal learning

**Ch 1.2 Core Values and Concepts**

The Criteria are built on the following set of interrelated Core Values and Concepts:

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These values and concepts, described below, are embedded beliefs and behaviors found in high-performing organisations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback.
Visionary Leadership
Your organisation’s senior leaders should set directions and create a customer focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving performance excellence, stimulating innovation, building knowledge and capabilities, and ensuring organisational sustainability. The defined values and strategies should help guide all of your organisation’s activities and decisions. Senior leaders should personally promote safety and climate change consciousness. Senior leaders should inspire and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to embrace change. Senior leaders should be responsible to your organisation’s governance body for their actions and performance. The governance body should be responsible ultimately to all your stakeholders for the ethics, actions, and performance of your organisation and its senior leaders. The governance body should also be responsible for assessing sustainability and reputational risk of your organisation.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communicating, coaching the workforce, developing future leaders, reviewing organisational performance, and recognising members of your workforce. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organisation.

Customer-Driven Excellence
Performance and quality are judged by an organisation’s customers. Thus, your organisation must take into account all product features and characteristics and all modes of customer access and support that contribute value to your customers. Such behavior leads to customer acquisition, satisfaction, preference, and loyalty; to positive referrals; and, ultimately, to business expansion. Customer-driven excellence has
both current and future components: understanding today’s customer desires and anticipating future customer desires and marketplace potential.

Value and satisfaction may be influenced by many factors throughout your customers’ overall experience with your organisation. These factors include your organisation’s customer relationships, which help to build trust, confidence, and loyalty.

Customer-driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. Nevertheless, these factors contribute to your customers’ view of your organisation and thus also are important parts of customer-driven excellence. In addition, your organisation’s success in recovering from defects, service errors, and mistakes is crucial for retaining customers and engaging customers for the long term.

A customer-driven organisation addresses not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate the organisation from its competitors. Such differentiation may be based on innovative offerings, combinations of product and service offerings, customisation of offerings, multiple access mechanisms, rapid response, or special relationships.

Customer-driven excellence is thus a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer engagement. It demands close attention to the voice of the customer. It demands anticipating changes in the marketplace. It demands a customer-focused culture. Therefore, customer-driven excellence demands organisational agility.

Organisational and Personal Learning

Achieving the highest levels of organisational performance requires a well-executed approach to organisational and personal learning that includes sharing knowledge via systematic processes. Organisational learning includes both continuous improvement of existing approaches and significant change or innovation, leading to new goals and approaches. Learning needs to be embedded in the way your organisation operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, work unit, and organisational levels; (3) results in solving problems at their source (“root cause”); (4) is focused on building and sharing knowledge throughout your organisation; and (5) is driven by opportunities to effect significant, meaningful change and to innovate. Sources for learning include employees’ and volunteers’ ideas, research and development (R&D), customers’ input, best-practice sharing, and benchmarking.

Organisational learning can result in (1) enhancing value to customers through new and improved products and customer services; (2) developing new business opportunities; (3) developing new and improved processes or business models; (4) reducing errors, defects, waste, and related costs; (5) improving responsiveness and cycle time performance; (6) increasing productivity and effectiveness in the use of all your resources; and (7) enhancing your organisation’s performance in fulfilling its societal responsibilities.

The success of members of your workforce depends increasingly on having opportunities for personal learning and for practicing new skills. Leaders’ success depends on access to these kinds of opportunities, as well. In organisations that rely on volunteers, the volunteers’ personal learning also is important, and their learning and skill development should be considered with employees’. Organisations invest in personal learning through education, training, and other opportunities for continuing growth and development. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to cross-train and to better link training to your organisational needs and priorities. Education and training programs may have multiple modes, including computer- and Web-based learning and distance learning.
Personal learning can result in (1) a more engaged, satisfied, and versatile workforce that stays with your organisation; (2) organisational cross-functional learning; (3) the building of your organisation’s knowledge assets; and (4) an improved environment for innovation.

Thus, learning is directed not only toward better products but also toward being more responsive, adaptive, innovative, and efficient—giving your organisation marketplace sustainability and performance advantages and giving your workforce satisfaction and the motivation to excel.

Valuing Workforce Members and Partners
An organisation’s success depends increasingly on an engaged workforce that benefits from meaningful work, clear organisational direction, and performance accountability and that has a safe, trusting, and cooperative environment. Organisations therefore need to engage its entire workforce in continuous improvement, innovation and learning activities to excel business performance. Additionally, the successful organisation capitalises on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing the people in your workforce means committing to their engagement, satisfaction, development, and well-being. Increasingly, this involves more flexible, high performance work practices tailored to varying workplace and home life needs. Major challenges in the area of valuing members of your workforce include (1) demonstrating your leaders’ commitment to their success, (2) providing recognition that goes beyond the regular compensation system, (3) offering development and progression within your organisation, (4) sharing your organisation’s knowledge so your workforce can better serve your customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages risk taking and innovation, and (6) creating a supportive environment for a diverse workforce.

Organisations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include labor-management cooperation. Partnerships with members of your workforce might entail developmental opportunities, cross-training, or new work organisations, such as high-performance work teams. Internal partnerships also might involve creating network relationships among your work units or between employees and volunteers to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education or community organisations. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products or customer support services. Also, partnerships might permit the blending of your organisation’s core competencies or leadership capabilities with the complementary strengths and capabilities of partners to address common issues. Such partnerships may be a source of strategic advantage for your organisation.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for workforce development.

Agility
Success in today’s ever-changing, globally competitive environment demands agility—a capacity for rapid change and flexibility. Organisations face ever-shorter cycles for the introduction of new/improved products, and government organisations are increasingly being asked to respond rapidly to new or emerging social issues. Major improvements in response times often require new work systems, simplification of work units and processes, or the ability for rapid changeover from one process to another. A cross-trained and empowered workforce is a vital asset in such a demanding environment.
A major success factor in meeting competitive challenges is the design-to-introduction (product or service feature initiation) or innovation cycle time. To meet the demands of rapidly changing markets, organisations need to carry out stage-to-stage integration (such as concurrent engineering) of activities from research or concept to commercialisation or implementation.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in work systems, organisation, quality, cost, supply-chain integration, and productivity.

Focus on the Future
Creating a sustainable organisation requires understanding the short- and longer-term factors that affect your organisation, marketplace. Organisations need to consider climate change factors in its sustainability. The pursuit of sustainable growth and sustained performance leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, workforce, suppliers, partners, and stockholders; the public; and your community.

Your organisation’s planning should anticipate many factors, such as customers’ expectations, new business and partnering opportunities, workforce development and hiring needs, the increasingly global marketplace, technological developments, changes in customer and market segments, new business models, evolving regulatory requirements, changes in community and societal expectations and needs, and strategic moves by competitors. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing your leaders, workforce, and suppliers; accomplishing effective succession planning; creating opportunities for innovation; and anticipating societal responsibilities and concerns.

Managing for Innovation
Innovation means making meaningful change to improve an organisation’s products, services, programs, processes, operations, and business model to create new value for the organisation’s stakeholders. Innovation should lead your organisation to new dimensions of performance. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your operations and all work systems and work processes. Organisations should be led and managed so that innovation becomes part of the learning culture. Innovation should be integrated into daily work and should be supported by your performance improvement system. Systematic processes for innovation should reach across your entire organisation.

Innovation builds on the accumulated knowledge of your organisation and its people. Therefore, the ability to rapidly disseminate and capitalise on this knowledge is critical to driving organisational innovation.

Management by Fact
Organisations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include customer, product, and process performance; comparisons of operational, market, and competitive performance; supplier, workforce, partner, cost, and financial performance; and governance and compliance outcomes. Data should be segmented by, for example, markets, product lines, and workforce groups to facilitate analysis.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, improvement, and innovation. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, accomplishing change management, and comparing your performance with competitors’ or with “best practices” benchmarks.
A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. The measures or indicators you select should best represent the factors that lead to improved customer, operational, financial, and societal performance. A comprehensive set of measures or indicators tied to customer and organisational performance requirements provides a clear basis for aligning all processes with your organisation’s goals. Measures and indicators may need to support decision making in a rapidly changing environment. Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

**Societal Responsibility**

An organisation’s leaders should stress responsibilities to the public, ethical behavior, and the need to consider societal well-being and benefit. Leaders should be role models for your organisation in focusing on ethics and the protection of public health, safety, environment and mitigation of the climate change impact. The protection of health, safety, and the environment and mitigation of climate change impact includes your organisation’s operations, as well as the life cycles of your products. Also, organisations should emphasise resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of your products. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available the information and support needed to maintain public awareness, safety, and confidence.

For many organisations, the product design stage is critical from the point of view of public responsibility. Design decisions impact your production processes and often the content of municipal and industrial waste. Effective design strategies should anticipate growing environmental concerns and responsibilities.

Organisations should not only meet all local, state, and federal laws and regulatory requirements, but they should treat these and related requirements as opportunities for improvement “beyond mere compliance.” Organisations should stress ethical behavior in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organisation’s governance body.

“Societal well-being and benefit” refers to leadership and support-within the limits of an organisation’s resources - of publicly important purposes. Such purposes might include improving education and health care in your community, pursuing environmental excellence, being a role model for socially important issues, practicing resource conservation, performing community service, improving industry and business practices, and sharing non-proprietary information. Leadership as a role-model organisation also entails influencing other organisations, private and public, to partner for these purposes. Managing societal responsibilities requires the organisation to use appropriate measures and leaders to assume responsibility for those measures.

**Focus on Results and Creating Value**

An organisation’s performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders-your customers, workforce, stockholders, suppliers, and partners; the public; and the community. By creating value for your key stakeholders, your organisation builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value implies, organisational strategy explicitly should include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders.

The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

**Systems Perspective**

The TBEM Criteria provides a systems perspective for managing your organisation and its key processes to achieve results-and to strive for performance excellence. The seven TBEM Categories, the Core Values,
and the Scoring Guidelines form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organisation-specific synthesis, alignment, and integration. Synthesis means looking at your organisation as a whole and builds on key business attributes, including your core competencies, strategic objectives, action plans, and work systems. **Alignment means using the key linkages among requirements given in the TBEM Criteria Categories to ensure consistency of plans, processes, measures, and actions.** Integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner and deliver anticipated results.

These concepts are depicted in the TBEM framework. A systems perspective includes your senior leaders’ focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your results. A systems perspective also includes using your measures, indicators, core competencies, and organisational knowledge to build your key strategies. It means linking these strategies with your work systems and key processes and aligning your resources to improve your overall performance and your focus on customers and stakeholders.

Thus, a systems perspective means managing your whole organisation, as well as its components, to achieve success.

**Ch 1.3 Performance Excellence Framework**

The Core Values and Concepts are embodied in seven Categories, as follows:

1. Leadership
2. Strategic Planning
3. Customer Focus
4. Measurement, Analysis, and Knowledge Management
5. Workforce Focus
6. Process Management
7. Business Results

The figure below provides the framework connecting and integrating the Categories.
From top to bottom, the framework has the following basic elements.

**Organisational Profile**
Your Organisational Profile (top of figure) sets the context for the way your organisation operates. Your environment, key working relationships, and strategic challenges and advantages serve as an overarching guide for your organisational performance management system.

**System Operations**
The system operations are composed of the six TBEM Categories in the centre of the figure that define your operations and the results you achieve.

Leadership (Category 1), Strategic Planning (Category 2), and Customer Focus (Category 3) represent the leadership triad. These Categories are placed together to emphasise the importance of a leadership focus on strategy and customers. Senior leaders set your organisational direction and seek future opportunities for your organisation.

Workforce Focus (Category 5), Process Management (Category 6), and Business Results (Category 7) represent the results triad. Your organisation’s workforce and key processes accomplish the work of the organisation that yields your overall performance results.

All actions point toward Results - a composite of product and service, customer and market, financial, and internal operational performance results, including workforce, leadership, governance, and social responsibility results.

The horizontal arrow in the centre of the framework links the leadership triad to the results triad, a linkage critical to organisational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Business Results (Category 7). The two-headed arrows indicate the importance of feedback in an effective performance management system.

**System Foundation**
Measurement, Analysis, and Knowledge Management (Category 4) are critical to the effective management of your organisation and to a fact-based, knowledge-driven system for improving performance and competitiveness. Measurement, analysis, and knowledge management serve as a foundation for the performance management system.

**Ch 1.4 TBEM Structure**

The seven TBEM Categories shown in the figure are subdivided into Items and Areas to Address.

**Items**

There are 18 Items, each focusing on a major requirement.

**Areas to Address**

Items consist of one or more Areas to Address (Areas). Organisations should address their responses to the specific requirements of these Areas.
Ch 1.5  **TBEM focus on Business Results**

The Criteria focus on the key areas of organisational performance given below.

**Organisational performance areas:**
1. Product outcomes
2. Customer-focused outcomes
3. Financial and market outcomes
4. Workforce-focused outcomes
5. Process effectiveness outcomes, including key operational performance results
6. Leadership outcomes, including governance and societal responsibility results

The use of this composite of measures is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

Ch 1.6  **TBEM is non-prescriptive and adaptable**

The TBEM Criteria are made up of results-oriented requirements. However, the Criteria do not prescribe

- How your organisation should be structured;
- That your organisation should or should not have departments for planning, ethics, quality, or other functions; or
- That different units in your organisation should be managed in the same way.

These factors differ among organisations, and they are likely to change as needs and strategies evolve.

The TBEM is non-prescriptive for the following reasons:

1) The focus is on results, not on procedures, tools, or organisational structure. Organisations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Non-prescriptive requirements are intended to foster incremental and major ("breakthrough") improvements, as well as meaningful change through innovation.

2) The selection of tools, techniques, systems, and organisational structure usually depends on factors such as the organisation type and size, organisational relationships, your organisation's stage of development, and the capabilities and responsibilities of your workforce.

3) A focus on common requirements, rather than on common procedures, fosters understanding, communication, sharing, alignment, and integration, while supporting innovation and diversity in approaches.

Ch 1.7  **TBEM supports a systems perspective to maintaining organisation-wide goal alignment.**

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts; the Organisational Profile; the Criteria; the Scoring Guidelines; and the results-oriented, cause effect, cross-process linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organisation’s processes and strategy. These measures tie directly to customer and stakeholder value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralised decision making, or overly complex process management. Measures thereby serve both as a communications tool and as a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralised decision making.
A systems perspective to goal alignment, particularly when strategy and goals change over time, requires
dynamic linkages among Criteria Items. In the TBEM, action-oriented cycles of improvement take place via
feedback between processes and results.
The improvement cycles have four, clearly defined stages:

1) Planning, including design of processes, selection of measures, and deployment of requirements
   (approach)

2) Executing plans (deployment)

3) Assessing progress and capturing new knowledge, including seeking opportunities for innovation
   (learning)

4) Revising plans based on assessment findings, harmonising processes and work unit operations, and
   selecting better measures (integration)

Ch 1.8 **TBEM supports goal-based diagnosis.**

The Criteria and the Scoring Guidelines make up a two part diagnostic (assessment) system. The
Criteria are a set of 18 performance-oriented requirements. The Scoring Guidelines spell out the
assessment dimensions—Process and Results—and the key factors used to assess each dimension.

An assessment thus provides a profile of strengths and opportunities for improvement relative to the 18
performance-oriented requirements and relative to process and performance maturity as determined by
the Scoring Guidelines. In this way, assessment leads to actions that contribute to performance
improvement in all areas, as described in the box above. ***This diagnostic assessment is a useful
management tool that goes beyond most performance reviews and is applicable to a wide range of
strategies, management systems, and types of organisations.***
Chapter 2

Changes from TBEM 2009

The Criteria for Performance Excellence have evolved significantly over time to help organisations address a dynamic environment, focus on strategy-driven performance, address concerns about governance and ethics, and, most recently, consider the key decisions driving both short-term success and long-term organisational sustainability. The Criteria have continually progressed toward a comprehensive, integrated systems perspective of overall organisational performance management.

The most significant revisions to the Criteria address following areas of importance:

1. Customer Focus,
2. Organisational Core Competencies
3. Sustainability (including climate change)
4. Societal Responsibilities.
5. Safety
6. Organisational Governance
7. Innovation

The concept of customer engagement has received increasing attention as organisations compete in a global marketplace and in competitive local markets. The Criteria questions probe your ability to identify and deliver relevant product offerings to your customers now and in the future. The questions ask about your organisation’s customer culture and how it contributes to customer engagement. The questions probe how you listen to the voice of the customer and, more importantly, how you use the information gathered. Is your organisation customer focused?

While core competencies were introduced as an important concept in the 2008 TBEM Criteria, their strategic significance was not fully exploited. The Criteria questions now probe the relationship of your core competencies to your organisation’s mission, strategy, and sustainability. Is your organisation competent in the areas that will deliver its sustainability?

Leading organisations are paying increased attention to the sustainability of their environmental, social, and economic systems. The Criteria questions probe how you contribute to the well-being of these systems and what your specific contributions have been. Is your organisation fulfilling its societal responsibilities?

The Criteria is addressing climate change perspectives in the description of Sustainability, Action Plans, Strategic Objectives, Strategic Advantages, Strategic Challenges, Goals, Technology, Performance Measures, Opportunities for Innovation, High Performance, Workforce Capability, Customer requirements and Societal Responsibility.

The criteria are also asking for leadership role in promoting safety consciousness in the organisation.

The new Criteria have elaborated the Organisational Governance questions to make it more explicit. Organisational Governance now includes questions on the role of governance body in addressing issues related to sustainability, reputational risk and succession planning.

The most significant changes in the Criteria are summarised as follows:

- The number of Areas to Address has increased from 37 to 41 to increase clarity and definition; the number of Criteria Items remains unchanged at 18, plus 2 in the Preface: Organisational Profile.

- The Preface: Organisational Profile now includes your core competencies as a key characteristic of your organisational environment. Organisational profile asks for policy related to safety and climate change and inclusion of board committee in the reporting relationship of the organisation.
• Category 1, **Leadership**, includes an enhanced focus on sustainability and societal responsibilities and the senior leaders’ role in personally promoting safety and climate change consciousness. Also governance body role in addressing issues related to sustainability, risk and succession planning.

• Category 2, **Strategic Planning**, introduces core competencies as a strategic concept and also covers climate change along with Governance board role in strategy development process.

• Category 3, **Customer Focus**, has been redesigned around customer engagement and the voice of the customer.

• Category 4, **Measurement, Analysis, and Knowledge Management**, clearly separates but emphasises both the importance of information and knowledge management and the management of information technology and systems.

• Category 5, **Workforce Focus**, has been simplified to add clarity and focus to important aspects of workforce engagement. Workforce engagement includes their engagement in improvement and innovation activities.

• Category 6, **Process Management**, has been reorganised for a more logical flow of the questions. Key work process requirements now include safety and climate change.

• Category 7, **Business Results**, has been aligned with the changes in Categories 1-6 to encourage the measurement of important and appropriate results.

• The Core Value previously related to social responsibility has been retitled and rewritten to reflect the larger sustainability concepts embodied in **societal responsibility**.

• Four terms have been added to the Glossary of Key Terms: Climate Change, customer engagement, voice of the customer, and work processes. In addition, the definition of sustainability has been expanded to reflect societal and climate change aspects of organisational sustainability.

• The Results Scoring Guidelines have been modified to specifically address performance projection expectations in each scoring range. Also, performance projections have been included in the sample results figure presented in the Guidelines for Responding to Results Items.

There have been some changes in all Criteria Items; the most significant changes are highlighted below.

**Preface: Organisational Profile**

• Item P1, **Organisational Description**, now includes a question related to the organisation’s core competencies and their relation to the organisation’s mission. It also includes a question about safety and climate change policies and inclusion of board committee in the reporting relationship of the organisation.

• Item P2, formerly **Organisational Challenges**, has been re-titled Organisational Situation to more accurately reflect the broad focus of this item. It includes a question about opportunities for low carbon growth that can affect competitive environment.

**Category 1: Leadership**

• Item 1.1, **Senior Leadership**, now includes a question related to how senior leaders enhance their personal leadership skills. It includes question about how rewards and recognition program reinforce ethics, innovation, safety and climate change initiatives to create and balance emerging expectation for all the stakeholders.

• Item 1.2, now **Governance and Societal Responsibilities**, has an enhanced focus on societal responsibilities. These responsibilities include conserving natural resources; assuming responsibility for your suppliers’ actions; and considering the well-being of environmental, social, and economic systems to which your organisation contributes. It includes a question about the processes, measures and goals to address safety and climate change related risks.
Category 2: Strategic Planning

• Item 2.1, Strategy Development, now includes core competencies as a key component of strategy development and organisational sustainability. It includes questions on the Governance Board role in strategy development process and how important goals and targets are set. It also includes a question on how the climate change needs of all the stakeholders are addressed in Strategic Objectives.

• Item 2.2, Strategy Deployment, now includes a question addressing the deployment of your action plans (including climate change) to key suppliers and partners.

Category 3: Customer Focus

• This Category has been totally redesigned with two new Items.

