

The EFQM Model

2025



ITQM

Institute for
Total Quality Management
Switzerland



www.itqm.swiss

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About EFQM

Driving sustainable performance together

For over 35 years, EFQM has fostered positive change, guiding over 50,000 organisations on their unique paths. Today's definition of success demands more than just results; it requires a commitment to a sustainable future for all.

EFQM's framework - The EFQM Model, EFQM's Learning Pathways and AssessBase - empowers organisations to navigate their journey towards sustainable performance through transformation and continuous improvement.

We transcend best practices, helping organisations understand their strengths, identify areas for improvement, and align their actions with environmental, social, and economic goals.

We believe in collaborative impact. Through integrated training and services, we partner with leaders and their teams, equipping them to drive cultural change and lead the charge in sustainable transformation.

Our mission: To empower organisations to achieve lasting impact, build a more sustainable future, and deliver meaningful benefits for all stakeholders.

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A message from our CEO



Russell Longmuir
Chief Executive Officer,
EFQM

It's been five years since the launch of The EFQM Model 2020. Against the backdrop of the COVID-19 pandemic, a global supply chain crisis, and high inflation worldwide, organisations have found that achieving consistent results has been challenging.

Our data from the last five years of analysing and observing organisations tells us that businesses across the world and from all sectors struggle with two key challenges: implementing sustainable, continuous improvement and understanding their ecosystems to identify and nurture relationships with key stakeholders. EFQM offers proven best practices, data, and methods to help organisations overcome these two major issues.

Our insights have repeatedly underpinned the central ethos of The EFQM Model: organisations must set a direction underpinned by clarity of purpose, culture, and strategy. They must execute this roadmap to create value for their stakeholders while remaining agile, adapting to changing environments, and transforming technologies. Lastly, organisations should deliver results that meet the needs and perceptions of their stakeholders in a sustainable way.

This refreshed EFQM Model 2025 focuses on the needs of organisations to create a clear purpose, foster trust, and understand the benefits of long-term sustainability. The EFQM Model continues to be used from Columbia to New Zealand and all countries and regions in between. It provides a unique approach, used by thousands of organisations, to allow leaders to reflect on their organisation's current performance whilst building the foundations for achieving their vision. The EFQM Model provides guidance, approaches, best practices and unique measured data insights to help create a sustainable future.

EFQM remains steadfast in its purpose to help organisations continually improve, a mission that ultimately leads to better lives for their people and more prosperous communities.

Welcome to The EFQM Model 2025.

A handwritten signature in black ink, appearing to read 'R Longmuir', with a stylized, flowing script.

Russell Longmuir
Chief Executive Officer, EFQM

Overall Summary of the Key Changes to the EFQM Model 2025

Evolving to empower your sustainable future

The concept of Sustainable value vs. Sustainability has been clarified, and Sustainable Performance Improvement is now at the centre of The EFQM Model. Sustainable value means ensuring the organisation's long-term viability and continuing high performance. This durability is at the core of its direction, execution, and results. However, this long-term viability and economic success must be delivered whilst ensuring environmental and social sustainability is a primary focus, as measured by external benchmarks and an organisation's adherence to laws and directives.

As would be expected in our current world, more importance is placed on the concept of Technology Leadership (such as AI), which is seen as the ability to effectively leverage technology to achieve strategic goals, drive innovation and sustainability, and create value linked to the strategy both inside and outside of the organisation boundaries.

Direction

- The Leadership aspect has been reinforced with new references to commitment to purpose, role modelling culture and values, behaviours supporting change, removing barriers to change and enabling and envisioning creativity and innovation.
- Positive impact is introduced next to purpose to replace “force for good.”

Execution

- With the growth of remote, hybrid, and AR work, new work practices and environments that respond to the adapting expectations of today’s and tomorrow’s workforce are becoming an important topic.
- Supply chain resilience, business continuity, and future foresight programs are introduced as important practices to manage.

Results

- Introduction of clear segmentation across strategic and operational results.
- The new Model has introduced four categories across which strategic and operational performance should be measured. The four categories are presented with a wide range of practical examples.
 - Fulfilment of stakeholders’ expectations and contribution
 - Economics and financials
 - Performance and transformation
 - Sustainability

RADAR

- The overall structure of RADAR, the scoring rationale and the RADAR master rules have remained the same. The main difference is the reduction of RADAR matrices. There are now two RADAR matrices (one for Direction and Execution and one for Results) instead of three.

1 Introducing The EFQM Model

1.1 Guiding Principles that shaped The EFQM Model



The EFQM Model not only remains relevant but continues to set the management agenda for any organisation wanting a long term, sustainable future.

The EFQM Model, a globally recognised framework that supports organisations in managing change and improving performance, has experienced a number of improvement cycles over the years to make sure that it not only remains relevant but continues to set the management agenda for any organisation wanting a long term, sustainable future.