• Item 3.1, Customer Engagement, asks how you engage customers to serve their needs and build relationships. It has two Areas to Address: (1) Product Offerings and Customer Support, and (2) Building a Customer Culture. It also asks a question about the new products added in recent years.

• Item 3.2, Voice of the Customer, asks how you obtain and use information from your customers. It has three new Areas to Address: (1) Customer Listening, (2) Determination of Customer Satisfaction and Engagement, and (3) Analysis and Use of Customer Data. It asks how the analysis and aggregation of complaint data is used for innovation.

Category 4: Measurement, Analysis, and Knowledge Management

• Item 4.1, Measurement, Analysis, and Improvement of Organisational Performance, now includes a separate Area to Address on Performance Improvement. It asks a question related to how governance board reviews performance of the organisation and progress against the strategic objectives and action plans. It also asks for organisational performance progress related to safety and climate change.

• Item 4.2, Management of Information, Knowledge, and Information Technology, clarifies which Criteria requirements are related to information technology by including the term in the title of the second Area to Address, Management of Information Resources and Technology. It asks how you ensure that the hardware and software are environmental friendly.

Category 5: Workforce Focus

• Item 5.1, Workforce Engagement, still has three Areas to Address, but the number of questions in the multiple requirements has been reduced to simplify and focus the requirements. It includes a question on how learning and development system address safe and carbon conscious work environment for workforce and your leaders.

Category 6: Process Management

• Item 6.1, Work Systems, has been modified for a more logical flow of the questions. The three Areas to Address are now (1) Work Systems Design, (2) Key Work Processes, and (3) Emergency Readiness.

• Item 6.2, Work Processes, has three Areas to Address: (1) Work Process Design, (2) Work Process Management, and (3) Work Process Improvement. Work Process Improvement includes a question about how you incorporate the results of organisational performance reviews into the improvement of your work processes. It includes a question about how do you improve workplace safety and reduce carbon footprints.

Category 7: Business Results

• Item 7.2, Customer-Focused Outcomes, is aligned with the revised Category 3, asking for results related to customer engagement.

• Item 7.6, Leadership Outcomes, now includes a question about your results for fulfilment of your societal responsibilities. It also includes question about your results for safety improvement and innovation activities.
Chapter 3

Glossary of Key Terms

This Glossary of Key Terms defines and briefly describes terms used throughout the Criteria booklet that are important to performance management. As you may have noted, key terms are presented in SMALL CAPS/SANS SERIF every time they appear in the Categories and Scoring Guidelines sections of this Criteria booklet.

**Action Plans**

The term “action plans” refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective, organisation-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creating aligned measures for all departments and work units. Deployment also might require specialised training for some employees or recruitment of personnel.

An example of a strategic objective for a supplier in a highly competitive industry might be to develop and maintain a price leadership position. Action plans could entail designing efficient processes and creating an accounting system that tracks activity-level costs, aligned for the organisation as a whole. Deployment requirements might include work unit and team training in setting priorities based on costs and benefits. Organisational-level analysis and review likely would emphasise productivity growth, cost control, and quality.

See also the definition of “strategic objectives”.

**Alignment**

The term “alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, and analyses to support key organisation-wide goals. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organisational level, the key process level, and the work unit level.

See also the definition of “integration”.

**Analysis**

The term “analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organisational analysis guides the management of work systems and work processes toward achieving key business results and toward attaining strategic objectives. Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Effective actions depend on an understanding of relationships, derived from analysis of facts and data.

**Anecdotal**

The term “anecdotal” refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation, improvement, and learning factors. Anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all of the organisation’s facilities. On the other hand, a systematic process might describe the communication methods used by all senior leaders to deliver performance
expectations on a regular basis to all organisational locations and workforce members, the measures used to assess the effectiveness of the methods, and the tools and techniques used to evaluate and improve the communication methods.

See also the definition of “systematic”.

**Approach**

The term “approach” refers to the methods used by an organisation to address the TBEM Criteria Item requirements. Approach includes the appropriateness of the methods to the Item requirements and to the organisation’s operating environment, as well as how effectively the methods are used.

Approach is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System.

**Basic Requirements**

The term “basic requirements” refers to the topic Criteria users need to address when responding to the most central concept of an Item. Basic requirements are the fundamental theme of that Item (e.g., your approach for strategy development for Item 2.1). In the Criteria, the basic requirements of each Item are presented as the Item title question. This presentation is illustrated in the Item format shown.

**Benchmarks**

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organisation’s industry. Organisations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (non-incremental) or “breakthrough” improvement.

Benchmarks are one form of comparative data. Other comparative data organisations might use include industry data collected by a third party (frequently industry averages), data on competitors’ performance, and comparisons with similar organisations that are in the same geographic area or that provide similar products and services in other geographic areas.

**Climate Change**

Climate change refers to the variation in the Earth's global climate or in regional climates over time. It describes changes in the variability or average state of the atmosphere over time scales ranging from decades to millions of years. These changes can be caused by processes internal to the Earth, external forces (e.g., variations in sunlight intensity) or, more recently, human activities.

In recent usage, especially in the context of environmental policy, the term "climate change" often refers only to changes in modern climate, including the rise in average surface temperature known as global warming. In some cases, the term is also used with a presumption of human causation, as in the United Nations Framework Convention on Climate Change (UNFCCC).

**Collaborators**

The term “collaborators” refers to those organisations or individuals who cooperate with your organisation to support a particular activity or event or who cooperate on an intermittent basis when short-term goals are aligned or are the same. Typically, collaborations do not involve formal agreements or arrangements.

See also the definition of “partners”.

**Core Competencies**

The term “core competencies” refers to your organisation’s areas of greatest expertise. Your organisation’s
core competencies are those strategically important capabilities that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate, and they may provide a sustainable competitive advantage.

Core competencies may involve technology expertise, unique service offerings, a marketplace niche, or a particular business acumen (e.g., business acquisitions).

**Corporate Sustainability**

Corporate Sustainability (CS) is integral to value-creation in our businesses through the enhancement of human, natural and social capital complementing their economic and financial growth in order to give the enterprise an enduring future and also help create and serve a larger purpose, at all times. It facilitates accountability to all stakeholders as a systemic practice.

**Customer**

The term “customer” refers to actual and potential users of your organisation’s products, programs, or services (referred to as “products” in the Criteria). Customers include the end users of your products, as well as others who might be their immediate purchasers or users. These others might include distributors, agents, or organisations that further process your product as a component of their product. The Criteria address customers broadly, referencing current and future customers, as well as the customers of your competitors.

Customer-driven excellence is a TBEM Core Value embedded in the beliefs and behaviours of high-performing organisations. Customer focus impacts and should integrate an organisation’s strategic directions, its work systems and work processes, and its business results.

See the definition of “stakeholders” for the relationship between customers and others who might be affected by your products.

**Customer Engagement**

The term “customer engagement” refers to your customers’ investment in or commitment to your brand and product offerings. It is based on your ongoing ability to serve their needs and build relationships so they will continue using your products. Characteristics of customer engagement include customer retention and loyalty, customers’ willingness to make an effort to do business with your organisation, and customers’ willingness to actively advocate for and recommend your brand and product offerings.

**Cycle Time**

The term “cycle time” refers to the time required to fulfil commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving competitiveness and overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include time to market, order fulfilment time, delivery time, changeover time, customer response time, and other key measures of time.

**Deployment**

The term “deployment” refers to the extent to which an approach is applied in addressing the requirements of a TBEM Criteria Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant work units throughout the organisation.

Deployment is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System.
Diversity

The term “diversity” refers to valuing and benefiting from personal differences. These differences address many variables, including race, religion, colour, gender, national origin, disability, sexual orientation, age and generational preferences, education, geographic origin, and skill characteristics, as well as differences in ideas, thinking, academic disciplines, and perspectives.

The TBEM Criteria refer to the diversity of your workforce hiring and customer communities. Capitalising on both provides enhanced opportunities for high performance; customer, workforce, and community satisfaction; and customer and workforce engagement.

Effective

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) the evaluation of how well the process is aligned with the organisation’s needs and how well the process is deployed or (2) the evaluation of the outcome of the measure used.

Empowerment

The term “empowerment” refers to giving people the authority and responsibility to make decisions and take actions. Empowerment results in decisions being made closest to the “front line”, where work-related knowledge and understanding reside.

Empowerment is aimed at enabling people to satisfy customers on first contact, to improve processes and increase productivity, and to improve the organisation’s performance results. An empowered workforce requires information to make appropriate decisions; thus, an organisational requirement is to provide that information in a timely and useful way.

Ethical Behaviour

The term “ethical behaviour” refers to how an organisation ensures that all its decisions, actions, and stakeholder interactions conform to the organisation’s moral and professional principles. These principles should support all applicable laws and regulations and are the foundation for the organisation’s culture and values. They distinguish “right” from “wrong”.

Senior leaders should act as role models for these principles of behaviour. The principles apply to all people involved in the organisation, from temporary members of the workforce to members of the board of directors, and need to be communicated and reinforced on a regular basis. Although there is no universal model for ethical behaviour, senior leaders should ensure that the organisation’s mission and vision are aligned with its ethical principles. Ethical behaviour should be practiced with all stakeholders, including the workforce, shareholders, customers, partners, suppliers, and the organisation’s local community.

While some organisations may view their ethical principles as boundary conditions restricting behaviour, well-designed and clearly articulated ethical principles should empower people to make effective decisions with great confidence.

Goals

The term “goals” refers to a future condition or performance level that one intends to attain. Goals can be both short- and longer-term. Goals are ends that guide actions. Quantitative goals, frequently referred to as “targets”, include a numerical point or range. Targets might be projections based on comparative or competitive data. The term “stretch goals” refers to desired major, discontinuous (non-incremental) or “breakthrough” improvements, usually in areas most critical to your organisation’s future success.
Goals can serve many purposes, including

- clarifying strategic objectives and action plans to indicate how you will measure success
- fostering teamwork by focusing on a common end
- encouraging “out-of-the-box” thinking (innovation) to achieve a stretch goal
- providing a basis for measuring and accelerating progress

**Governance**

The term “governance” refers to the system of management and controls exercised in the stewardship of your organisation. It includes the responsibilities of your organisation’s owners/shareholders, board of directors, and senior leaders. Corporate or organisational charters, bylaws, and policies document the rights and responsibilities of each of the parties and describe how your organisation will be directed and controlled to ensure (1) accountability to owners/shareholders and other stakeholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of the CEO’s performance, the establishment of executive compensation and benefits, succession planning, financial auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders’ and the larger society’s trust and to organisational effectiveness.

**High-Performance Work**

The term “high-performance work” refers to work processes used to systematically pursue ever-higher levels of overall organisational and individual performance, including quality, productivity, innovation rate, climate change mitigation and adaptation performance and cycle time performance. High-performance work results in improved service for customers and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. High-performance work focuses on workforce engagement. It frequently includes cooperation between management and the workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; the empowerment of your people, including self-directed responsibility; and input to planning. It also may include individual and organisational skill building and learning; learning from other organisations; flexibility in job design and work assignments; a flattened organisational structure, where decision making is decentralised and decisions are made closest to the “front line”; and effective use of performance measures, including comparisons. Many high-performing organisations use monetary and non-monetary incentives based on factors such as organisational performance, team and individual contributions, and skill building. Also, high-performance work usually seeks to align the organisation’s structure, core competencies, work, jobs, workforce development, and incentives.

**How**

The term “how” refers to the systems and processes that an organisation uses to accomplish its mission requirements. In responding to “how” questions in the Process Item requirements, process descriptions should include information such as approach (methods and measures), deployment, learning, and integration factors.

**Innovation**

The term “innovation” refers to making meaningful change to improve products, processes, or organisational effectiveness and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, product, or business model that is either new or new to its proposed application. The outcome of innovation is a discontinuous or breakthrough change in results, products, or processes.
Successful organisational innovation is a multistep process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organisational processes that would benefit from change, whether through breakthrough improvement or a change in approach or outputs. It could include fundamental changes in organisational structure or the business model to more effectively accomplish the organisation’s work.

**Integration**

The term “integration” refers to the harmonisation of plans, processes, information, resource decisions, actions, results, and analyses to support key organisation-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of a performance management system operate as a fully interconnected unit.

See also the definition of “alignment”.

Integration is one of the dimensions considered in evaluating both Process and Results Items. For further description, see the Scoring System.

**Key**

The term “key” refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The TBEM Criteria, for example, refer to key challenges, key plans, key work processes, and key measures—those that are most important to your organisation’s success. They are the essential elements for pursuing or monitoring a desired outcome.

**Knowledge Assets**

The term “knowledge assets” refers to the accumulated intellectual resources of your organisation. It is the knowledge possessed by your organisation and its workforce in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. Your workforce, software, patents, databases, documents, guides, policies and procedures, and technical drawings are repositories of your organisation’s knowledge assets. Knowledge assets are held not only by an organisation but reside within its customers, suppliers, and partners, as well.

Knowledge assets are the “know-how” that your organisation has available to use, to invest, and to grow. Building and managing its knowledge assets are key components for your organisation to create value for your stakeholders and to help sustain a competitive advantage.

**Leadership System**

The term “leadership system” refers to how leadership is exercised, formally and informally, throughout the organisation; it is the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; two-way communication; selection and development of leaders and managers; and reinforcement of values, ethical behaviour, directions, and performance expectations.

An effective leadership system respects the capabilities and requirements of workforce members and other stakeholders, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on the organisation’s vision and values and the pursuit of shared goals. It encourages and supports initiative and appropriate risk taking, subordinates’ organisational structure to purpose and function, and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders to conduct self examination, receive feedback, and improve.
Learning

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The TBEM Criteria include two distinct kinds of learning: organisational and personal. Organisational learning is achieved through research and development, evaluation and improvement cycles, workforce and stakeholder ideas and input, best-practice sharing, and benchmarking. Personal learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way an organisation operates. Learning contributes to a competitive advantage and sustainability for the organisation and its workforce. For further description of organisational and personal learning, see the related Core Value and Concept.

Learning is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System.

Levels

The term “levels” refers to numerical information that places or positions an organisation’s results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

Measures and Indicators

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organisation (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer “indicator” (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

Mission

The term “mission” refers to the overall function of an organisation. The mission answers the question, “What is this organisation attempting to accomplish?” The mission might define customers or markets served, distinctive or core competencies, or technologies used.

Multiple Requirements

The term “multiple requirements” refers to the individual questions Criteria users need to answer within each Area to Address. These questions constitute the details of an Item’s requirements. They are presented in black text under each Item’s Area(s) to Address. This presentation is illustrated in the Item format.

Overall Requirements

The term “overall requirements” refers to the topics Criteria users need to address when responding to the central theme of an Item. Overall requirements address the most significant features of the Item requirements. In the Criteria, the overall requirements of each Item are presented in one or more introductory sentences printed in bold. This presentation is illustrated in the Item format.
Partners

The term “partners” refers to those key organisations or individuals who are working in concert with your organisation to achieve a common goal or to improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or to deliver a specific product.

Formal partnerships are usually for an extended period of time and involve a clear understanding of the individual and mutual roles and benefits for the partners.

See also the definition of “collaborators”.

Performance

The term “performance” refers to outputs and their outcomes obtained from processes, products, and customers that permit evaluation and comparison relative to goals, standards, past results, and other organisations. Performance can be expressed in non-financial and financial terms.

The TBEM Criteria address four types of performance: (1) product, (2) customer-focused, (3) financial and marketplace, and (4) operational.

“Product performance” refers to performance relative to measures and indicators of product and service characteristics important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time.

“Customer-focused performance” refers to performance relative to measures and indicators of customers’ perceptions, reactions, and behaviours. Examples include customer retention, complaints, and customer survey results.

“Financial and marketplace performance” refers to performance relative to measures of cost, revenue, and market position, including asset utilisation, asset growth, and market share. Examples include returns on investments, value added per employee, debt-to-equity ratio, returns on assets, operating margins, performance to budget, the amount in reserve funds, cash-to-cash cycle time, other profitability and liquidity measures, and market gains.

“Operational performance” refers to workforce, leadership, organisational, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, regulatory compliance, fiscal accountability, and community involvement. Operational performance might be measured at the work unit level, key work process level, and organisational level.

Performance Excellence

The term “performance excellence” refers to an integrated approach to organisational performance management that results in (1) delivery of ever-improving value to customers and stakeholders, contributing to organisational sustainability; (2) improvement of overall organisational effectiveness and capabilities; and (3) organisational and personal learning. The TBEM Criteria for Performance Excellence provide a framework and an assessment tool for understanding organisational strengths and opportunities for improvement and thus for guiding planning efforts.

Performance Projections

The term “performance projections” refers to estimates of future performance. Projections may be inferred from past performance, may be based on competitors’ or similar organisations’ performance that must be met or exceeded, may be predicted based on changes in a dynamic environment, or may be goals for future performance. Projections integrate estimates of your organisation’s rate of improvement and
change, and they may be used to indicate where breakthrough improvement or innovation is needed. While performance projections may be set to attain a goal, they also may be predicted levels of future performance that indicate the challenges your organisation faces in achieving a goal. Thus, performance projections serve as a key management planning tool.

**Process**

The term “process” refers to linked activities with the purpose of producing a product (or service) for a customer (user) within or outside the organisation. Generally, processes involve combinations of people, machines, tools, techniques, materials, and improvements in a defined series of steps or actions. Processes rarely operate in isolation and must be considered in relation to other processes that impact them. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, particularly when customers are directly involved in the service, process is used in a more general way (i.e., to spell out what must be done, possibly including a preferred or expected sequence). If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Such service processes also require guidance to the providers of those services on handling contingencies related to the possible actions or behaviours of those served.

In knowledge work, such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance, such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

In the TBEM Scoring System, your process achievement level is assessed. This achievement level is based on four factors that can be evaluated for each of an organisation’s key processes: Approach, Deployment, Learning, and Integration. For further description, see the Scoring System.

**Productivity**

The term “productivity” refers to measures of the efficiency of resource use.

Although the term often is applied to single factors, such as the workforce (labour productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process—possibly involving resource trade-offs—is beneficial.

**Purpose**

The term “purpose” refers to the fundamental reason that an organisation exists. The primary role of purpose is to inspire an organisation and guide its setting of values. Purpose is generally broad and enduring. Two organisations in different businesses could have similar purposes, and two organisations in the same business could have different purposes.

**Results**

The term “results” refers to outputs and outcomes achieved by an organisation in addressing the requirements of a TBEM Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organisational performance requirements.

For further description, see the Scoring System.
**Segment**

The term “segment” refers to a part of an organisation’s overall customer, market, product offering, or workforce base. Segments typically have common characteristics that can be grouped logically. In Results Items, the term refers to disaggregating results data in a way that allows for meaningful analysis of an organisation’s performance. It is up to each organisation to determine the specific factors that it uses to segment its customers, markets, products, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups and to tailoring product offerings to meet their needs and expectations. As an example, market segmentation might be based on distribution channels, business volume, geography, or technologies employed. Workforce segmentation might be based on geography, skills, needs, work assignments, or job classifications.

**Senior Leaders**

The term “senior leaders” refers to an organisation’s senior management group or team. In many organisations, this consists of the head of the organisation and his or her direct reports.

**Stakeholders**

The term “stakeholders” refers to all groups that are or might be affected by an organisation’s actions and success. Examples of key stakeholders might include customers, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policy makers, funders, and local and professional communities.

See also the definition of “customer”.

**Strategic Advantages**

The term “strategic advantages” refers to those marketplace benefits that exert a decisive influence on an organisation’s likelihood of future success. These advantages frequently are sources of an organisation’s current and future competitive success relative to other providers of similar products. Strategic advantages generally arise from either or both of two sources: (1) core competencies, which focus on building and expanding on an organisation’s internal capabilities, including capabilities related to climate change adaptation and mitigation, and (2) strategically important external resources, which are shaped and leveraged through key external relationships and partnerships.

When an organisation realises both sources of strategic advantage, it can amplify its unique internal capabilities by capitalising on complementary capabilities in other organisations.

See the definitions of “strategic challenges” and “strategic objectives” below for the relationship among strategic advantages, strategic challenges, and the strategic objectives an organisation articulates to address its challenges and advantages.

**Strategic Challenges**

The term “strategic challenges” refers to those pressures that exert a decisive influence on an organisation’s likelihood of future success. These challenges frequently are driven by an organisation’s future competitive position relative to other providers of similar products. While not exclusively so, strategic challenges generally are externally driven. However, in responding to externally driven strategic challenges, an organisation may face internal strategic challenges.

External strategic challenges may relate to customer or market needs or expectations; shift in consumer preference (eco-friendly products), energy security, natural resource optimisation, carbon markets, emissions trading schemes, taxes and penalties, carbon regulations, disposal management and public...
opinion, product or technological changes (including low carbon technologies); or financial, societal, and other risks or needs. Internal strategic challenges may relate to an organisation’s capabilities or its human and other resources.

See the definitions of “strategic advantages” and “strategic objectives” on this page for the relationship among strategic challenges, strategic advantages, and the strategic objectives an organisation articulates to address its challenges and advantages.

**Strategic Objectives**

The term “strategic objectives” refers to an organisation’s articulated aims or responses to address major change or improvement, competitiveness or social issues/ global issues like climate change, and business advantages. Strategic objectives generally are focused both externally and internally and relate to significant customer, market, product, or technological or climate change opportunities and challenges (strategic challenges). Broadly stated, they are what an organisation must achieve to remain or become competitive and ensure long-term sustainability. Strategic objectives set an organisation’s longer-term directions and guide resource allocations and redistributions.

See the definition of “action plans” for the relationship between strategic objectives and action plans and for an example of each.

**Sustainability**

The term “sustainability” refers to your organisation’s ability to address current business needs and to have the agility and strategic management to prepare successfully for your future business, market, and operating environment. Both external and internal factors need to be considered. The specific combination of factors might include industry wide and organisation-specific components.

In the context of the TBEM Criteria, the impact of your organisation’s products and operations on society and the contributions you make to the well-being of environmental, social, and economic systems are part of your organisation’s overall societal responsibilities. Whether and how your organisation addresses such considerations also may affect its sustainability.

Sustainability considerations might include workforce capability and capacity, resource availability, conservation / optimisation of natural resources, adoption and or investing in cutting edge / low carbon technology, innovating new / low carbon products and services, identification and creation of new / low carbon business opportunities, reputation management, knowledge, core competencies, work systems, facilities, and equipment.

Sustainability might be affected by changes in the marketplace and customer preferences, changes in the financial markets, and changes in the legal and regulatory environment. In addition, sustainability has a component related to day-to-day preparedness for real-time or short term emergencies.

**Systematic**

The term “systematic” refers to approaches that are well-ordered, are repeatable, and use data and information so learning is possible. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. For use of the term, see the Scoring Guidelines.

**Trends**

The term “trends” refers to numerical information that shows the direction and rate of change for an organisation’s results. Trends provide a time sequence of organisational performance.
A minimum of three historical (not projected) data points generally is needed to begin to ascertain a trend. More data points are needed to define a statistically valid trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer time periods before meaningful trends can be determined.

Examples of trends called for by the Criteria include data related to product performance, customer and workforce satisfaction and dissatisfaction results, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

Value

The term “value” refers to the perceived worth of a product, process, asset, or function relative to cost and to possible alternatives.

Organisations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organisations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as your workforce and the community.

Values

The term “values” refers to the guiding principles and behaviours that embody how your organisation and its people are expected to operate. Values reflect and reinforce the desired culture of an organisation. Values support and guide the decision making of every workforce member, helping the organisation accomplish its mission and attain its vision in an appropriate manner. Examples of values might include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and striving for performance excellence every day.

Voice of the Customer

The term “voice of the customer” refers to your process for capturing customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, warranty data, and complaint data, that affect customers’ purchasing and engagement decisions.

Vision

The term “vision” refers to the desired future state of your organisation. The vision describes where the organisation is headed, what it intends to be, or how it wishes to be perceived in the future.

Work Processes

The term “work processes” refers to your most important internal value creation processes. They might include product design and delivery, customer support, supply chain management, business, and support processes. They are the processes that involve the majority of your organisation’s workforce and produce customer, stakeholder, and stockholder value.

Your key work processes frequently relate to your core competencies, to the factors that determine your success relative to competitors, and to the factors considered important for business growth by your senior leaders.
**Work Systems**

The term “work systems” refers to how the work of your organisation is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your products and your business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products to your customers and to succeed in your marketplace.

Decisions about work systems are strategic. These decisions involve protecting and capitalising on core competencies and deciding what should be procured or produced outside your organisation in order to be efficient and sustainable in your marketplace.

**Workforce**

The term “workforce” refers to all people actively involved in accomplishing the work of your organisation, including paid employees (e.g., permanent, part-time, temporary, and telecommuting employees, as well as contract employees supervised by the organisation) and volunteers, as appropriate. The workforce includes team leaders, supervisors, and managers at all levels.

**Workforce Capability**

The term “workforce capability” refers to your organisation’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people.

Capability may include the ability to build and sustain relationships with your customers; to innovate and transition to new technologies; to mitigate and/or adapt climate change challenges; to develop new products and work processes; and to meet changing business, market, and regulatory demands.

**Workforce Capacity**

The term “workforce capacity” refers to your organisation’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products to your customers, including the ability to meet seasonal or varying demand levels.

**Workforce Engagement**

The term “workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organisation. Organisations with high levels of workforce engagement are often characterised by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organisation.

In general, members of the workforce feel engaged when they find personal meaning and motivation in their work and when they receive positive interpersonal and workplace support. An engaged workforce benefits from trusting relationships, a safe and cooperative environment, good communication and information flow, empowerment, and performance accountability. Key factors contributing to engagement include training and career development, effective recognition and reward systems, equal opportunity and fair treatment, and family friendliness.
Chapter 4

Category and Item Descriptions

Preface: Organisational Profile

The Organisational Profile provides an overview of your organisation. The profile addresses your operating environment, your key organisational relationships, your competitive environment and strategic context, and your approach to performance improvement. Your Organisational Profile provides a framework for understanding your organisation and helps to understand what you consider important. It also helps you to guide and prioritise the information you present in response to the Criteria Items in Categories 1-7.

The Organisational Profile provides your organisation with critical insight into the key internal and external factors that shape your operating environment. These factors, such as the mission, vision, values, core competencies, competitive environment, and strategic challenges and advantages, impact the way your organisation is run and the decisions you make. As such, the Organisational Profile helps your organisation better understand the context in which it operates; the key requirements for current and future business success and organisational sustainability; and the needs, opportunities, and constraints placed on your organisation’s management systems.

P.1 Organisational Description: What are your key organisational characteristics?

Purpose

This Item addresses the key characteristics and relationships that shape your organisational environment. It also addresses your organisation’s governance system. The aim is to set the context for your organisation and for your responses to the Criteria requirements in Categories 1-7.

Comments

- The use of such terms as “purpose,” “vision,” “mission,” “values,” and “core competencies” varies depending on the organisation, and some organisations may not use one or more of these terms. Nevertheless, you should have a clear understanding of the essence of your organisation, why it exists, and where your senior leaders want to take the organisation in the future. This clarity enables you to make and implement strategic decisions affecting the future of your organisation.

- A clear identification and thorough understanding of your organisation’s core competencies are central to organisational sustainability and competitive performance. Executing your core competencies well is frequently a marketplace differentiator. Keeping your core competencies current with your strategic directions can provide a strategic advantage, and protecting intellectual property contained in your core competencies can provide sustainability.

- The regulatory environment in which you operate places requirements on your organisation and impacts how you run your organisation. Understanding this environment particularly the changes happening due to climate change regulations is key to making effective operational and strategic decisions. Further, it allows you to identify whether you are merely complying with the minimum requirements of applicable laws, regulations, and standards of practice or exceeding them, a hallmark of leading organisations.

- Leading organisations have well-defined governance systems with clear reporting relationships. It is important to clearly identify which functions are performed by senior leaders their board committees and, as applicable, by your governance board and your parent organisation. Board independence and accountability frequently are key considerations in the governance structure.
In supplier-dependent organisations, suppliers play critical roles in processes that are important to running the business and to maintaining or achieving a sustainable competitive advantage. Supply chain requirements might include on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, process and product innovation, and customised manufacturing or services.

**P2 Organisational Situation:** What is your organisation’s strategic situation?

**Purpose**

This Item addresses the competitive environment in which your organisation operates, including your key strategic challenges and advantages with climate change perspective. It also addresses how you approach performance improvement, organisational learning, and innovation. The aim is to understand your key organisational challenges and your system for maintaining a sustainable advantage.

**Comments**

- Knowledge of an organisation’s strengths, vulnerabilities, and opportunities for improvement and growth is essential to the success and sustainability of the organisation. With this knowledge, you can identify those products, processes, competencies, and performance attributes that are unique to your organisation; those that set you apart from other organisations; those that help you to sustain your competitive advantage; and those that you must develop to sustain or build your market position.

- Understanding who your competitors are, how many you have, and their key characteristics is essential for determining what your competitive advantage is in your industry and marketplace. Leading organisations have an in-depth understanding of their current competitive environment, including the factors that affect day-to-day performance and factors that could impact future performance.

- Sources of comparative and competitive data might include industry journals and other publications, benchmarking activities, annual reports for publicly traded companies and public organisations, conferences, local networks, and industry associations.

- Operating your organisation in today’s highly competitive marketplace means you are facing strategic challenges that can affect your ability to sustain performance and maintain your competitive position. These challenges might include your operational costs (e.g., materials, labor, or geographic location); expanding or decreasing markets; mergers or acquisitions by your organisation and by your competitors; economic conditions, including fluctuating demand and local and global economic downturns; the cyclical nature of your industry; the introduction of new or substitute products; rapid technological changes; or new competitors entering the market, climate change threats and opportunities. In addition, your organisation may face challenges related to the recruitment, hiring, and retention of a qualified workforce.

- A particularly significant challenge, if it occurs to your organisation, is being unprepared for a disruptive technology that threatens your competitive position or your marketplace. In the past, such technologies have included personal computers replacing typewriters, cell phones challenging traditional and pay phones, fax machines capturing business from overnight delivery services, and e-mail challenging all other means of correspondence. Today, organisations need to be scanning the environment inside and outside their immediate industry to detect such challenges at the earliest possible point in time.

Performance Improvement system is organisational approach towards creating a continuous improvement culture. These approaches might include various improvement and innovation principles, methods and tools. The approaches work in an integrated manner to achieve strategic objectives of the organisations. While working with various methods and tools, organisation should try
to understand the relationship between performance improvement system and intended business outcomes.

**Leadership (Category 1)**

Leadership addresses how your senior leaders’ actions guide and sustain your organisation, setting organisational vision, values, and performance expectations. Attention is given to how your senior leaders communicate with your workforce, enhance their personal leadership skills, participate in organisational learning and develop future leaders, measure organisational performance, and create an environment that encourages ethical behavior, innovation, safety, climate change initiatives and high performance. The Category also includes your organisation’s governance system and how your organisation fulfils its legal, ethical, and societal responsibilities and supports its key communities.

1.1 **Senior Leadership:** How do your senior leaders lead?

**Purpose**

This Item examines the key aspects of your senior leaders’ responsibilities. It examines how your senior leaders set and communicate the organisation’s vision and values and how they practice these values. It focuses on your senior leaders’ actions to create a sustainable, high-performing organisation with a business, safety, climate change and customer focus.

**Comments**

- Senior leaders’ central role in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organisational bias for action are the focus of this Item. Success requires a strong orientation to the future and a commitment to improvement, innovation, and organisational sustainability including climate change. Senior leaders’ role is important in promoting safety and climate consciousness in the organisation. Increasingly, this requires creating an environment for empowerment, agility, and learning.

- In highly respected organisations, senior leaders are committed to developing the organisation’s future leaders and to recognising and rewarding contributions by members of the workforce. Senior leaders enhance their personal leadership skills. They participate in organisational learning, in the development of future leaders, in succession planning, and in recognition opportunities and events that celebrate the workforce. Development of future leaders might include personal mentoring or participation in leadership development courses.

1.2 **Governance and Societal Responsibilities:** How do you govern and fulfil your societal responsibilities?

**Purpose**

This Item examines key aspects of your organisation’s governance system, including leadership improvement. It also examines how your organisation assures that everyone in the organisation behaves legally and ethically, fulfils its societal responsibilities, and supports its key communities.

**Comments**

- The organisational governance requirement addresses the need for a responsible, informed, transparent, and accountable governance or advisory body that can protect the interests of key stakeholders (including stockholders) in publicly traded and profit organisations. This body should have independence in review and audit functions, as well as a performance evaluation function that monitors organisational and CEOs’ or chief administrators’ performance.
An integral part of performance management and improvement is proactively addressing (1) the need for ethical behaviour, (2) the observance of all legal and regulatory requirements, and (3) risk factors including reputational, safety and climate change. Ensuring high performance in these areas requires establishing appropriate measures or indicators that senior leaders track in their organisational performance reviews. Your organisation should be sensitive to issues of public concern, whether or not these issues currently are embodied in laws and regulations. Role-model organisations look for opportunities to exceed requirements and to excel in areas of legal and ethical behaviour.

Public concerns that charitable and government organisations should anticipate might include the cost of programs and operations, timely and equitable access to their offerings, and perceptions about the organisation’s stewardship of its resources.

This Item addresses the use of processes that conserve natural resources. These processes might include the use of “green” technologies, the replacement of hazardous chemicals with water-based chemicals, energy conservation, the use of cleaner energy sources, or the recycling of by-products or wastes.

Societal responsibility implies going beyond a compliance orientation. Opportunities to consider and promote the well-being of environmental, social, and economic systems to which your organisation may contribute and opportunities to support key communities are available to organisations of all sizes. The level and breadth of these contributions will depend on the size of your organisation and your ability to contribute.

Your organisation’s community involvement should include considering contributions in areas of your core competencies. Examples of organisational community involvement are partnering with schools and school boards to improve education; partnering with health care providers to improve health in the local community by providing education and volunteer services to address public health issues; and partnering to influence trade, business, and professional associations to engage in beneficial, cooperative activities, such as voluntary standards activities or sharing best practices to improve overall global competitiveness and the environment. Examples include partnering with other organisations or businesses to improve overall performance and stewardship of public and charitable resources.

**Strategic Planning (Category 2)**

Strategic Planning addresses strategic and action planning, deployment of plans, how adequate resources are ensured to accomplish the plans, how plans are changed if circumstances require a change, and how accomplishments are measured and sustained. The Category stresses that long-term organisational sustainability (including climate change) and your competitive environment are key strategic issues that need to be integral parts of your organisation’s overall planning. Decisions about your organisational core competencies are an integral part of organisational sustainability and therefore are key strategic decisions.

While many organisations are increasingly adept at strategic planning, plan execution is still a significant challenge. This is especially true given market demands to be agile and to be prepared for unexpected change, such as volatile economic conditions or disruptive technologies that can upset an otherwise fast-paced but more predictable marketplace.

This Category highlights the need to place a focus not only on developing your plans, but also on your capability to execute them.

The TBEM Criteria emphasise three key aspects of organisational excellence. These aspects are important to strategic planning.
Customer-driven excellence is a strategic view of excellence. The focus is on the drivers of customer engagement, new markets, and market share-key factors in competitiveness, profitability, and organisational sustainability.

Operational performance improvement and innovation contribute to short- and longer-term productivity.

Growth and cost/price competitiveness. Building operational capability-including speed, responsiveness, and flexibility-represents an investment in strengthening your organisational fitness.

Organisational and personal learning are necessary strategic considerations in today’s fast-paced environment. The Criteria emphasise that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes and learning initiatives with your organisation’s strategic directions, thereby ensuring that improvement and learning prepare you for and reinforce organisational priorities.

The Strategic Planning Category examines how your organisation

determines its key strengths, weaknesses, opportunities, and threats including climate change perspectives; its core competencies; and its ability to execute your strategy

optimises the use of resources, ensures the availability of a skilled workforce, and bridges short- and longer-term requirements that may entail capital expenditures, technology development or acquisition, supplier development, and new partnerships or collaborations; and

ensures that deployment will be effective—that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organisation and executive level, (2) the key work system and work process level, and (3) the work unit and individual job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting in order to develop a basis for a distinct competitive position in the marketplace. These requirements do not imply the need for formal planning departments or specific planning cycles. They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change or innovation, compete for limited resources. In most cases, setting priorities depends heavily on a cost rationale. However, you also might have critical requirements, such as societal responsibilities, that are not driven by cost considerations alone.

2.1 Strategy Development: How do you develop your strategy?

Purpose

This Item examines how your organisation determines its core competencies, strategic challenges, and strategic advantages and establishes its strategic objectives with climate change perspective to address its challenges and leverage its advantages. The aim is to strengthen your overall performance, competitiveness, and future success.

Comments

This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organisation’s future opportunities and directions-taking as long-term a view as appropriate and possible from the perspectives of your organisation and your industry or marketplace. This approach is intended to provide a thorough and realistic context for the development of a customer- and market-focused strategy to guide ongoing decision making, resource allocation, and overall management.
This Item is intended to cover all types of businesses, for profit organisations, competitive situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action but do not imply the need for formal planning departments, specific planning cycles, or a specified way of visualising the future. Even if your organisation is seeking to create an entirely new business, it is still necessary to set and to test the objectives that define and guide critical actions and performance.

This Item emphasises competitive leadership, which usually depends on revenue growth and operational effectiveness. Competitive leadership requires a view of the future that includes not only the markets or segments in which your organisation competes but also how it competes. How it competes presents many options and requires that you understand your organisation’s and your competitors’ strengths and weaknesses. Although no specific time horizons are included, the thrust of this Item is sustained competitive leadership.

An increasingly important part of strategic planning is projecting the future competitive and collaborative environment. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organisation, future core competencies, maturity of markets, pace of change, and competitive parameters (such as price, costs, or the innovation rate), organisations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the competitive and collaborative environment.

2.2 Strategy Deployment: How do you deploy your strategy?

Purpose

This Item examines how your organisation converts your strategic objectives into action plans to accomplish the objectives. It also examines how your organisation assesses progress relative to these action plans. The aim is to ensure that your strategies are successfully deployed for goal achievement.

Comments

This Item asks how your action plans and strategies are developed and deployed to your workforce, key suppliers, and partners. Accomplishment of action plans requires resources and performance measures, as well as the alignment of the plans of your work units, suppliers, and partners. Of central importance is how you achieve alignment and consistency - for example, via work systems, work processes, and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities-part of the daily work of all work units. In addition, performance measures are critical for tracking performance.

Many types of analyses can be performed to ensure financial resources are available to support accomplishment of your action plans, while meeting existing obligations. For current operations, these efforts might include the analysis of cash flows, net income statements, and current liabilities versus current assets. For investments to accomplish action plans, the efforts might include analysis of discounted cash flows, return on investment (ROI), or return on invested capital (ROIC). The specific types of analyses will vary from organisation to organisation. These analyses should help your organisation assess the financial viability of your current operations and the potential viability of and risks associated with your action plan initiatives. Action plan requires specific actions to address short- and longer-term strategic objectives including climate change.

Action plan might include carbon footprint mapping of the value chain, identification and implementation of operational and strategic carbon abatement levers.

Action plans should include human resource or workforce plans that are aligned with and support your overall strategy.
Examples of possible human resource plan elements are

- a redesign of your work organisation and jobs to increase workforce empowerment and decision making;
- initiatives to promote greater labour-management cooperation, such as union partnerships;
- consideration of the impacts of outsourcing on your current workforce and initiatives;
- initiatives to prepare for future workforce capability and capacity needs;
- initiatives to foster knowledge sharing and organisational learning;
- modification of your compensation and recognition systems to recognise team, organisational, stock market, customer, or other performance attributes; or
- education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of an educated and skilled workforce, and the establishment of training programs on new technologies important to the future success of your workforce and your organisation.

Projections and comparisons in this Item are intended to improve your organisation’s ability to understand and track dynamic, competitive performance factors. Projected performance might include changes resulting from new business ventures, entry into new markets, the introduction of new technologies, product innovations, changes due to climate change regulations or other strategic thrusts. Through this tracking process, your organisation should be better prepared to take into account its rate of improvement and change relative to that of competitors or comparable organisations and relative to its own targets or stretch goals. Such tracking serves as a key diagnostic tool for management.

Customer Focus (Category 3)

Customer Focus addresses how your organisation seeks to engage your customers, with a focus on meeting customers’ needs, building relationships, and demonstrating loyalty through their investment in your brand and product offerings. The Category stresses this engagement as an important outcome of an overall customer culture and listening, learning, and performance excellence strategy. Your customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the marketplace. In many cases, the voice of the customer provides meaningful information not only on your customers’ views but also on their marketplace behaviours and how these views and behaviours may contribute to the sustainability of your organisation in the marketplace.

3.1 Customer Engagement: How do you engage customers to serve their needs and build relationships?

Purpose

This Item examines your organisation’s processes for identifying and innovating product offerings that serve your customers and markets. It also examines your mechanisms for supporting customer use of those products and for building a customer culture within your workforce. The aim of these efforts is to build relationships with your customers and increase their engagement with you.

Comments

Customer engagement is a strategic action aimed at achieving such a degree of loyalty that the customer will advocate for your brand and product offerings. Achieving such loyalty requires a
customer-focused culture in your workforce based on a thorough understanding of your business strategy and the behaviours and preferences of your customers.

- A relationship strategy may be possible with some customers but not with others. The relationship strategies you do have may need to be distinctly different for each customer, customer group, and market segment. They also may need to be distinctly different during various stages of the customer life cycle.

3.2 Voice of the Customer: How do you obtain and use information from your customers?

Purpose

This Item examines your organisation’s processes for listening to your customers, determining their satisfaction and dissatisfaction, and analysing and using customer data, with the aim of improving marketing, building a more customer-focused culture, and identifying opportunities for innovation.

Comments

- Selection of voice-of-the-customer strategies depends on your organisation’s key business factors. Increasingly, organisations listen to the voice of the customer via multiple modes. Some frequently used modes include focus groups with key customers, close integration with key customers, interviews with lost and potential customers about their purchasing or relationship decisions, data available on social websites, blogs, use of the customer complaint process to understand key product attributes, win/loss analysis relative to competitors and other organisations providing similar products, and survey or feedback information.

- This Item emphasises how you obtain actionable information from customers. Information that is actionable can be tied to key product offerings and business processes and can be used to determine cost and revenue implications for setting improvement goals and priorities for change.

- In a rapidly changing technological, competitive, economic, and social environment, many factors (including climate change) may affect customer expectations and loyalty and your interface with customers in the marketplace. This makes it necessary to continually listen and learn. To be effective, listening and learning need to be closely linked with your organisation’s overall business strategy.

- Knowledge of customers, customer groups, market segments, former customers, and potential customers allows your organisation to tailor product offerings, to support and tailor your marketing strategies, to develop a more customer-focused workforce culture, to develop new business, and to ensure organisational sustainability.

- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to the setting of priorities for process and product improvements and innovation. Successful outcomes require effective deployment of information throughout the organisation.

- In determining customers’ satisfaction and dissatisfaction, a key aspect is their comparative satisfaction with competitors, competing or alternative offerings, and/or organisations providing similar products. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to customer preference are of critical importance in understanding factors that drive markets and potentially affect longer-term competitiveness and organisational sustainability.

Measurement, Analysis, and Knowledge Management (Category 4)

The Measurement, Analysis, and Knowledge Management Category is the main point within the Criteria for all key information about effectively measuring, analysing, and improving performance and managing organisational
knowledge to drive improvement and organisational competitiveness. In the simplest terms, Category 4 is the “brain center” for the alignment of your organisation’s operations with its strategic objectives. Central to such use of data and information are their quality and availability. Furthermore, since information, analysis, and knowledge management might themselves be primary sources of competitive advantage and productivity growth, this Category also includes such strategic considerations.

4.1 Measurement, Analysis, and Improvement of Organisational Performance: How do you measure, analyse, and then improve organisational performance?

Purpose

This Item examines your organisation’s selection and use of data and information for performance measurement, analysis, and review in support of organisational planning and performance improvement. The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and non-financial data and information. The aim of performance measurement, analysis, review, and improvement is to guide your organisation’s process management toward the achievement of key organisational results and strategic objectives and to anticipate and respond to rapid or unexpected organisational or external changes. The performance measures include safety and climate change perspective.

Comments

- Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of the extent and effectiveness of their use to meet your performance assessment and improvement needs. Alignment and integration include how measures are aligned throughout your organisation and how they are integrated to yield organisation wide data and information. Alignment and integration also include how performance measurement requirements are deployed by your senior leaders to track work group and process-level performance on key measures targeted for organisation-wide significance or improvement.

- The use of comparative data and information is important to all organisations. The major premises for their use are that (1) your organisation needs to know where it stands relative to competitors and to best practices, (2) comparative information and information obtained from benchmarking often provide the impetus for significant (“breakthrough”) improvement or change, and (3) comparing performance information frequently leads to a better understanding of your processes and their performance. Comparative information also may support business analysis and decisions relating to core competencies, partnering, and outsourcing.

- Your effective selection and use of comparative data and information require (1) the determination of needs and priorities, (2) criteria for seeking appropriate sources for comparisons—from within and outside your organisation’s industry and markets, and (3) the use of data and information to set stretch goals and to promote major, non-incremental (“breakthrough”) improvements in areas most critical to your organisation’s competitive strategy.

- The organisational review (might include review by governance board) - called for in this Item is intended to cover all areas of performance. This includes not only how well you currently are performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvements and opportunities for innovation that are tied to your organisation’s key objectives, core competencies, success factors, and measures. Therefore, an important component of your organisational review is the translation of the review findings into an action agenda sufficiently specific for deployment throughout your organisation and to appropriate suppliers, partners, collaborators, and key customers.
Analyses that your organisation conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organisation, size, competitive environment, and other factors. Examples of possible analyses include

- how product improvements correlate with key customer indicators, such as customer satisfaction, customer retention, and market share
- cost and revenue implications of customer-related problems and effective problem resolution
- interpretation of market share changes in terms of customer gains and losses and changes in customer engagement
- improvement trends in key operational performance indicators, such as productivity, cycle time, waste reduction, new product introduction, and defect levels
- relationships among personal learning, organisational learning, and the value added per employee
- financial benefits derived from improvements in workforce safety, absenteeism, and turnover
- benefits and costs associated with education and training, including e-learning and other distance learning opportunities
- benefits and costs associated with improved organisational knowledge management and sharing
- the relationship between knowledge management and innovation
- how the ability to identify and meet workforce capability and capacity needs correlates with retention, motivation, and productivity
- cost and revenue implications of workforce-related problems and effective problem resolution
- individual or aggregate measures of productivity and quality relative to competitors’ performance
- cost trends relative to competitors’ trends
- relationships among product quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilisation, and value added per employee
- allocation of resources among alternative improvement projects based on cost/benefit implications or environmental and societal impact
- net earnings or savings derived from quality, operational, and workforce performance improvements
- comparisons among business units showing how quality and operational performance improvement affect financial performance
- contributions of improvement activities to cash flow, working capital use, and shareholder value
- profit impacts of customer loyalty
- cost and revenue implications of new market entry, including global market expansion
- market share versus profits
- trends in economic, market, and stakeholder indicators of value and the impact of these trends on organisational sustainability (including climate change)
Individual facts and data do not usually provide an effective basis for setting organisational priorities. This Item emphasises that close alignment is needed between your analysis and your organisational performance review and between your analysis and your organisational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.

Action depends on understanding cause-effect connections among processes and between processes and results or outcomes. Process actions and their results may have many resource implications. Organisations have a critical need to provide an effective analytical basis for decisions, because resources for improvement are limited and cause effect connections often are unclear.

4.2 Management of Information, Knowledge, and Information Technology: How do you manage your information, organisational knowledge, and information technology?

Purpose

This Item examines how your organisation ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers and partners, collaborators, and customers. It also examines how your organisation builds and manages its knowledge assets. The aim is to improve organisational efficiency and effectiveness and to stimulate innovation.

Comments

Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The continued growth of electronic information within organisations’ operations-as part of organisational knowledge networks, from the Internet, and in business-to-business, organisation-to-organisation, and business-to-consumer communications-challenges organisational abilities to ensure reliability and availability in a user and environmental friendly format.

Data and information are especially important in business or organisation networks, partnerships, and supply chains. Your responses to this Item should take into account this use of data and information and should recognise the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.

The focus of an organisation’s knowledge management is on the knowledge that people need to do their work; improve processes, products, and services; keep current with changing business needs and directions; and develop innovative solutions that add value for the customer and the organisation.

One of the many issues facing organisations today is how to manage, use, evaluate, and share their ever-increasing organisational knowledge. Leading organisations benefit from the knowledge assets of their workforce, customers, suppliers, collaborators, and partners, who together drive organisational learning and improve performance.

Organisations should carefully plan how they will continue to provide an information technology infrastructure, data, and information in the event of either a natural or man-made disaster. These plans should consider the needs of all of the organisation’s stakeholders, including the workforce, customers, suppliers, partners, and collaborators. The plans also should be coordinated with the organisation’s overall plan for business continuity (Item 6.1).

Workforce Focus (Category 5)

Workforce Focus addresses key workforce practices—those directed toward creating and maintaining a high performance work environment and toward engaging your workforce to enable it and your organisation to adapt to change and to succeed. The Category covers workforce engagement, development, and management in an
integrated way (i.e., aligned with your organisation’s strategic objectives and action plans). Your workforce focus includes your capability and capacity needs and your workforce support climate.

To reinforce the basic alignment of workforce management with overall strategy, the Criteria also cover human resource or workforce planning as part of overall planning in the Strategic Planning Category (Category 2).

5.1 **Workforce Engagement:** How do you engage your workforce to achieve organisational and personal success?

**Purpose**

This Item examines your organisation’s systems for engaging, developing, and assessing the engagement of your workforce, with the aim of enabling and encouraging all members of your workforce to contribute effectively and to the best of their ability. These systems are intended to foster high performance (including climate change), to address your core competencies, and to help accomplish your action plans and ensure organisational sustainability.

**Comments**

- High-performance work is characterised by flexibility, innovation, knowledge and skill sharing, good communication and information flow, alignment with organisational objectives, customer focus, and rapid response to changing business needs and marketplace requirements. The focus of this Item is on a workforce capable of achieving high performance.
- Many studies have shown that high levels of total workforce engagement have a significant, positive impact on organisational performance. Research has indicated that engagement is characterised by performing meaningful work such as engagement in improvement and innovation activities; having organisational direction, performance accountability, and an efficient work environment; and having a safe, trusting, and cooperative environment.
- Factors inhibiting engagement should be understood and addressed by your organisation. Further understanding of these factors could be developed through workforce surveys or exit interviews with departing members of your workforce.
- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills and to peer evaluations.
- Compensation and recognition approaches also might include profit sharing; rewards for exemplary team or unit performance; and linkage to customer engagement measures, achievement of organisational strategic objectives, or other key organisational objectives.
- Depending on the nature of your organisation’s work, workforce responsibilities, and the stage of organisational and personal development, workforce development needs might vary greatly. These needs might include gaining skills for knowledge sharing, communication, teamwork, and problem solving; interpreting and using data; meeting customer requirements; accomplishing process analysis and simplification; reducing waste and cycle time; working with and motivating volunteers; and setting priorities based on strategic alignment or cost/benefit analysis, safe work environment and climate change impacts. Education needs also might include advanced skills in new technologies or basic skills, such as reading, writing, language, arithmetic, and computer skills.
- Learning and development opportunities might occur inside or outside your organisation and could involve on-the-job, classroom, computer-based, or distance learning, as well as developmental assignments, coaching, or mentoring.
To help people realise their full potential, many organisations use individual development plans prepared with each person that address his or her career and learning objectives.

Although this Item does not specifically ask you about training for customer contact employees, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: your products and customers, how to listen to customers, how to recover from problems or failures, and how to effectively manage or meet customer expectations.

An organisation’s knowledge management system should provide the mechanism for sharing the knowledge of its people and the organisation to ensure that high performance work is maintained through transitions. Each organisation should determine what knowledge is critical for its operations and should then implement systematic processes for sharing this information. This is particularly important for implicit knowledge (i.e., knowledge personally retained by members of the workforce).

Measures to evaluate the effectiveness and efficiency of your workforce and leader development and learning systems might address the impact on individual, unit, and organisational performance; the impact on customer related performance; and a cost/benefit analysis.

Although satisfaction with pay and satisfaction with promotion are important, these two factors generally are not sufficient to ensure workforce engagement and high performance. Some examples of other factors to consider are effective problem and grievance resolution; development and career opportunities; the work environment and management support; workplace safety and security; the workload; effective communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse workforce groups; and organisational support for serving customers.

In addition to direct measures of workforce engagement through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, and strikes.

### 5.2 Workforce Environment: How do you build an effective and supportive workforce environment?

#### Purpose

This Item examines your organisation’s workforce environment, your workforce capability (including Climate Change) and capacity needs, how you meet those needs to accomplish the work of your organisation, and how you ensure a safe and supportive work climate. The aim is to build an effective environment for accomplishing your work and for supporting your workforce.

#### Comments

- Most organisations, regardless of size, have many opportunities to support their workforce. Some examples of services, facilities, activities, and other opportunities are personal and career counselling, career development and employability services, recreational or cultural activities, formal and informal recognition, non-work-related education, day care, special leave for family responsibilities and community service, flexible work hours and benefits packages, outplacement services, and retiree benefits, including extended health care and ongoing access to services.

- All organisations, regardless of size, are required to meet minimum regulatory standards for workforce safety; however, high-performing organisations have processes in place to ensure that they not only meet these minimum standards but go beyond a compliance orientation. This includes designing proactive processes, with input from people directly involved in the work, to ensure a safe working environment.
Process Management (Category 6)

Process Management is the focal point within the Criteria for your key work systems and work processes. This Category addresses how the work of your organisation is accomplished. It stresses the importance of your core competencies and how you protect and capitalise on them for success and organisational sustainability (including Climate Change). It calls specific attention to the need to prepare for potential emergencies and to ensure continuity of operations.

Efficient and effective work systems require effective design; a prevention orientation; and linkage to customers, suppliers, partners, and collaborators, as well as a focus on value creation for all key stakeholders; operational performance; cycle time; emergency readiness; and evaluation, continuous improvement, innovation, and organisational learning.

Agility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organisational design. In the simplest terms, "agility" refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Depending on the nature of your organisation’s strategy and markets, agility might mean rapid change from one product to another, rapid response to changing demands, or the ability to produce a wide range of customised services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and novel partnering arrangements. Flexibility might demand special strategies, such as implementing modular designs, sharing components, sharing manufacturing lines, or providing specialised training. Cost and cycle time reduction often involves Lean process management strategies. Defect reduction and improved product yield often involve Six Sigma projects. It is crucial to utilise key measures for tracking all aspects of your overall process management.

6.1  **Work Systems:** How do you design your work systems?

**Purpose**

This Item examines your organisation’s work systems, core competencies, and work process decisions, with the aim of creating value for your customers, preparing for potential emergencies, and achieving organisational success and sustainability.

**Comments**

- This Item asks how you design your overall work systems and how you organise all of the work needed to produce your products. It draws a critical linkage to your core competencies, which frequently are underappreciated as key sources of organisational sustainability, competitive advantage, and marketplace respect.

- This Item calls for information on your key work processes, including a description of the key work processes and their specific requirements. Increasingly, these requirements might include the need for agility-speed and flexibility-to adapt to change.

- Your key work processes include your product-related processes and those non-product business processes (including climate change and safety) that are considered important to organisational success and growth by your senior leaders. Climate change related work processes might include key green requirements, energy conservation, water conservation, usage of renewable energy and sustainable materials. These processes frequently relate to an organisation’s core competencies, strategic objectives, and critical success factors. Key business processes might include processes for innovation, research and development, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, global expansion, project management, and sales and marketing. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.
Your key work processes include those support processes that support your daily operations and your product delivery but are not usually designed in detail with the products. The support process requirements usually do not depend significantly on product characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include processes for finance and accounting, facilities management, legal services, human resource services, public relations, and other administrative services.

For many organisations, supply chain management is a growing factor in achieving productivity and profitability goals and overall organisational success. Suppliers, partners, and collaborators are receiving increasing strategic attention as organisations re-evaluate their core competencies. Supplier processes should fulfil two purposes: to help improve the performance of suppliers and partners and, on specific actions, to help them contribute to your organisation’s improved work systems. Supply chain management might include processes for selecting suppliers, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.

Many organisations need to consider requirements for suppliers, partners, and collaborators at the work system and work process design stage. Overall, effective design must take into account all stakeholders in the value chain. If many design projects are carried out in parallel or if your organisation’s products utilise parts, equipment, and facilities that are used for other products, coordination of resources might be a major concern, but it also might offer a means to significantly reduce unit costs and time to market.

Efforts to ensure the continuity of operations in an emergency should consider all facets of your organisation’s operations that are needed to provide your products to customers. You should consider all your key work processes in your planning. The specific level of service that you will need to provide will be guided by your organisation’s mission and your customers’ needs and requirements. For example, a public utility is likely to have a higher need for services than organisations that do not provide an essential function. Your continuity of operations efforts also should be coordinated with your efforts to ensure data and information availability (Item 4.2).

6.2 Work Processes: How do you design, manage, and improve your key organisational work processes?

Purpose

This Item examines the design, management, and improvement of your key work processes, with the aim of creating value for your customers and achieving organisational success and sustainability.

Comments

Your design approaches could differ appreciably depending on the nature of your product offerings—whether the products are entirely new, are variants, or involve major or minor work process changes. You should consider the key requirements for your products. Factors that might need to be considered in work process design include safety, long-term performance, environmental impact, “green” manufacturing, measurement capability, process capability, manufacturability, maintainability, variability in customer expectations requiring product or service options, supplier capability, and documentation. Effective design also must consider the cycle time and productivity of production and delivery processes. This might involve detailed mapping of manufacturing or service processes and the redesign (“reengineering”) of those processes to achieve efficiency, as well as to meet changing customer requirements.
Specific reference is made to in-process measurements and interactions with customers and suppliers. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimise problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting in-process performance levels or standards to guide decision making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technology and/or people. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimise the likelihood of this type of variation occurring again or elsewhere in your organisation. When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services. Key process cycle times in some organisations may be a year or longer, which may create special challenges in measuring day-to-day progress and identifying opportunities for reducing cycle times, when appropriate.

This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your customers’ perspectives but also better financial and operational performance—such as productivity—from your other stakeholders’ perspectives. A variety of process improvement approaches are commonly used. These approaches include (1) using the results of organisational performance reviews, (2) sharing successful strategies across your organisation to drive learning and innovation, (3) performing process analysis and research (e.g., process mapping, optimisation experiments, error proofing), (4) conducting technical and business research and development, (5) benchmarking, (6) using alternative technology, and (7) using information from customers of the processes—within and outside your organisation. Process improvement approaches might utilise financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including a complete redesign (“reengineering”) of processes.

Work process management includes management of quality, cost, delivery, productivity, new product development, safety, and environment.

**Business Results (Category 7)**

The Business Results Category provides a results focus that encompasses your objective evaluation and your customers’ evaluation of your organisation’s product offerings, your overall financial and market performance, your workforce results, your leadership system and societal responsibility results, and results of all key processes and process improvement activities. Through this focus, the Criteria’s purposes—superior value of offerings as viewed by your customers and the marketplace; superior organisational performance as reflected in your operational, workforce, legal, ethical, societal, and financial indicators; and organisational and personal learning—are maintained. Category 7 thus provides “real-time” information (measures of progress) for evaluation and improvement of processes and products, in alignment with your overall organisational strategy. Item 4.1 calls for analysis and review of results data and information to determine your overall organisational performance and to set priorities for improvement.

7.1 **Product Outcomes:** What are your product performance results?

**Purpose**

This Item examines your organisation’s key product outcomes, with the aim of delivering product and service quality and value that lead to customer satisfaction and engagement.
Comments

- This Item places emphasis on measures of product performance that serve as indicators of customers’ views and decisions relative to future interactions and relationships. These measures of product performance are derived from customer-related information gathered in Items 3.1 and 3.2.

- Product measures appropriate for inclusion might be based on the following: internal quality measurements, field performance of products, defect levels, service errors, response times, and data collected from your customers by other organisations on ease of use or other attributes, as well as customer surveys on product and service performance.

- The correlation between product performance and customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and customer requirements; (2) identifying product and service differentiators in the marketplace; and (3) determining cause-effect relationships between your product attributes and evidence of customer satisfaction and engagement. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of product offerings.

7.2 Customer-Focused Outcomes: What are your customer focused performance results?

Purpose

This Item examines your organisation’s customer-focused performance results, with the aim of demonstrating how well your organisation has been satisfying your customers and engaging them in a long-term relationship, as appropriate.

Comments

- This Item focuses on all relevant data to determine and help predict your organisation’s performance as viewed by your customers. Relevant data and information include customer satisfaction and dissatisfaction; retention, gains, and losses of customers and customer accounts; customer complaints, complaint management, effective complaint resolution, and warranty claims; customer-perceived value based on quality and price; customer assessment of access and ease of use (including courtesy in service interactions); customer advocacy for your brand and product offerings; and awards, ratings, and recognition from customers and independent rating organisations.

- This Item places an emphasis on customer-focused results that go beyond satisfaction measurements, because relationships and engagement are better indicators and measures of future success in the marketplace and of organisational sustainability.

7.3 Financial and Market Outcomes: What are your financial and marketplace performance results?

Purpose

This Item examines your organisation’s key financial and market results, with the aim of understanding your financial sustainability and your marketplace challenges and opportunities.

Comments

- Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organisation’s financial performance and viability.
In addition to the measures included in Item 7.3, Note 1, appropriate financial measures and indicators might include revenues, budgets, profits or losses, cash position, net assets, debt leverage, cash-to-cash cycle time, earnings per share, financial operations efficiency (collections, billing, receivables), and financial returns. Marketplace performance measures might include measures of business growth, charitable donations and grants received, new products and markets entered, or the percentage of revenues derived from new products.

7.4 Workforce-Focused Outcomes: What are your workforce-focused performance results?

Purpose

This Item examines your organisation’s workforce-focused performance results, with the aim of demonstrating how well your organisation has been creating and maintaining a productive, engaging, and caring work environment for all members of your workforce.

Comments

- Results measures reported for indicators of workforce engagement and satisfaction might include improvement in local decision making, organisational culture, and workforce knowledge sharing. Input data, such as the number of cash awards, might be included, but the main emphasis should be on data that show effectiveness or outcomes. For example, an outcome measure might be increased workforce retention resulting from establishing a peer recognition program or the number of promotions that have resulted from the organisation’s leadership development program.

- Results reported for indicators of workforce capacity and capability might include staffing levels across organisational units and certifications to meet skill needs. Additional factors may include organisational restructuring, as well as job rotations designed to meet strategic directions or customer requirements.

- Results reported might include generic or organisation specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons might be appropriate. Organisation-specific factors are those you assess for determining your workforce engagement and climate. These factors might include the extent of training, retraining, or cross-training to meet capability and capacity needs; the extent and success of self-direction; the extent of union-management partnering; or the extent of volunteer involvement in process and program activities.

7.5 Process Effectiveness Outcomes: What are your process effectiveness results?

Purpose

This Item examines your organisation’s other key operational performance results not reported in Items 7.1-7.4, with the aim of achieving work system and work process effectiveness and efficiency.

Comments

- This Item encourages your organisation to develop and include unique and innovative measures to track key processes and operational improvement. All key areas of organisational and operational performance, including your organisation’s readiness for emergencies, should be evaluated by measures that are relevant and important to your organisation.

- Measures and indicators of process effectiveness and efficiency might include work system performance that demonstrates improved cost savings or higher productivity by using internal and/or external resources; reduced emission levels, waste stream reductions, by-product use, and recycling;
internal responsiveness indicators, such as cycle times, production flexibility, lead times, set-up times, and time to market; and improved performance of administrative and other support functions. Measures and indicators also might include business-specific indicators, such as innovation rates and increased use of product and process yields, Six Sigma initiative results, and acceptable product performance at the time of delivery; supply chain indicators, such as reductions in inventory and incoming inspections, increases in quality and productivity, improvements in electronic data exchange, and reductions in supply chain management costs; and third-party assessment results, such as ISO 9001 audits.

7.6 Leadership Outcomes: What are your leadership results?

Purpose

This Item examines your organisation’s key results in the areas of leadership and governance, strategic plan accomplishment, and societal responsibilities, with the aim of maintaining a fiscally sound, ethical organisation that fulfils its societal responsibilities and supports its key communities.

Comments

- Because many organisations have difficulty determining appropriate measures, measuring progress in accomplishing their strategic objectives is a key challenge. Frequently, these progress measures can be discerned by first defining the results that would indicate end-goal success in achieving the strategic objective and then using that end-goal to define intermediate measures.

- Independent of an increased national focus on issues of governance and fiscal accountability, ethics, and leadership accountability, it is important for organisations to practice and demonstrate high standards of overall conduct. Governance bodies and senior leaders should track relevant performance measures on a regular basis and emphasise this performance in stakeholder communications.

- Results reported should include safety improvement, environmental, legal, and regulatory compliance; results of oversight audits by government or funding agencies; and noteworthy achievements in these areas, as appropriate. Results also should include organisational contributions to societal well-being and support for key communities.

- If your organisation has received sanctions or adverse actions under law, regulation, or contract during the past five years, the incidents and their current status should be summarised.

- Key results related to innovation might include Revenue and Profit from New Product offerings, Patents filed, Strategic relationships with academia and research institutes, Spend on Innovation relation activities like Rewards and recognition, training, Innovative ideas from employees, Management’s response time to ideas etc.
### 2010 Categories and Items

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**TOTAL POINTS** 1,000

**Note:** The Scoring System used with the Criteria Items in a TBEM assessment can be found in Chapter 6.
Applicants to Note:

For definitions of key terms presented throughout the Criteria and Scoring Guidelines text in SMALL CAPS / SANS SERIF, see Glossary of Key Terms in Chapter 3.

Frequently, several questions are grouped under one number (e.g., R1a(3)). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

Item notes serve three purposes:

1. to clarify terms or requirements presented in an Item,
2. to give instructions on responding to the Item requirements, and
3. to indicate key linkages to other Items.

In all cases, the intent is to help you respond to the Item requirements.

Page Limits for Organisation Profile and Application for Assessment

For TBEM-based Assessment, the Organisational Profile is limited to five pages and the Application for the Assessment, excluding the Organisational Profile, is to be completed within maximum 75 pages.

Importance of beginning with Your Organisational Profile

Your Organisational Profile (OP) is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in KEY information and focus on KEY PERFORMANCE requirements and BUSINESS RESULTS;
- it is used by the Assessors and Mentors in application review, including the site visit, to understand your organisation and what you consider important (you will be assessed using the Criteria requirements in relation to your organisation’s environment, relationships, influences, and challenges, as presented in your Organisational Profile); and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that the Organisational Profile can serve as your complete assessment, and you can use these topics for action planning.
Preface: Organisational Profile

The Organisational Profile is a snapshot of your organisation, the key influences on how you operate, and the key challenges you face.

P1 Organisational Description: What are your key organisational characteristics?

Describe your organisation’s operating environment and your key relationships with customers, suppliers, partners, and stakeholders.

Within your response, include answers to the following questions, in domestic and international business contexts, as appropriate:

a. Organisational Environment

1) What are your organisation’s main product offerings (see Note 2 below)? What are the delivery mechanisms used to provide your products to your customers?

2) What are the key characteristics of your organisational culture? What are your stated purpose, vision, values, and mission? What are your organisation’s core competencies and their relationship to your mission?

3) What is your workforce profile? What are your workforce or employee groups and segments? What are their education levels? What are the key factors that motivate them to engage in accomplishing your mission? What are your organisation’s workforce and job diversity, organised bargaining units, key benefits, and special health and safety requirements?

4) What are your major facilities, technologies, and equipment?

5) What is the regulatory environment under which your organisation operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; relevant industry standards; and environmental including current and emerging climate change regulations, financial, and product regulations?

b. Organisational Relationships

1) What are your organisational structure and governance system? What are the reporting relationships among your governance board, Board Committees, senior leaders, and parent organisation, as appropriate?
2) **What are the markets / geographies your organisation operates in?** What are your **KEY** market segments, customer groups, and stakeholder groups, as appropriate? What are their **KEY** current and emerging requirements and expectations for your products, customer support services, and operations? What are the differences in these requirements and expectations among market segments, customer groups, and stakeholder groups?

3) **What are your KEY types of suppliers, partners, and collaborators?** What role do these suppliers, partners, and collaborators play in your work systems and the production and delivery of your **KEY** products and customer support services? **Including enhancing your competitiveness in the respective geographies you operate in?** What are your **KEY** mechanisms for communicating and managing relationships with suppliers, partners, and collaborators? What role, if any, do these organisations play in your organisational innovation processes? What are your **KEY** supply chain requirements?

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**Notes**

N1. **Domestic business context** refers to the business operations within the country in which the company has been registered/ incorporated. **International business context** refers to the business operations that go beyond the boundaries of the domestic markets.

N2. “Product offerings” and “products” (P.1a[1]) refer to the goods and services that your organisation offers in the marketplace. Mechanisms for product delivery to your end-use customers might be direct or through dealers, distributors, collaborators, or channel partners.

N3. “Core competencies” (P.1a[2]) refers to your organisation’s areas of greatest expertise. Your organisation’s core competencies are those strategically important capabilities (including technological) that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate and provide a sustainable competitive advantage.

N4. Workforce or employee groups and segments (including organised bargaining units) (P.1a[3]) might be based on the type of employment or contract reporting relationship, location, tour of duty, work environment, family-friendly policies, or other factors.

N5. Customer groups (P.1b[2]) might be based on common expectations, behaviors, preferences, or profiles. Within a group there may be customer segments based on differences and commonalities within the group. Your markets might be subdivided into market segments based on product lines or features, distribution channels, business volume, geography, or other factors that your organisation uses to define related market characteristics.

N6. Customer group and market segment requirements (P.1b[2]) might include on-time delivery, low defect levels, safety, security, ongoing price reductions, product lifecycle carbon footprint, life cycle analysis, green label, electronic communication, rapid response, after-sales service, and multilingual services. Stakeholder group requirements might include socially, ethically responsible behavior and community service.

N7. Communication mechanisms (P.1b[3]) should be two-way and in understandable language, and they might be in person, via e-mail, Web-based, or by telephone. For many organisations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

N8. Current and emerging climate change regulations (P.1 a[5]) might be related to GHG emissions and reduction, renewable and clean technologies, natural resource conservation, energy efficiency, transportations, buildings, tax incentives, tax credits, feed in tariffs, insurance etc. Current carbon regulations include the mandated and voluntary protocols like Kyoto protocol, Cap and trade schemes (e.g. EU ETS, Australian carbon trading scheme, Renewable energy certificates, Chicago climate Change etc.), Montreal Protocol, Carbon disclosure projects guidelines, GRI guidelines, UN Global compact principles and Millennium development goals.
P2 Organisational Situation: What is your organisation’s strategic situation?

Describe your organisation’s competitive environment, your **KEY STRATEGIC CHALLENGES** and **ADVANTAGES**, and your system for **PERFORMANCE improvement**.

Within your response, include answers to the following questions, **in domestic and international business contexts, as appropriate**:

a. **Competitive Environment**
   1) What is your competitive position? What are your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organisation?
   2) What are the principal factors that determine your success relative to your competitors? What are any **KEY** changes taking place that affect your competitive situation, including opportunities for low carbon growth, **INNOVATION** and collaboration, as appropriate?
   3) What are your **KEY** available sources of comparative and competitive data from within your industry? What are your **KEY** available sources of comparative data from outside your industry? What limitations, if any, are there in your ability to obtain these data?

b. **Strategic Context**
   What are your **KEY** business, operational, and human resource **STRATEGIC CHALLENGES** and **ADVANTAGES**? What are the **KEY** changes taking place that affect your competitive situation, including opportunities for low carbon growth, **INNOVATION** and collaboration, as appropriate? What are your **KEY** **STRATEGIC CHALLENGES** and **ADVANTAGES** associated with organisational sustainability?

c. **Performance Improvement System**
   What are the **KEY** elements of your **PERFORMANCE** improvement system, including your evaluation, organisational **LEARNING**, and **INNOVATION PROCESSES**, to enhance the organisational readiness for addressing the strategic challenges?

Notes

N1. **Domestic business context** refers to the business operations within the country in which the company has been registered and incorporated. **International business context** refers to the business operations that go beyond the boundaries of the domestic markets.

N2. Principal factors (P2a[2]) might include differentiators such as your price leadership, design services, innovation rate, geographic proximity, accessibility, and warranty and product options.

N3. Strategic challenges and advantages (P2b) might relate to technology, Climate change, products, your operations, your customer support, your industry, internationalisation, your value chain, and people.

N4. Performance improvement (P2c) is an assessment dimension used in the Scoring System to evaluate the maturity of organisational approaches and deployment. This question is intended to help you and the TBEM assessors set an overall context for your approach to performance improvement. Approaches to performance improvement that are compatible with the systems approach provided by the TBEM framework might include implementing a Lean Enterprise System, applying Six Sigma methodology, using ISO 9000 standards, or employing other process improvement and innovation tools. A growing number of organisations have implemented specific processes for meeting goals in product and process innovation.

N5. The performance improvement system should explain the organisation’s overall improvement architecture, its aims and features to achieve the strategic objectives. This could include the improvement vehicles used at strategic and operational level. How organisation promotes its improvement architecture and engages the workforce at all levels to make these improvements happen should also be explained. The performance improvement system should explain how the improvement methods and tools such as Six-Sigma, Lean, TOC, Toyota Production system etc. get integrated into the overall improvement architecture. The relationship between performance improvement system and strategic objectives should always be studied.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
“The Tata philosophy of management has always been and is today more than ever, that corporate enterprises must be managed not merely in the interests of their owners, but equally in those of their employees, of the consumers of their products, of the local community and finally of the country as a whole”

J R D Tata

Leadership (120 pts.)

The Leadership Category examines how your organisation’s senior leaders' personal actions guide and sustain your organisation. Also examined are your organisation’s governance system and how your organisation fulfills its legal, ethical, and societal responsibilities and supports its key communities.
1.1 **Senior Leadership: (70 pts.)**

**How do your senior leaders lead?**

Describe **how senior leaders’ actions guide and sustain** your organisation. Describe **how senior leaders communicate with your workforce and encourage** high performance.

Within your response, include answers to the following questions:

**a. Vision, Values, and Mission**

1) **How do senior leaders** set organisational **vision and values**? How do **senior leaders** deploy your organisation’s **vision and values** through your **leadership system**, to the **workforce**, to key suppliers and partners, and to **customers** and other **stakeholders**, as appropriate? How do **senior leaders’ personal actions** reflect a commitment to the organisation’s **values** including quality and excellence?

2) **How do senior leaders** personally promote an organisational environment that fosters, requires, and results in legal and **ethical behavior**? How do **senior leaders personally promote** safety and **climate change consciousness** in the organisation?

3) **How do senior leaders** create a **sustainable** organisation? How do they create an environment for **organisational performance improvement**, the accomplishment of your **mission and strategic objectives**, **innovation**, competitive or role-model **performance leadership**, and organisational agility? How do they create an environment for organisational and **workforce learning**? How do they develop and enhance their personal leadership skills? How do they participate in organisational **learning**, in succession planning, and in the development of future organisational leaders?

**b. Communication and Organisational Performance**

1) **How do senior leaders** communicate with and engage the entire **workforce**? How do **senior leaders** encourage frank, two-way communication throughout the organisation? How do **senior leaders** communicate **key decisions**? How do they take an active role in reward and recognition programs to reinforce ethics, **innovation**, safety and **climate change initiatives**, high performance and a customer and business focus?

2) **How do senior leaders** create a focus on action to accomplish the organisation’s objectives including focus on **safety**, **climate change**, improve **performance**, and attain its **vision**? **What performance measures** do **senior leaders** regularly review to identify needed actions? How do **senior leaders** include a focus on creating and balancing value for customers and other **stakeholders** in their organisational **performance expectations**, including emerging expectations on **climate change**?

**Notes**

**N1.** Organisational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in items 2.1 and 2.2.

**N2.** A sustainable organisation (1.1a[3]) is capable of addressing current business needs and possesses the agility and strategic management to prepare successfully for its future business and market environment. In this context, the concept of innovation includes both technological and organisational innovation to succeed in the future. A sustainable organisation is capable of identifying and addressing climate change risks and opportunities associated with its entire value chain (business, operations, regulatory and physical—refer 1.2 note N4), to manage, adapt to and/or exploit the risks’/opportunities. A sustainable organisation also ensures a safe and secure environment for the workforce and other key stakeholders. An organisation’s contributions to environmental, social, and economic systems beyond those of its workforce and immediate stakeholders are considered in its societal responsibilities (item 1.2).

**N3.** A focus on action (1.1b[2]) considers the strategy, the workforce, the work systems, and the hard assets of your organisation. It includes both innovation and ongoing improvements in productivity and energy efficiency that may be achieved through eliminating waste or reducing cycle time, and it might use techniques such as Six Sigma and Lean and adoption of low carbon technologies. It also includes the actions to accomplish your organisation’s strategic objectives.

**N4.** Emerging expectations on climate change may include eco-friendly consumer preferences, adopting life cycle approach for carbon management, invest in development of carbon abatement / clean technologies and shaping government regulations, ensuring sustainable returns in a carbon constraint economy, responsible use of natural resources and managing public opinion.

**N5.** Creation of an environment for organisational and workforce learning includes learning through promotion of scientific thinking by systematically solving work related problems. A focus on improvement and innovation creates learning environment.

**N6.** Your organisational performance results should be reported in items 7.1–7.6.
1.2 Governance and Societal Responsibilities: (50 pts.)

How do you govern and fulfill your societal responsibilities?

Describe your organisation’s Governance system and approach to leadership improvement. Describe how your organisation assures legal and ethical behaviour, fulfils its societal responsibilities, and supports its key communities.

Within your response, include answers to the following questions:

a. Organisational Governance

1) How does your organisation review and achieve the following key aspects of your Governance system?
   • accountability for management’s actions: How do Governance board members review and provide oversight to the business?
   • fiscal accountability: How do management and the Governance board ensure compliance to accounting standards?
   • transparency in operations and selection of and disclosure policies for Governance board members, as appropriate: How is relevant information (including financial) disclosed to all stakeholders?
   • independence and effectiveness in internal and external audits
   • protection of stakeholder and stockholder interests, as appropriate: How are the expectations of key stakeholders understood and reviewed by the management and the Governance Board?
   • sustainability and risk management: How does the Governance Board review key business, reputational, operational and HR related risks? How does the Governance Board facilitate the action on the risks for enhancing sustainability?
   • succession planning: what role is played by the Governance Board in succession planning for the senior leadership positions in the organisation? How does the Governance Board assess the values, competencies and capabilities of the key aspirants for senior leadership positions

2) How do you including Governance board evaluate the performance of your senior leaders, including the chief executive? How do you evaluate the performance of members of your Governance board, as appropriate? How do senior leaders and your Governance board use these performance reviews to further their development and to improve both their personal leadership effectiveness and that of your board and leadership system, as appropriate?
b. Legal and Ethical Behavior

1) How do you address any adverse impacts on society of your products and operations? How do you anticipate public concerns with current and future products and operations? How do you prepare for these concerns in a proactive manner, including conserving natural resources and using effective supply chain management processes, as appropriate? What are your key compliance processes, measures, and goals for achieving and surpassing regulatory and legal requirements, as appropriate? What are your key processes, measures, and goals for addressing risks including safety and climate change related risks associated with your products and operations?

2) How does your organisation promote and assure ethical behavior in all your interactions? What are your key processes and measures or indicators for enabling and monitoring ethical behavior in your governance structure, throughout your organisation, and in interactions with customers, partners, suppliers, and other stakeholders? How do you monitor and respond to breaches of ethical behavior?

c. Societal Responsibilities and Support of Key Communities

1) How do you consider societal well-being and benefit as part of your strategy and daily operations? How do you consider the well-being of environmental, social, and economic systems to which your organisation does or may contribute?

2) How does your organisation actively support and strengthen your key communities? What are your key communities? How do you identify these communities and determine areas for organisational involvement, including areas related to your core competencies? How do your senior leaders, in concert with your workforce, contribute to improving these communities?

Notes

N1. Societal responsibilities in areas critical to your organisation’s ongoing marketplace success also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance (including the results of mandated financial audits); reductions in environmental impacts through the use of “green” technology, reduction in absolute and specific carbon footprint of products/services, resource-conserving activities, or other means; or improvements in social impacts, such as the global use of enlightened labor practices, should be reported as Leadership Outcomes (Item 7.6).

N2. Transparency in operations of your governance board (1.2a[1]) should include your internal controls on governance processes.

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance management reviews, and formal or informal workforce and other stakeholder feedback and surveys including feedback on their mentoring.

N4. Climate change risks might include business risks (e.g. energy / resource scarcity, changes in consumer preference, value chain disruptions, clean technology investments etc.), regulatory risks (e.g. international, national, regional or state regulations on emissions, carbon taxation and penalties, trade and cap schemes, energy efficiency, product standards etc.), physical risks (e.g. change in temperature and precipitation, droughts, floods, rising sea levels, storms, hurricanes, biodiversity, disease etc.) and reputational risks.

N5. Measures or indicators of ethical behavior (1.2b[2]) might include the percentage of independent board members, measures of relationships with stockholder and non-stockholder constituencies, instances of ethical conduct breaches and responses, survey results on workforce and other stakeholder perceptions of organisational ethics, ethics hotline use, and results of ethics reviews and audits. They also might include evidence that policies (e.g. whistleblower, gifts etc), workforce training, and monitoring systems are in place with respect to conflicts of interest and proper use of funds.

N6. Areas of societal contributions and community support appropriate for 1.2c might include your efforts to improve the environment (e.g. collaboration to conserve the environment or natural resources); reduce the carbon footprint of entire value chain, strengthen local community services, education, and health; and improve the practices of trade, business, or professional associations.

N7: The health and safety of your workforce are not addressed in Item 1.2; you should address these workforce factors in Item 5.2.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
"Nothing worthwhile is ever achieved without deep thought and hard work"

J R D Tata

The Strategic Planning Category examines HOW your organisation develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are HOW your chosen STRATEGIC OBJECTIVES and ACTION PLANS are DEPLOYED and changed if circumstances require, and HOW progress is measured.
How do you develop your strategy?

Describe how your organisation establishes its strategy to address its strategic challenges and leverage its strategic advantages. Summarise your organisation's key strategic objectives and their related goals.

Within your response, include answers to the following questions:

a. Strategy Development Process

1) How does your organisation conduct its strategic planning? What are the key process steps? Who are the key participants? What is the governance board's role in strategy development process? How does your process identify potential blind spots? How do you determine your core competencies, strategic challenges, and strategic advantages (identified in your Organisational Profile)? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning process address these time horizons?

2) How do you ensure that strategic planning addresses the key factors listed below? How do you collect and analyse relevant data and information pertaining to these factors as part of your strategic planning process?
   - your organisation’s strengths, weaknesses, opportunities, and threats
   - early indications of major shifts in technology, markets, products, customer preferences, competition, or the regulatory environment
   - long-term organisational sustainability, including needed core competencies
   - your ability to execute the strategic plan

b. Strategic Objectives

1) What are your key strategic objectives, and your timetable for accomplishing them? What are your most important goals for these strategic objectives?

2) How do your strategic objectives address your strategic challenges and strategic advantages? How do your strategic objectives address your opportunities for innovation in products, operations, and your business model? How do your strategic objectives address current and future core competencies? How do you ensure that your strategic objectives balance short- and longer-term challenges and opportunities? How do you ensure that your strategic objectives consider and balance the needs of all key stakeholders including emerging climate change needs?

Notes

N1. Strategy development refers to your organisation’s approach (formal or informal) to preparing for the future. Strategy development might utilise various types of forecasts, projections, options, scenarios, knowledge (see 4.2a for relevant organisational knowledge), or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve participation by key suppliers, distributors, customers, and others.

N2. The term “strategy” should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products and eco-friendly products; redefinition of key customer groups or market segments; new core competencies; revenue growth via various approaches, including acquisitions, grants, and endowments; diversification; new partnerships and alliances; and new employee or volunteer relationships. Strategy might be directed toward becoming a preferred supplier, a local supplier in each of your major customers’ or partners’ markets, a low-cost producer, a green producer/operator, or a high-end or customised product or service provider. It might also be directed toward meeting a community or public need.

N3. Your organisation’s strengths, weaknesses, opportunities, and threats (2.1a(2)) should address all factors that are key to your organisation’s future success, including the following, as appropriate: your customer and market requirements, expectations, and opportunities; your opportunities for innovation and role-model performance; your core competencies; your competitive environment and your performance relative to competitors and comparable organisations; your product life cycle including its carbon footprint over the entire value chain; technological and other key innovations or changes that might affect your products and services and how you operate, as well as the rate of that innovation; your investment in development and/or adoption of carbon abatement/clean technologies; your workforce and other resource needs; your ability to capitalise on diversity; your opportunities to redirect resources to higher-priority products, services, or areas; financial, societal, ethical, regulatory, technological, security, climate change and other potential risks and opportunities; your ability to prevent and respond to emergencies, including natural or other disasters; changes in the national or global economy; partner and supply chain requirements, strengths, and weaknesses; changes in your parent organisation; and other factors unique to your organisation.

N4. Your ability to execute the strategic plan (2.1a(3)) should address your ability to mobilise the necessary resources and knowledge. It also should address your organisational agility based on contingency plans or, if circumstances require, a shift in plans and rapid execution of new or changed plans.

N5. Strategic objectives that address key challenges and advantages (2.1b(2)) might include rapid response, customisation, co-location with major customers or partners, green labeling, low carbon value chain, clean technology adoption and development, shaping carbon regulations, workforce capability and capacity, specific joint ventures, virtual manufacturing, rapid and low carbon innovation, ISO quality or environmental systems registration, Web-based supplier and customer relationship management, and product and service quality enhancements. Responses to item 2.1 should focus on your specific challenges and advantages—those most important to your ongoing success and to strengthening your organisation’s overall performance.

N6. Emerging expectations on climate change may include eco-friendly consumer preferences, adopting life cycle approach for carbon management, investment in development of carbon abatement/clean technologies and shaping government regulations, ensuring sustainable returns in a carbon constraint economy, responsible use of natural resources and managing public opinion.

N7. Item 2.1 addresses your overall organisational strategy, which might include changes in product offerings and customer engagement processes. However, the item does not address product design or customer engagement strategies; you should address these factors in items 6.1 and 3.1, as appropriate.
2.2 Strategy Deployment: (45 pts.)

How do you deploy your strategy?

Describe how your organisation converts its strategic objectives into action plans. Summarise your organisation’s action plans, how they are deployed, and key action plan performance measures or indicators. Project your organisation’s future performance relative to key comparisons on these performance measures or indicators.

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment

1) What are your key short- and longer-term strategies and action plans? What are the key planned changes, if any, in your products, your customers and markets, and how will you operate?

2) How do you develop and deploy action plans throughout the organisation to your workforce and to key suppliers and partners, as appropriate, to achieve your key strategic objectives? How do you ensure that the key outcomes of your action plans can be sustained?

3) How do you ensure that financial and other resources are available to support the accomplishment of your strategies and action plans, while meeting current obligations? How do you allocate these resources to support the accomplishment of the plans? How do you assess and manage the financial, carbon and other risks associated with the plans?

4) How do you establish and deploy modified action plans if circumstances require a shift in plans and rapid execution of new plans?

5) What are your key human resource or workforce plans to accomplish your short- and longer-term strategic objectives and action plans? How do the plans address potential impacts on people in your workforce and any potential changes to workforce capability and capacity needs?

6) What are your key performance measures or indicators for tracking the achievement and effectiveness of your action plans? How do you ensure that your overall action plan measurement system reinforces organisational alignment? How do you ensure that the measurement system covers all key deployment areas and stakeholders?

b. Performance Projection

For the key performance measures of indicators identified in 2.2a(6), what are your performance projections for both your short- and longer-term planning time horizons? How are these projections determined? How does your projected performance compare with the projected performance of your competitors or comparable organisations? How does it compare with key benchmarks, goals, and past performance, as appropriate? If there are current or projected gaps in performance against your competitors or comparable organisations, how will you address them?

Notes

N1. Strategy and action plan development and deployment are closely linked to other items in the criteria. The following are examples of key linkages:

- Item 1.1 for how your senior leaders set and communicate organisational direction;
- Category 3 for gathering customer and market knowledge as input to your strategy and action plans and for deploying action plans;
- Category 4 for measurement, analysis, and knowledge management to support your key information needs, to support your development of strategy, to provide an effective basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;
- Category 5 for meeting your workforce capability and capacity needs, for workforce development and learning system design and needs, and for implementing workforce-related changes resulting from action plans;
- Category 6 for changes to core competencies, work systems, and work process requirements resulting from your action plans; and
- Item 7.6 for specific accomplishments relative to your organisational strategy and action plans.

N2. Climate Change action plans might include carbon footprint mapping of the value chain, identification and implementation of operational and strategic carbon abatement levers, innovating low carbon products and services, investing in low carbon / clean technologies and businesses, eco-branding, shaping carbon regulations, building organisational capabilities around climate change mitigation and adaption etc. Deployment of these action plans might require specialised training for some employees or recruitment of personnel.

N3. Climate Change key performance measures or indicators address key aspects of products and services, customer requirements, operations, finance and market place. Measures and indicators might include absolute and specific carbon footprint, fuel and energy consumption / savings, renewable energy utilisation / distribution, waste utilisation, recycling rates, green product / services turnover, performance to carbon budget, investment in low carbon / clean technologies, sustainability index performance, stakeholder engagement on climate change efforts etc.

N4. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organisational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, new carbon regulations, taxes and penalties, energy efficiency/product standards or industry standards; and significant anticipated innovations in products and technology.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
“One must forever strive for excellence, or even perfection, in any task however small, and never be satisfied with the second best”

J R D Tata

Customer Focus (85 pts.)

The Customer Focus Category examines how your organisation engages its customers for long-term marketplace success. This engagement strategy includes how your organisation builds a customer-focused culture. Also examined is how your organisation listens to the voice of its customers and uses this information to improve and identify opportunities for innovation.
3.1 Customer Engagement: (40 pts.)
How do you engage customers to serve their needs and build relationships?

Describe how your organisation determines product offerings and mechanisms to support customers’ use of your products. Describe also how your organisation builds a customer-focused culture.

Within your response, include answers to the following questions:

a. Product Offerings and Customer Support
   1) How do you identify and innovate product offerings to meet the requirements and exceed the expectations of your customer groups and market segments (identified in your Organisational Profile)? How do you identify and innovate product offerings to attract new customers and provide opportunities for expanding relationships with existing customers, as appropriate? What are the new products added in recent years?
   2) How do you determine your key mechanisms to support use of your products and enable customers to seek information and conduct their business with you? What are your key means of customer support, including your key communication mechanisms? How do they vary for different customers, customer groups, or market segments? How do you determine your customers’ key support requirements? How do you ensure that customer support requirements are deployed to all people and processes involved in customer support?
   3) How do you keep your approaches for identifying and innovating product offerings and for providing customer support current with business needs and directions?

b. Building a Customer Culture
   1) How do you create an organisational culture that ensures a consistently positive customer experience and contributes to customer engagement? How do your workforce performance management system and your workforce and leader development systems reinforce this culture?
   2) How do you build and manage relationships with customers to
      • acquire new customers;
      • meet their requirements and exceed their expectations in each stage of the customer life cycle; and
      • increase their engagement with you?
   3) How do you keep your approaches for creating a customer-focused culture and building customer relationships current with business needs and directions?

Notes
N1. “Customer engagement” refers to your customers’ investment in your brand and product offerings. Characteristics of engagement include customer retention and loyalty, customers’ willingness to make an effort to do business—and to increase business—with your organisation, and customers’ willingness to actively advocate for and recommend your brand and product offerings.

N2. “Product offerings” and “products” refer to the goods and services that you offer in the marketplace. Product offerings (3.1a[1]) should consider all the important characteristics of products and services and their performance throughout their full life cycle and the full “consumption chain.” The focus should be on features that affect customer preference and loyalty—for example, those features that differentiate your products from competing offerings or other organisations’ services. Those features might include price, reliability, value, delivery, timeliness, ease of use, requirements for the use and disposal of hazardous materials, customer or technical support, and the sales relationship. Key product features also might take into account how transactions occur and factors such as customer data privacy and security. Your results on performance relative to key product features should be reported in Item 7.1, and those concerning customer perceptions and actions (outcomes) should be reported in Item 7.2.

N3. The goal of customer support (3.1a[2]) is to make your organisation easy to do business with and responsive to your customers’ expectations.

N4. Customer relationship building (3.1b[2]) might include the development of partnerships or alliances with customers.

N5. The customer life cycle (3.1b[2]) begins in the pre-sale period and should include all stages of your involvement with the customer. This might include relationship building, the active business relationship, and an exit strategy, as appropriate.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
3.2 Voice of the Customer: (45 pts.)
How do you obtain and use information from your customers?

Describe how your organisation listens to your customers and acquires satisfaction and dissatisfaction information. Describe also how customer information is used to improve your marketplace success.

Within your response, include answers to the following questions:

a. **Customer Listening**
   1) How do you listen to, interact with and observe customers to obtain actionable information and to obtain feedback on your current and future products and your customer support? How do your listening methods vary for different customers, customer groups, or market segments? How do your listening methods vary across the customer life cycle? How do you follow up with customers on the quality of products, customer support, and transactions to receive immediate and actionable feedback?
   2) How do you listen to, interact with and observe former customers, potential customers, and customers of competitors to obtain actionable information and to obtain feedback on your current and future products, customer support, and transactions, as appropriate?
   3) How do you manage customer complaints? How does your customer complaint management process ensure that complaints are resolved promptly and effectively? How does your customer complaint management process enable you to recover your customers’ confidence, and enhance their satisfaction and engagement? How does your complaint management system enable aggregation and analysis of complaints for use in improvement and innovation throughout your organisation and by your partners, as appropriate?

b. **Determination of Customer Satisfaction and Engagement**
   1) How do you determine customer satisfaction and engagement? How do these determination methods differ among customer groups and market segments, as appropriate? How do your measurements capture actionable information for use in exceeding your customers’ expectations and securing your customers’ engagement? How do your determination methods enable aggregation and analysis of data for use in improvement throughout your organisation and by your partners, as appropriate?
   2) How do you obtain and use information on your customers’ satisfaction relative to their satisfaction with your competitors? How do you obtain and use information on your customers’ satisfaction relative to the satisfaction levels of customers of other organisations providing similar products or to industry benchmarks, as appropriate?
3) How do you determine CUSTOMER dissatisfaction? How do your measurements capture actionable information for use in meeting your CUSTOMERS’ requirements and exceeding their expectations in the future? How do your determination methods enable aggregation and ANALYSIS of data for use in improvement throughout your organisation and by your PARTNERS, as appropriate?

c. **Analysis and use of Customer Data**

1) How do you use CUSTOMER, market, and product offering information to identify current and anticipate future CUSTOMER groups and market SEGMENTS? How do you consider CUSTOMERS of competitors and other potential CUSTOMERS and markets in this segmentation? How do you determine which CUSTOMERS, CUSTOMER groups, and market SEGMENTS to pursue for current and future products?

2) How do you use CUSTOMER, market, and product offering information to identify and anticipate KEY CUSTOMER requirements including products and product features, and changing expectations and their relative importance to CUSTOMERS’ purchasing or relationship decisions? How do you identify and anticipate how these requirements and changing expectations will differ across CUSTOMERS, CUSTOMER groups, and market SEGMENTS and across the CUSTOMER life cycle?

3) How do you use CUSTOMER, market, and product offering information to improve marketing, build a more CUSTOMER-focused culture, and identify opportunities for INNOVATION?

4) How do you keep your APPROACHES for CUSTOMER listening; determination of CUSTOMER satisfaction, dissatisfaction, and ENGAGEMENT; and use of CUSTOMER data current with business needs and directions?

**Notes**

N1. The “voice of the customer” refers to your process for capturing customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, warranty data, and complaint data and data available on social websites, blogs that affect customers’ purchasing and engagement decisions.

N2. Customer listening information could include marketing and sales information, customer engagement data, win/loss analysis, and complaint data. “Actionable information” refers to specific aspects of your products and customer interactions that affect customers’ future relationships with your organisation. This information might include shift in consumer preference towards eco friendly products/services, solutions, green labeling, responsible operations, downstream carbon abatement opportunities etc.

N3. Determining customer satisfaction and dissatisfaction (3.2b) might include the use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, field reports, win/loss analysis, customer referral rates, and transaction completion rates. Information might be gathered on the Web, through personal contact or a third party, or by mail. Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. Dissatisfaction should be independently determined to identify root causes of dissatisfaction and enable a systematic remedy to avoid future dissatisfaction.

N4. Other organisations providing similar products (3.2b[2]) might include organisations that are not competitors but provide similar products in other geographic areas or to different populations.
“One must think for oneself and never accept at their face value slogans and catch phrases to which, unfortunately, our people are too easily susceptible”

J R D Tata

Measurement, Analysis, and Knowledge Management (90 pts.)

The Measurement, Analysis, and Knowledge Management Category examines how your organisation selects, gathers, analyses, manages, and improves its data, information, and knowledge assets and how it manages its information technology. The Category also examines how your organisation reviews and uses reviews to improve its performance.
4.1 Measurement, Analysis, and Improvement of Organisational Performance: (45 pts.) Process

How do you measure, analyse, and then improve organisational performance?

Describe how your organisation measures, analyses, reviews, and improves its performance through the use of data and information at all levels and in all parts of your organisation.

Within your response, include answers to the following questions:

a. **Performance Measurement**
   1) How do you select, collect, align, and integrate data and information for tracking daily operations and for tracking overall organisational performance including safety and climate change, and progress relative to strategic objectives and action plans? What are your key organisational performance measures, including key short-term and longer-term financial, green/carbon measures? How frequently are these measures determined? How do you use these data and information to support organisational decision making and innovation?
   2) How do you select and ensure the effective use of key comparative data and information to support operational and strategic decision making and innovation?
   3) How do you keep your performance measurement system current with business needs and directions? How do you ensure that your performance measurement system is sensitive to rapid or unexpected organisational or external changes?

b. **Performance Analysis and Review**
   How do you review organisational performance and capabilities? What analyses do you perform to support these reviews and to ensure that conclusions are valid? How do you use these reviews to assess organisational success, competitive performance, and progress relative to strategic objectives and action plans? How do you use these reviews to assess your organisation’s ability to respond rapidly to changing organisational needs and challenges in your operating environment? How does the governance Board review performance of the organisation and the progress against the strategic objectives and action plans?

c. **Performance Improvement**
   How do you translate organisational performance review findings into priorities for continuous and breakthrough improvement and into opportunities for innovation? How are these priorities and opportunities deployed to work group and functional-level operations throughout your organisation to enable effective support for their decision making? When appropriate, how are the priorities and opportunities deployed to your suppliers, partners, and collaborators to ensure organisational alignment?

**Notes**

N1. Performance measurement (4.1a) is used in fact based decision making for setting and aligning organisational directions and resource use at the work unit, key process, departmental, and organisational levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons. “Benchmarking” refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organisation’s industry. Competitive comparisons relate your organisation’s performance to that of competitors and other organisations providing similar products and services.

N3. Organisational performance reviews (4.1b) should be informed by organisational performance measurement, performance measures reported throughout your Criteria Item responses, and performance measures reviewed by senior leaders (1.1b[2]), and they should be guided by the strategic objectives and action plans described in Items 2.1 and 2.2. The reviews also might be informed by internal or external TBEM assessments.

N4. Analysis (4.1b) includes examining performance trends; organisational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations. Analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws on all types of data: customer-related, financial and market, operational, and competitive

N5. The results of organisational performance analysis and review should contribute to your organisational strategic planning in Category 2

N6. Performance improvement (4.1c) also includes identifying potential innovative opportunities related carbon mitigation and adaptations like clean technologies, energy storage, carbon capture, storage and sequestration, enhanced oil recovery, bio-fuels, renewable energy, smart grids, hybrid vehicles, low carbon logistic solutions, green buildings and data management centers, agri-solutions, nano technology, bio-technology etc.

N7. Your organisational performance results should be reported in Items 7.1–7.6.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
4.2 Management of Information, Knowledge, and Information Technology: (45 pts.)

How do you manage your information, organisational knowledge, and information technology?

Describe **how** your organisation ensures the quality and availability of needed data, information, software, and hardware for your **workforce**, **suppliers**, **partners**, **collaborators**, and **customers**. Describe **how** your organisation builds and manages its **knowledge assets**.

Within your response, include answers to the following questions:

**a. Data, Information, and Knowledge Management**

1) How do you ensure the following properties of your organisational data, information, and knowledge?
   - accuracy
   - integrity and reliability
   - timeliness
   - security and confidentiality

2) How do you make needed data and information available? How do you make them accessible to your **workforce**, **suppliers**, **partners**, **collaborators**, and **customers**, as appropriate?

3) How do you manage organisational knowledge to accomplish
   - the collection and transfer of **workforce** knowledge;
   - the transfer of relevant knowledge from and to **customers**, **suppliers**, **partners**, and **collaborators**;
   - the rapid identification, sharing, and implementation of best practices; and
   - the assembly and transfer of relevant knowledge for use in your strategic planning **process**.

**b. Management of Information Resources and Technology**

1) How do you ensure that hardware and software are reliable, secure, and user and environmental friendly?

2) In the event of an emergency, **how** do you ensure the continued availability of hardware and software systems and the continued availability of data and information?

3) How do you keep your data and information availability mechanisms, including your software and hardware systems, current with business needs and directions and with technological changes in your operating environment?

**Notes**

**N1.** Data and information access (4.2a[2]) might be via electronic or other means.
“Good human relations not only bring great personal rewards but are essential to the success of any enterprise”

J R D Tata

Workforce Focus (85 pts.)

The Workforce Focus Category examines how your organisation engages, manages, and develops your workforce to utilise its full potential in alignment with your organisation’s overall mission, strategy, and action plans. The Category examines your ability to assess workforce capability and capacity needs and to build a workforce environment conducive to high performance.
5.1 Workforce Engagement: (45 pts.)

How do you engage your workforce to achieve organisational and personal success?

Describe how your organisation engages, compensates, and rewards your workforce to achieve high performance, including engagement in improvement and innovation activities. Describe how members of your workforce, including leaders, are developed to achieve high performance. Describe how you assess workforce engagement and use the business results to achieve higher performance.

Within your response, include answers to the following questions:

a. Workforce Enrichment
   1) How do you determine the key factors that affect workforce engagement? How do you determine the key factors that affect workforce satisfaction? How are these factors determined for different workforce groups and segments?
   2) How do you foster an organisational culture that is characterised by open communication, high-performance work, and an engaged workforce? How do you ensure your organisational culture benefits from the diverse ideas, cultures, and thinking of your workforce?
   3) How does your workforce performance management system support high-performance work and workforce engagement? How does your workforce performance management system consider workforce compensation, reward, recognition, and incentive practices? How does your workforce performance management system reinforce risk taking for innovation, customer and business focus and achievement of your action plans?

b. Workforce and Leader Development
   1) How does your learning and development system address the following factors for your workforce and your leaders?
      • your organisation’s core competencies, strategic challenges, and accomplishment of its action plans, both short-term and long-term
      • organisational performance improvement and innovation
      • ethics and ethical business practices
      • the breadth of development opportunities, including education, training, coaching, mentoring, and work-related experiences, as appropriate
      • Safe and carbon conscious work environment
2) How does your learning and development system address the following factors for your workforce?
   • their learning and development needs, including those that are self-identified and those identified by supervisors and managers
   • the transfer of knowledge from departing or retiring workers
   • the reinforcement of new knowledge and skills on the job
3) How do you evaluate the effectiveness and efficiency of your learning and development systems?
4) How do you manage effective career progression for your entire workforce? How do you accomplish effective succession planning for management and leadership positions?

C. Assessment of Workforce Engagement
   1) How do you assess workforce engagement? What formal and informal assessment methods and measures do you use to determine workforce engagement and workforce satisfaction? How do these methods and measures differ across workforce groups and segments? How do you use other indicators, such as workforce retention, absenteeism, grievances, safety, and productivity to assess and improve workforce engagement?
   2) How do you relate your workforce engagement assessment findings to key business results reported in Category 7 to identify opportunities for improvement in both workforce engagement and business results?

Notes

N1 “Workforce” refers to the people actively involved in accomplishing the work of your organisation. It includes your organisation’s permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organisation. It includes team leaders, supervisors, and managers. People supervised by a contractor should be addressed in Category 6 as part of your larger work systems.

N2 “Workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organisation. This could include creation of an environment for organisational and workforce learning includes learning through promotion of scientific thinking by systematically solving work related problems. A focus on improvement and innovation creates learning environment.

N3 The characteristics of “high-performance work” environments (5.1a[2] and 5.1a[3]) in which people do their utmost for the benefit of their customers and for the success of the organisation are key to understanding an engaged workforce. These characteristics are described in detail in the definition of “high performance work”.

N4 Compensation, recognition, and related reward and incentive practices (5.1a[3]) include promotions and bonuses that might be based on performance, skills acquired, and other factors such as risk taking for innovation.

N5 Your organisation may have unique considerations relative to workforce development, learning, and career progression. If this is the case, your response to 5.1b should include how you address these considerations.

N6 Identifying improvement opportunities (5.1c[2]) might draw on your workforce-focused results presented in Item 7.4 and might involve addressing workforce-related problems based on their impact on your business results reported in response to other Category 7 Items.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
5.2 Workforce Environment: (40 pts.)

How do you build an effective and supportive workforce environment?

Describe how your organisation manages WORKFORCE CAPABILITY and CAPACITY to accomplish the work of the organisation. Describe how your organisation maintains a safe, secure, and supportive work climate.

Within your response, include answers to the following questions:

a. WORKFORCE CAPABILITY and CAPACITY

1) How do you assess your WORKFORCE CAPABILITY and CAPACITY needs, including skills, competencies, and staffing levels?
2) How do you recruit, hire, place, and retain new members of your WORKFORCE? How do you ensure your WORKFORCE represents the diverse ideas, cultures, and thinking of your hiring and CUSTOMER community?
3) How do you manage and organise your WORKFORCE to accomplish the work of your organisation, capitalise on the organisation’s CORE COMPETENCIES, reinforce a CUSTOMER and business focus, exceed PERFORMANCE expectations, address your STRATEGIC CHALLENGES and ACTION PLANS, and achieve the agility to address changing business needs?
4) How do you prepare your WORKFORCE for changing CAPABILITY and CAPACITY needs? How do you manage your WORKFORCE, its needs, and your needs to ensure continuity, to prevent WORKFORCE reductions, and to minimise the impact of WORKFORCE reductions, if they do become necessary?

b. WORKFORCE Climate

1) How do you address workplace environmental factors to ensure and improve WORKFORCE health, safety, and security? What are your PERFORMANCE MEASURES and improvement GOALS for each of these WORKFORCE needs including their safety? What are any significant differences in these factors and PERFORMANCE MEASURES or targets for different workplace environments?
2) How do you support your WORKFORCE via policies, services, and benefits? How are these tailored to the needs of a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?

Notes

N1. “Workforce capability” (5.2a) refers to your organisation’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people. Capability may include the ability to build and sustain relationships with your customers; to innovate and transition to new technologies; to mitigate and / or adapt climate change challenges, to develop new products, services, and work processes; and to meet changing business, market, and regulatory demands. “Workforce capacity” (5.2a) refers to your organisation’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products to your customers, including the ability to meet seasonal or varying demand levels.

N2. Workforce capability and capacity should consider not only current needs but also future requirements based on your strategic objectives and action plans reported in Category 2.

N3. Preparing your workforce for changing capability and capacity needs (5.2a(4)) might include training, education, frequent communication, considerations of workforce employment and employability, career counseling, and outplacement and other services.
“Productivity and efficiency can be achieved only step by step with sustained hard work, relentless attention to details and insistence on the highest standards of quality and performance”

J R D Tata
6.1 Work Systems: (35 pts.)

How do you design your work systems?

Describe how your organisation designs its work systems and determines its key processes to deliver customer value, prepare for potential emergencies, and achieve organisational success and sustainability.

Within your response, include answers to the following questions:

a. Work Systems Design
   1) How do you design and innovate your overall work systems? How do you decide which processes within your overall work systems will be internal to your organisation (your key work processes) and which will use external resources?
   2) How do your work systems and key work processes relate to and capitalise on your core competencies?

b. Key Work Process
   1) What are your organisation’s key work processes? How do these processes contribute to delivering customer value, profitability or financial return, organisational success, and sustainability?
   2) How do you determine key work process requirements including safety and climate change, incorporating input from customers, suppliers, partners, and collaborators, as appropriate? What are the key requirements for these processes?

c. Emergency Readiness
   How do you ensure work system and workplace preparedness for disasters or emergencies? How does your disaster and emergency preparedness system consider prevention, management, continuity of operations, and recovery?

Notes

N1. “Work systems” refers to how the work of your organisation is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your products and business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products to your customers and to succeed in your marketplace.

N2. Your key work processes (6.1b[1]) are your most important internal value creation processes and might include product design and delivery, customer support, supply chain management, business, and support processes. Your key work processes are the processes that involve the majority of your organisation’s workforce and produce customer, stakeholder, and stockholder value.

N3. Your key work processes requirements (6.1b[2]) might include key green requirements like carbon footprint of raw materials, processes, products and services; energy intensity / efficiency, water consumption; usage of renewable energy and sustainable materials; adherence to environment and carbon regulations including suppliers and partners; green labeling and certification requirements; recycling rates and disposal issues.

N4. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or due to a local or national emergency, including potential pandemics. Emergency considerations related to information technology should be addressed in Item 4.2.
6.2 Work Processes: (50 pts.)

How do you design, manage, and improve your key organisational work processes?

Describe HOW your organisation designs, implements, manages, and improves its KEY WORK PROCESSES to deliver CUSTOMER VALUE and achieve organisational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

a. Work Process Design

How do you design and innovate your WORK PROCESSES to meet all the KEY requirements? How do you incorporate new technology, organisational knowledge, and the potential need for agility into the design of these PROCESSES? How do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES?

b. Work Process Management

1) How do you implement and manage your WORK PROCESSES to ensure that they meet design requirements? How does your day-to-day operation of these PROCESSES ensure that they meet KEY PROCESS requirements? How is WORKFORCE, CUSTOMER, supplier, PARTNER, and COLLABORATOR input used in managing these PROCESSES, as appropriate? What are your KEY PERFORMANCE MEASURES or INDICATORS and in-process MEASURES used for the control and improvement of your WORK PROCESSES?

2) How do you control the overall costs of your WORK PROCESSES? How do you prevent defects, service errors, and rework and minimise warranty costs or CUSTOMERS' PRODUCTIVITY losses, as appropriate? How do you minimise the costs of inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate?

c. Work Process Improvement

How do you improve your WORK PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve products and workplace safety, to reduce carbon footprints and to keep the PROCESSES current with business needs and directions? How do you incorporate the RESULTS of the organisational PERFORMANCE reviews discussed in response to Item 4.1 into the SYSTEMATIC evaluation and improvement of your WORK PROCESSES? How are WORK PROCESS improvements and lessons learned shared with other organisational units and PROCESSES to drive organisational LEARNING and INNOVATION?

Notes

N1. To improve process performance (6.2c) and reduce variability, your organisation might implement approaches such as a Lean Enterprise System, Six Sigma methodology, use of ISO quality systems standards, the Plan-Do-Check-Act methodology, or other process improvement tools. These approaches might be part of your performance improvement system described in response to P2c in the Organisational Profile.


N3. Process improvement should be visualised at workplace for clarity of communication

N4. Reduce variability means study of deviation with respect to key performance measures or indicators and in-process measures and taking appropriate actions through rotation of PDCA or DMICA.

N5. The results of improvements in product performance should be reported in Item 7.1. All other work process performance results should be reported in Item 7.5.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
“No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people and is achieved by fair and honest means”

J R D Tata
7.1 Product Outcomes: (100 pts.)

What are your product performance results?

Summarise your organisation’s key product performance results. Segment your results by product offerings, customer groups, and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **Product Results**
   What are your current levels and trends in key measures or indicators of product performance that are important to your customers? How do these results compare with the performance of your competitors and other organisations with similar product offerings?

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**Notes**

N1. Product results reported in this Item should relate to the key product features identified as customer requirements and expectations in P1b(2), based on information gathered in Items 3.1 and 3.2. The measures or indicators should address factors that affect customer preference, such as those included in Item P1, Note 5, and Item 3.1, Note 2.
7.2 Customer-Focused Outcomes: (70 pts.)

What are your customer-focused performance results?

Summarise your organisation’s key customer-focused results for customer satisfaction, dissatisfaction, and engagement. Segment your results by product offerings, customer groups, and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **Customer-Focused Results**

   1) What are your current levels and trends in key measures or indicators of customer satisfaction and dissatisfaction? How do these results compare with the customer satisfaction levels of your competitors and other organisations providing similar products?

   2) What are your current levels and trends in key measures or indicators of customer relationship building and engagement? How do these results compare over the course of your customer life cycle, as appropriate?

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**Notes**

N1. Customer satisfaction, dissatisfaction, relationship building, and engagement results reported in this Item should relate to the customer groups and market segments discussed in P1b(2) and Category 3 and to the listening and determination methods and data described in Item3.2.

N2. Measures and indicators of customers’ satisfaction with your products relative to customers’ satisfaction with competitors and comparable organisations (7.2a(1)) might include information and data from your customers and from independent organisations.
7.3 Financial and Market Outcomes: (70 pts.)

What are your financial and marketplace performance results?

Summarise your organisation’s **KEY financial and marketplace PERFORMANCE RESULTS** by market **SEGMENTS** or **CUSTOMER groups**, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **Financial and Market Results**

1) What are your current **LEVELS** and **TRENDS** in **KEY MEASURES** or **INDICATORS** of financial **PERFORMANCE**, including aggregate measures of financial return, financial viability, or budgetary **PERFORMANCE**, as appropriate?

2) What are your current **LEVELS** and **TRENDS** in **KEY MEASURES** or **INDICATORS** of marketplace **PERFORMANCE**, including market share or position, market and market share growth, and new markets entered, as appropriate?

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**Notes**

N1 Responses to 7.3a(1) might include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by market segment or customer group. Responses also might include measures of financial viability, such as liquidity, debt-to-equity ratio, days cash on hand, asset utilisation, and cash flow. Measures should relate to the financial measures reported in 4.1a(1) and the financial management approaches described in Item 2.2.
7.4 Workforce-Focused Outcomes: (70 pts.)

What are your workforce-focused performance results?

Summarise your organisation’s key workforce-focused results for workforce engagement and for your workforce environment. Segment your results to address the diversity of your workforce and to address your workforce groups and segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **Workforce Results**
   
   1) What are your current levels and trends in key measures or indicators of workforce engagement and workforce satisfaction?
   
   2) What are your current levels and trends in key measures or indicators of workforce and leader development?
   
   3) What are your current levels and trends in key measures of workforce capability and capacity, including staffing levels and appropriate skills?
   
   4) What are your current levels and trends in key measures or indicators of your workforce climate including climate for innovation, workforce health, safety, and security and workforce services and benefits, as appropriate?

Notes

N1. Workforce engagement results include results on workforce engaged in improvement and innovation activities.

N2. Results reported in this Item should relate to processes described in Category 5. Your results should be responsive to key work process needs described in Category 6 and to your organisation’s action plans and human resource or workforce plans described in Item 2.2.

N3. Responses to 7.4a(1) should include measures and indicators identified in response to 5.1c(1).

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
7.5 Process Effectiveness Outcomes: (70 pts.)

What are your process effectiveness results?

Summarise your organisation’s key operational performance results that contribute to the improvement of organisational effectiveness, including your organisation’s readiness for emergencies. Segment your results by product offerings, by customer groups and market segments, and by processes and locations, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Process Effectiveness Results

1) What are your current levels and trends in key measures or indicators of the operational performance of your work systems, including work system and workplace preparedness for disasters or emergencies?

2) What are your current levels and trends in key measures or indicators of the operational performance of your key work processes, including Quality, Cost, Productivity, Cycle Time, and other appropriate measures of process effectiveness, efficiency, and innovation?

Notes

N1. Results reported in Item 7.5 should address your key operational requirements as presented in the Organisational Profile and in Items 6.1 and 6.2. Include results not reported in Items 7.1–7.4.

N2. Results reported in Item 7.5 should provide key information for analysis and review of your organisational performance (Item 4.1); demonstrate use of organisational knowledge (Item 4.2); and provide the operational basis for product outcomes (Item 7.1), customer-focused outcomes (Item 7.2), and financial and market outcomes (Item 7.3).

N3. Appropriate measures and indicators of work system performance (7.5a[1]) might include audit, just-in-time delivery, and acceptance results for externally provided products, services, and processes; supplier and partner performance; product, service, and work system innovation rates and results; simplification of internal jobs and job classifications; work layout improvements; changing supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.
7.6 Leadership Outcomes: (70 pts.)

What are your leadership results?

Summarise your organisation’s KEY GOVERNANCE and SENIOR LEADERSHIP RESULTS, including evidence of strategic plan accomplishments, INNOVATION, fiscal accountability, legal compliance, ETHICAL BEHAVIOR, societal responsibility, and support of KEY COMMUNITIES. SEGMENT your RESULTS by organisational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Leadership and Societal Responsibility RESULTS

1) What are your RESULTS for KEY MEASURES OR INDICATORS of accomplishment of your organisational strategy and ACTION PLANS?

2) What are your KEY CURRENT findings and TRENDS in KEY MEASURES OR INDICATORS of GOVERNANCE and fiscal accountability, both internal and external, as appropriate?

3) What are your RESULTS for KEY MEASURES OR INDICATORS of safety, regulatory and legal compliance?

4) What are your RESULTS for KEY MEASURES OR INDICATORS of ETHICAL BEHAVIOR and of STAKEHOLDER trust in the SENIOR LEADERS and GOVERNANCE of your organisation? What are your RESULTS for KEY MEASURES OR INDICATORS of breaches of ETHICAL BEHAVIOR?

5) What are your RESULTS for KEY MEASURES OR INDICATORS of your organisation’s fulfilment of its societal responsibilities and your organisation’s support of its KEY COMMUNITIES?

6) What are your RESULTS for KEY MEASURES OR INDICATORS related to INNOVATION?

Notes

N1. Measures or indicators of strategy and action plan accomplishment (7.6a[1]) should address your strategic objectives and goals identified in 2.1b(1) and your action plan performance measures and projected performance identified in 2.2a(6) and 2.2b, respectively.

N2. Responses to 7.6a(2) might include financial statement issues and risks, important internal and external auditor recommendations, and management’s responses to these matters.

N3. Regulatory and legal compliance results (7.6a[3]) should address requirements described in 1.2b. Workforce-related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA] reportable incidents) should be reported in 7.4a(4).

N4. For examples of measures of ethical behavior and stakeholder trust (7.6a[4]), see Item 1.2, Note 4.

N5. Responses to 7.6a(5) should address your organisation’s societal responsibilities discussed in 1.2b(1) and 1.2c(1), as well as support of the key communities discussed in 1.2c(2). Measures of contributions to societal well-being might include absolute and specific carbon footprint reduced energy consumption; the use of renewable energy resources, waste utilisation, recycled water, product recycling rates and alternative approaches to conserve resources (e.g., increased audio and video conferencing); and the global use of enlightened labor practices and disposal management.

N6. Key results related to innovation might include Revenue and Profit from New Product offerings, Patents filed, Strategic relationships with academia and research institutes, Spend on Innovation relation activities like Rewards and recognition, training, Innovative ideas from employees, Management’s response time to ideas etc.

For additional description of this Item, see Chapter 4: Category and Item Descriptions.
Chapter 6

Scoring System

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on two evaluation dimensions: (1) Process and (2) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given.

Process

“Process” refers to the methods your organisation uses and improves to address the Item requirements in Categories 1-6. The four factors used to evaluate process are Approach, Deployment, Learning, and Integration (ADLI).

“Approach” refers to

- the methods used to accomplish the process
- the appropriateness of the methods to the Item requirements and the organisation’s operating environment
- the effectiveness of your use of the methods
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic)

“Deployment” refers to the extent to which

- your approach is applied in addressing Item requirements relevant and important to your organisation
- your approach is applied consistently
- your approach is used (executed) by all appropriate work units

“Learning” refers to

- refining your approach through cycles of evaluation and improvement
- encouraging breakthrough change to your approach through innovation
- sharing refinements and innovations with other relevant work units and processes in your organisation

“Integration” refers to the extent to which

- your approach is aligned with your organisational needs identified in the Organisational Profile and other Process Items
- your measures, information, and improvement systems are complementary across processes and work units
- your plans, processes, results, analyses, learning, and actions are harmonised across processes and work units to support organisation-wide goals

Results

“Results” refers to your organisation’s outputs and outcomes in achieving the requirements in Items 7.1 – 7.6 (Category 7). The four factors used to evaluate results are Levels, Trends, Comparisons, and Integration (LeTCI).
“Levels” refers to

- your current level of performance

“Trends” refers to

- the rate of your performance improvements or the sustainability of good performance (i.e., the slope of trend data)
- the breadth (i.e., the extent of deployment) of your performance results

“Comparisons” refers to

- your performance relative to appropriate comparisons, such as competitors or organisations similar to yours
- your performance relative to benchmarks or industry leaders

“Integration” refers to the extent to which

- your results measures (often through segmentation) address important customer, product, market, process, and action plan performance requirements identified in your Organisational Profile and in Process Items
- your results include valid indicators of future performance
- your results are harmonised across processes and work units to support organisation-wide goals

**Item Classification and Scoring Dimensions**

Items are classified according to the kinds of information and data you are expected to furnish relative to the two evaluation dimensions given above.

The two types of Items are designated as

1. **Process**  
2. **Results**

In Process Items, Approach, Deployment, Learning, and Integration are linked to emphasise that descriptions of approach should always indicate the deployment-consistent with the specific requirements of the Item and your organisation. As processes mature, their description also should indicate how cycles of learning (including innovation), as well as integration with other processes and work units, occur. Although the ADLI factors are linked, feedback to Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results Items call for data showing performance Levels, Trends, and relevant Comparisons for key measures and indicators of organisational performance, and Integration with key organisational requirements. Results Items also call for data on the breadth of the performance results reported. This is directly related to deployment and organisational learning; if improvement processes are widely shared and deployed, there should be corresponding results. A score for a Results Item is thus a composite based on overall performance, taking into account the four results factors (LeTCI).

**“Importance” as a Scoring Consideration**

The two evaluation dimensions described previously are central to evaluation and feedback. A critical consideration in evaluation and feedback is the importance of your reported process and results to your key business factors. The areas of greatest importance should be identified in your Organisational Profile and in Items such as 2.1, 2.2, 3.1, 5.1, 5.2, and 6.1. Your key customer requirements, competitive environment, workforce needs, key strategic objectives, and action plans are particularly important.
Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to Item responses.

- All Areas to Address should be included in the Item response. Also, responses should reflect what is important to the organisation.

- In assigning a score to an Item, first decide which scoring range (e.g., 50 percent to 65 percent) is most descriptive of the organisation’s achievement level as presented in the Item response. “Most descriptive of the organisation’s achievement level” can include some gaps in one or more of the ADLI (process) factors or the LeTCI (results) factors for the chosen scoring range. An organisation’s achievement level is based on a holistic view of either the four process or four results factors in aggregate and not on a tallying or averaging of independent assessments against each of the four factors. Assigning the actual score within the chosen range requires evaluating whether the Item response is closer to the statements in the next higher or next lower scoring range.

- A Process Item score of 50 percent represents an approach that meets the overall requirements of the Item, that is deployed consistently and to most work units, that has been through some cycles of improvement and learning, and that addresses the key organisational needs. Higher scores reflect greater achievement, demonstrated by broader deployment, significant organisational learning, and increased integration.

- A Results Item score of 50 percent represents a clear indication of good levels of performance, beneficial trends, and appropriate comparative data for the results areas covered in the Item and important to the organisation’s business or mission. Performance projections are present for some high-priority results. Higher scores reflect better trends and levels of performance, stronger comparative performance, and broader coverage and integration with the requirements of the business or mission.

TBEM Award applicants do not receive a single, final score as part of their feedback. They receive a scoring range for each Criteria Item, and they receive a score in two overall bands: one for Process Items and one for Results Items. The descriptors for these scoring bands portray the organisation’s overall progress and maturity in the process and the results dimensions.

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### Steps Toward Mature Processes

**An Aid for Assessing and Scoring Process Items**

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<thead>
<tr>
<th>(1) Reacting to Problems (0–25%)</th>
<th>(2) Early Systematic Approaches (30–45%)</th>
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<td>Operations are characterised by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.</td>
<td>The organisation is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organisational units. Strategy and quantitative goals are being defined.</td>
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<table>
<thead>
<tr>
<th>(3) Aligned Approaches (50–65%)</th>
<th>(4) Integrated Approaches (70–100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="https://via.placeholder.com/150" alt="Diagram" /></td>
<td><img src="https://via.placeholder.com/150" alt="Diagram" /></td>
</tr>
<tr>
<td>Operations are characterised by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with coordination among organisational units. Processes address key strategies and goals of the organisation.</td>
<td>Operations are characterised by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.</td>
</tr>
</tbody>
</table>
Chapter 7

2010 Criteria Response Guidelines

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 18 Criteria Items. For organisations writing an application, responding involves addressing these requirements in 75 or fewer pages.

The guidelines are presented in three parts:

1. General Guidelines regarding the Criteria booklet, including how the Items are formatted
2. Guidelines for Responding to Process Items
3. Guidelines for Responding to Results Items

General Guidelines

1. Read the entire Criteria booklet.

The main sections of the booklet provide a full orientation to the Criteria, including how responses are to be evaluated for assessment. You should become thoroughly familiar with the following sections:

- Criteria for Performance Excellence
- Scoring System
- Glossary of Key Terms
- Category and Item Descriptions

2. Review the Item format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the multiple requirements contained in the Areas to Address. The Item notes following the Item requirements are an aid to help you understand the Areas to Address. Each Item and Area to Address is described in greater detail in the Category and Item Descriptions section.

Each Item is classified as either Process or Results, depending on the type of information required. Guidelines for responding to Process Items are given. Guidelines for responding to Results Items are also given.

Item requirements are presented in question format. Some of the requirements in the Areas to Address include multiple questions. Responses to an Item should contain information that addresses all questions; however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, as appropriate to your organisation. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

3. Refer to the Scoring Guidelines.

The evaluation of Process and Results Item responses includes a review of the Criteria Items in combination with the Scoring Guidelines. Specifically, as a complement to requirements of the Process Items (Categories 1-6), the Scoring Guidelines address the maturity of your approaches, breadth of deployment, extent of learning, and integration with other elements of your performance management system. Similarly, as a complement to requirements of the Results Items (Category 7), the Scoring Guidelines focus on the significance of the results trends, actual performance levels, relevant comparative data, integration with
important elements of your performance management system, and the strength of the improvement process. Therefore, you need to consider both the Criteria and the Scoring Guidelines as you prepare your responses to all Items.

4. Understand the meaning of key terms.

Many of the terms used in the Criteria have meanings that may differ somewhat from standard definitions or definitions used in your organisation. Terms printed in SMALL CAPS / SANS SERIF can be found in the Glossary of Key Terms. Understanding these terms can help you accurately self-assess your organisation and communicate your processes and results to those reviewing your responses and planning your improvement efforts.

5. Start by preparing the Organisational Profile.

The Organisational Profile is the most appropriate starting point. The Organisational Profile is intended to help everyone—including organisations using the Criteria for self-assessment, application writers, and reviewers—understand what is most relevant and important to your organisation’s business and mission and to its performance. The questions in the Organisational Profile are described in greater detail.

Guidelines for Responding to Process Items

Although the Criteria focus on key organisational performance results, these results by themselves offer little diagnostic value. For example, if some results are poor or are improving at rates slower than your competitors’ or comparable organisations’, it is important to understand why this is so and what might be done to accelerate improvement. The purpose of Process Items is to permit diagnosis of your organisation’s most important processes—the ones that contribute most to organisational performance improvement and contribute to key outcomes or performance results. Diagnosis and feedback depend heavily on the content and completeness of your Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organising and reviewing such information follow.

<table>
<thead>
<tr>
<th>Item Format</th>
<th>Types of information users are expected to provide in response to this Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Item requirements expressed in Item title</td>
<td></td>
</tr>
<tr>
<td>Overall Item requirements expressed as specific topics users need to address</td>
<td></td>
</tr>
<tr>
<td>Area to Address</td>
<td></td>
</tr>
<tr>
<td>Notes have the following purposes:</td>
<td>Multiple requirements expressed as individual Criteria questions</td>
</tr>
<tr>
<td>- clarify key terms and/or requirements</td>
<td></td>
</tr>
<tr>
<td>- give instructions</td>
<td></td>
</tr>
<tr>
<td>- indicateclarify important linkages</td>
<td></td>
</tr>
<tr>
<td>Location of Item Description</td>
<td></td>
</tr>
</tbody>
</table>
1. **Understand the meaning of “how.”**

   Process Items include questions that begin with the word “how.” *Responses should outline your key process information that addresses approach, deployment, learning, and integration* (see Scoring System). *Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as “anecdotal information.”*

2. **Understand the meaning of “what.”**

   Two types of questions in Process Items begin with the word “what.” The first type of question requests basic information on key processes and how they work. Although it is helpful to include who performs the work, merely stating who does not permit diagnosis or feedback. The second type of question requests information on what your key findings, plans, objectives, goals, or measures are. These latter questions set the context for showing alignment and integration in your performance management system. For example, when you identify key strategic objectives, your action plans, some of your performance measures, and some results reported in Category 7 are expected to relate to the stated strategic objectives.

3. **Write and review response(s) with the following guidelines and comments in mind.**

   - **Show that approaches are systematic.**
     
     Systematic approaches are repeatable and use data and information to enable learning. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, innovation, and knowledge sharing, thereby permitting a gain in maturity.

   - **Show deployment.**
     
     Deployment information should summarise how your approaches are implemented in different parts of your organisation. Deployment can be shown compactly by using tables.

   - **Show evidence of learning.**
     
     Processes should include evaluation and improvement cycles, as well as the potential for breakthrough change. Process improvements should be shared with other appropriate units of the organisation to enable organisational learning.

   - **Show integration.**
     
     Integration shows alignment and harmonisation among processes, plans, measures, actions, and results that generate organisational effectiveness and efficiencies.

   - **Show focus and consistency.**
     
     There are four important considerations regarding focus and consistency: (1) the Organisational Profile should make clear what is important to your organisation; (2) the Strategic Planning Category (Category 2), including the strategic objectives, action plans, and core competencies, should highlight areas of greatest focus and describe how deployment is accomplished; (3) the descriptions of organisational-level analysis and review (Item 4.1) should show how your organisation analyses and reviews performance information to set priorities; and (4) the Process Management Category (Category 6) should highlight the work processes that are key to your overall performance. Showing focus and consistency in the Process Items and tracking corresponding measures in the Results Items should improve organisational performance.
• Respond fully to Item requirements.

Missing information will be interpreted as a gap in your performance management system. All Areas to Address should be addressed. Individual questions within an Area to Address may be addressed individually or together.


As much as possible, each Item response should be self contained. However, responses to different Items also should be mutually reinforcing. It is appropriate to refer to the other responses rather than repeat information. In such cases, key process information should be given in the Item requesting this information. For example, workforce development and learning systems should be described in Item 5.1. Discussions about workforce development and learning elsewhere in your application would then reference but not repeat details given in your Item 5.1 response.

5. Use a compact format.

Applicants should make the best use of the 75 application pages permitted. Applicants are encouraged to use flowcharts, tables, and “bullets” to present information concisely.

Guidelines for Responding to Business Results Items

The Criteria place a major emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

1. Focus on the most critical organisational performance results.

Results reported should cover the most important requirements for your organisation’s success, highlighted in your Organisational Profile and in the Strategic Planning, Customer Focus, Workforce Focus, and Process Management Categories.

2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:

   ▪ performance levels that are reported on a meaningful measurement scale
   ▪ trends to show directions of results, rates of change, and the extent of deployment
   ▪ comparisons to show how results compare with those of other, appropriately selected organisations
   ▪ integration to show that all important results are included, segmented (e.g., by important customer, workforce, process, and product line groups), and, as appropriate, related to key performance projections

3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. However, a minimum of three historical data points generally is needed to ascertain a trend. Trends might span five or more years for some results. Trends should represent historic and current performance and not rely on projected (future) performance. Time intervals between data points should be meaningful for the specific measure(s) reported. For important results, new data should be included even if trends and comparisons are not yet well established.

4. Use a compact format—graphs and tables.

Many results can be reported compactly by using graphs and tables. Graphs and tables should be labelled for
easy interpretation. Results over time or compared with others should be “normalised” (i.e., presented in a way, such as using ratios, that takes into account size factors). For example, reporting safety trends in terms of lost workdays per 100 employees would be more meaningful than total lost workdays if the number of employees has varied over the time period or if you are comparing your results to organisations differing in size.

5. Incorporate results into the body of the text.

Discussion of results and the results themselves should be close together in an application. Trends that show a significant beneficial or adverse change should be explained. (See the example in the figure on this page.)

The graph shown on this page illustrates data an organisation might present as part of a response to Item 7.5, Process Effectiveness Outcomes. In the Organisational Profile, the organisation has identified Six Sigma as a key element of its performance improvement system. Defects per million opportunities is one of its measures. The graph illustrates a number of characteristics of clear and effective results reporting:

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labelled.
- Trend lines report data for a key performance measure-defects per million opportunities.
- Results are presented for several years.
- An arrow indicates that an upward trend is good for this measure.
- Appropriate comparisons are shown clearly.
- The organisation shows, using a single graph, that its three product lines are separately tracked.
- The organisation projects improved performance, including discontinuous or breakthrough improvement relative to prior performance for Product Line B. The text should explain this breakthrough change and might refer to critical learning from Product Line A as the basis for the projected change.

To help interpret the Scoring Guidelines, the following comments on the graphed results would be appropriate:

- The current overall organisational performance level is excellent. This conclusion is supported by the comparison with industry competitors and with a “world-class” level.
- The overall organisation shows beneficial improvement trends sustained over time.
- Product Line A is the current performance leader-showing sustained high performance (at approximately 5
defects per million) and a slightly positive trend since 2005. Product Line B shows rapid improvement. Its performance is near that of the best industry competitor but trails Product Line A.

- Product Line C—identified in the application as a new product—is having early problems with defects but is projecting a turnaround. (The organisation should briefly explain these problems.)

- The organisation has projected improvements in the defect rates of all its product lines. Product Line C continues to lag behind the others; Product Line A is projected to meet its Six Sigma goals by the year 2010.
Areas of Emphasis for External Assessment 2010

Innovation

Here are a few leads that may help the Applicant and the Assessment team to obtain a holistic view of Innovation.

1. Perception about word ‘Innovation’
   - How does the company differentiate improvements and innovations? How is this communicated?
   - Does the company promote and recognise innovations in products and services only? Or it goes beyond to include internal processes (core and support) and Business Model in its innovation definition and focus?

2. Measurement
   - How does the company measure innovation, conduciveness of innovation culture and maturity of innovation processes?
   - What are the lag and lead indicators (lag: Revenue from new products/services, number of patents etc, lead: Time spent on new ideas, number of ideas received etc)

3. Strategy and Innovation
   - Does the corporate BSC have action plans (or strategic objectives) towards working on innovations?
   - What is the contribution of innovation (products/services etc) in the ABP (Revenue and Profit)?
   - Have the long term objectives for innovation defined? Do they have action plans that are visible in ST?

4. Idea Sourcing
   - How are innovative ideas generated within the organisation? Do all employee segments excited to generate these ideas?
   - Are employees prepared for idea generation (eg: providing inputs on new technologies/research work on the areas that could potentially be used for innovation).
   - Are teams trained on tools and techniques for idea generation?
   - Are external stakeholders like suppliers, customers and others like academic institutes or public involved in some manner to generate ideas?

5. Selection and development of ideas
   - How are the ideas selected /filtered?
   - Are employees happy with the time taken to select/reject ideas? Is the process transparent?
   - Are the selected ideas funded timely?
   - Are there stretch targets to implement the selected and funded ideas? Are these reviewed by Sr. leadership?
   - Do big ideas that have large potential impact and/or have high gestation time have dedicated teams?

6. Risk taking (Daring attempts… accepting failures)
   - Does the top management encourage the employees to conduct bold experiments?
   - Are there any failure stories that are used to inspire managers to take and approve bold experiments?
   - How are the learning shared?

7. Rewards and recognition
   - Does the organisation have forums/mechanism to capture and recognise employees for breakthrough ideas and innovations?

8. PMS and development
   - Does the employee PMS include indices on innovation?

9. IPR
   - Does the organisation have systems to protect its IPR?
   - Does the company have a formal IP Policy?
### Process Scoring Guidelines - For use with Categories 1 - 6

<table>
<thead>
<tr>
<th>SCORE</th>
<th>PROCESS</th>
</tr>
</thead>
</table>
| 0% or 5%       | - No SYSTEMATIC APPROACH to Item requirements is evident; information is ANECDOTAL. (A)  
- Little or NO DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D)  
- An improvement orientation is not evident; improvement is achieved through reacting to problems. (L)  
- No organisational ALIGNMENT is evident; individual areas or work units operate independently. (I) |
| 10%, 15%, 20%, or 25% | - The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. (A)  
- The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the Item. (D)  
- Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L)  
- The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I) |
| 30%, 35%, 40%, or 45% | - AN EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item, is evident. (A)  
- The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D)  
- The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L)  
- The APPROACH is in the early stages of ALIGNMENT with your basic organisational needs identified in response to the Organisational Profile and other Process Items. (I) |
| 50%, 55%, 60%, or 65% | - AN EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item, is evident. (A)  
- The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D)  
- A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organisational LEARNING, including INNOVATION, are in place for improving the efficiency and EFFECTIVENESS of KEY PROCESSES. (L)  
- The APPROACH is ALIGNED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I) |
| 70%, 75%, 80%, or 85% | - AN EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A)  
- The APPROACH is well DEPLOYED, with no significant gaps. (D)  
- Fact-based, SYSTEMATIC evaluation and improvement and organisational LEARNING, including INNOVATION, are KEY management tools; there is clear evidence of refinement as a result of organisational-level ANALYSIS and sharing. (L)  
- The APPROACH is INTEGRATED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I) |
| 90%, 95%, or 100% | - AN EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A)  
- The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D)  
- Fact-based, SYSTEMATIC evaluation and improvement and organisational LEARNING through INNOVATION are KEY organisation-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organisation. (L)  
- The APPROACH is well INTEGRATED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I) |
## Business Results Scoring Guidelines - For use with Category 7

<table>
<thead>
<tr>
<th>SCORE</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% or 5%</td>
<td>- There are no organisational PERFORMANCE RESULTS and/or poor RESULTS in areas reported. (Le)</td>
</tr>
<tr>
<td></td>
<td>- TREND data either are not reported or show mainly adverse TRENDS. (T)</td>
</tr>
<tr>
<td></td>
<td>- Comparative information is not reported. (C)</td>
</tr>
<tr>
<td></td>
<td>- RESULTS are not reported for any areas of importance to the accomplishment of your organisation’s MISSION. NO PERFORMANCE PROJECTIONS are reported. (I)</td>
</tr>
<tr>
<td>10%, 15%,</td>
<td>- A few organisational PERFORMANCE RESULTS are reported, and early good PERFORMANCE LEVELS are evident in a few areas. (Le)</td>
</tr>
<tr>
<td>20%, or 25%</td>
<td>- Some TREND data are reported, with some adverse TRENDS evident. (T)</td>
</tr>
<tr>
<td></td>
<td>- Little or no comparative information is reported. (C)</td>
</tr>
<tr>
<td></td>
<td>- RESULTS are reported for a few areas of importance to the accomplishment of your organisation’s MISSION. Limited or NO PERFORMANCE PROJECTIONS are reported. (I)</td>
</tr>
<tr>
<td>30%, 35%,</td>
<td>- Good organisational PERFORMANCE LEVELS are reported for some areas of importance to the Item requirements. (Le)</td>
</tr>
<tr>
<td>40%, or 45%</td>
<td>- Some TREND data are reported, and a majority of the TRENDS presented are beneficial. (T)</td>
</tr>
<tr>
<td></td>
<td>- Early stages of obtaining comparative information are evident. (C)</td>
</tr>
<tr>
<td></td>
<td>- RESULTS are reported for many areas of importance to the accomplishment of your organisation’s MISSION. Limited PERFORMANCE PROJECTIONS are reported. (I)</td>
</tr>
<tr>
<td>50%, 55%,</td>
<td>- Good organisational PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)</td>
</tr>
<tr>
<td>60%, or 65%</td>
<td>- Beneficial TRENDS are evident in areas of importance to the accomplishment of your organisation’s MISSION. (T)</td>
</tr>
<tr>
<td></td>
<td>- Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C)</td>
</tr>
<tr>
<td></td>
<td>- Organisational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, and PROCESS requirements. PERFORMANCE PROJECTIONS for some high-priority RESULTS are reported. (I)</td>
</tr>
<tr>
<td>70%, 75%,</td>
<td>- Good to excellent organisational PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)</td>
</tr>
<tr>
<td>80%, or 85%</td>
<td>- Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organisation’s MISSION. (T)</td>
</tr>
<tr>
<td></td>
<td>- Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative PERFORMANCE. (C)</td>
</tr>
<tr>
<td></td>
<td>- Organisational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, PROCESS, and ACTION plan requirements, and they include some PROJECTIONS of your future PERFORMANCE. (I)</td>
</tr>
<tr>
<td>90%, 95%,</td>
<td>- Excellent organisational PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)</td>
</tr>
<tr>
<td>95%, or100%</td>
<td>- Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organisation’s MISSION. (T)</td>
</tr>
<tr>
<td></td>
<td>- Evidence of industry and BENCHMARK leadership is demonstrated in many areas. (C)</td>
</tr>
<tr>
<td></td>
<td>- Organisational PERFORMANCE RESULTS fully address KEY CUSTOMER, market, PROCESS, and ACTION plan requirements, and they include PROJECTIONS of your future PERFORMANCE. (I)</td>
</tr>
</tbody>
</table>
### Scoring Band Descriptors

<table>
<thead>
<tr>
<th>SCORE BAND</th>
<th>BAND Number</th>
<th>BAND DESCRIPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 250</td>
<td>1</td>
<td>The organisation demonstrates the early stages of developing and implementing approaches to Category requirements. However, important gaps exist in most Categories.</td>
</tr>
<tr>
<td>251 - 350</td>
<td>2</td>
<td>The organisation demonstrates the beginning of a systematic approach responsive to the basic requirements of Items, but major gaps exist in approach and deployment in some Categories. The organisation is in the early stages of obtaining results stemming from approaches, with some improvements and good performance observed.</td>
</tr>
<tr>
<td>351 - 450</td>
<td>3</td>
<td>The organisation demonstrates effective, systematic approaches responsive to the basic requirements of most Items, but deployment in some key areas or work units is still too early to demonstrate results. Early improvement trends and comparative data in areas of importance to key organisation requirement are evident.</td>
</tr>
<tr>
<td>451 - 550</td>
<td>4</td>
<td>The organisation demonstrates effective, systematic approaches to the overall requirements of the Items, but deployment may vary in some areas or work units. Fact-based evaluation and improvement address the efficient and effectiveness of key processes. Results address key customer/stakeholder, market, and process requirements, and they demonstrate some areas of strength and/or good performance.</td>
</tr>
<tr>
<td>551 - 650</td>
<td>5</td>
<td>The organisation demonstrates effective, systematic approaches responsive to the overall requirements of the Items and to key organisational needs, with a fact-based, systematic evaluation and improvement process resulting in overall organisational learning. There are no major gaps in deployment. Improvement trends and/or good performance are reported for most areas of importance. Results address most key customer/stakeholder, market and process requirements and demonstrate area of strength.</td>
</tr>
<tr>
<td>651 - 750</td>
<td>6</td>
<td>The organisation demonstrates refined approaches, including key measures, good deployment, and very good results in most Areas. Organisational alignment, learning, and sharing are key management tools. Some outstanding activities and results address key customer/stakeholder, market, process, and action plan requirements. The organisation is an industry* leader in some Areas.</td>
</tr>
<tr>
<td>751 - 875</td>
<td>7</td>
<td>The organisation demonstrates refined approaches, innovation, excellent deployment, and good to excellent performance improvement and levels in most Areas. Good to excellent integration and alignment are evident, with organisational analysis, learning, and sharing of best practices as key management strategies. Industry leadership and some benchmark leadership are demonstrated in results that address most key customer/stakeholder, market, process, and action plan requirements.</td>
</tr>
<tr>
<td>876 - 1000</td>
<td>8</td>
<td>The organisation demonstrates outstanding approaches, innovation, full deployment, and excellent and sustained performance results. Excellent integration and alignment are evident, and organisational analysis, learning, and sharing of best practices are pervasive. National and world leadership is demonstrated in results that fully address key customer/stakeholder, market, process, and action plan requirement.</td>
</tr>
</tbody>
</table>

* Industry refers to other organisations performing substantially the same functions, thereby facilitating direct comparisons.