Whilst the specific content and visual identity of The EFQM Model may have changed over time, what has not changed are the underlying principles on which it is based. Regardless of the size of the organisation or whether it is public, private or third sector, these principles are as important today as they have ever been, and this latest edition of The EFQM Model is no different in continuing to stress the importance of:

- The primacy of the customer
- The need to take a long term, stakeholder centric view
- Understanding the cause and effect linkages between why an organisation does something, how it does it and what it achieves as a consequence of its actions.

Given that the birthplace of the Foundation is Europe, it is not surprising to find that this most recent update of The EFQM Model, like its predecessors, acknowledges the existence of a set of European Values, best expressed in:

- The EU Charter of Fundamental Rights
- The European Convention on Human Rights
- The European Union Directive 2000/78/EC
- The European Social Charter.

The Foundation also recognises the role that organisations can play in supporting the goals of the United Nations and these goals have also helped to shape this latest edition of The EFQM Model:

- The United Nations 17 Sustainable Development Goals are a call for action by all countries to promote social equity, sound governance and prosperity while protecting the planet.

There is an assumption and expectation that any organisation using The EFQM Model will respect and act upon the essence of the messages contained in the above, regardless of whether it is legally obliged to do so or not.



www.un.org/sustainabledevelopment/sustainable-development-goals/

1 Introducing The EFQM Model

1.2 Use Cases

We know The EFQM Model is used and consumed by organisations for several different aims and purposes. In this section, based on the information we have gathered from experienced practitioners, you will gain an insight into the alternative uses of The EFQM Model that have been, and continue to be implemented.



Understanding Organisational Maturity

Using The EFQM Model and RADAR, organisations review their current performance, capabilities, effectiveness of their Strategy execution and sustainable value creation. Using The EFQM Model in this mode allows any organisation to take a snapshot of, and understand, its current organisational maturity.



Undergoing external assessment and achieving Recognition

Organisations use The EFQM Model to prepare for and then undergo an external assessment linked to EFQM's Recognition portfolio. Using The EFQM Model, qualified EFQM Assessors review the current business of an EFQM Recognition applicant, identify their main strengths and gaps, and provide it with other relevant insights. Organisations are scored out of 1000 points according to their externally reviewed level of organisational maturity and receive a Recognition certificate that matches the maturity level achieved.



Driving transformation programmes

There will be many reasons for an organisation wanting to undertake a transformation programme. Still, regardless of the reasons, The EFQM Model and RADAR has a role to play in designing, implementing and managing the effectiveness of that programme. The EFQM Model and RADAR help break down the transformation programme into several defined approaches and expected results that move the organisation from the "As Is" to the desired "To Be" state, managing the transformation as a red thread across the Criteria of The EFQM Model.



Building Organisational Capability for Improvement

Baselining current performance can represent the start of the journey for any organisation to establish and then develop a continuous improvement mindset over a period of time, reinforced by regular checkpoints to monitor progress. The EFQM Model and AssessBase provide any organisation with the capability to develop the desired continuous improvement mindset.



Building a new business

In those situations where a new business is being established, be it large or an SME, the fundamentals on which The EFQM Model is based provides the new organisation with a road map for introducing what matters most in building a Key Stakeholder-driven Strategy that Creates Sustainable Value.



Sensing and acting upon the impact of market disruption

Although disruption in the market has been an ever-present fact of life for organisations to deal with in the past, today, the speed and diversity of the disruption is an ever-increasing reality. Being able to sense and respond to the potential impact of major disruptions in the market by putting in place prioritised, mitigating actions is a core competence that organisations need to possess if they are to continue to be successful. The use of The EFQM Model and RADAR, regardless of the size or maturity of organisations, has been shown to have a major role in helping them to better sense and respond to these market disruptions.



Benchmarking Performance

Thanks to its simple structure and the fact that 50,000 organisations worldwide use it, The EFQM Model offers users a common language, regardless of size or sector, that acts as a facilitator for sharing good practices and the potential to learn from peers and best in class organisations. The starting point in such a benchmarking exercise is to use The EFQM Model and RADAR to build an “As is” picture to understand where the organisation stands compared to its marketplace, and beyond, before searching for benchmarking partners.



Managing Corporate Actions

Applying The EFQM Model, RADAR, and EFQM diagnostic tools together gives any organisation a resource capable of supporting the management of key corporate events such as mergers or demergers or the sale and purchase of businesses. For example, in one mode of use, these tools can provide a baseline assessment of the target business to establish its fit, or otherwise, with an existing corporate structure, assistance with due diligence on acquisitions and gap analysis for integration or disposal plans. In the second mode of use, these tools can help the organisation envision the future, expressed in the context of the Model Criteria, as a consequence of such corporate actions.



Managing Risks – Building Resilience

Using The EFQM Model enables organisations to build their resilience when managing those emerging risks that have been identified with the potential to cause a significant, negative impact on the business. Having identified which of those significant risks require priority attention, RADAR can be used to develop and monitor the mitigation plans and subsequent actions, helping to protect the business by ensuring the risk has been reduced or controlled, and resilience is further embedded.



Qualifying the capability and “fit” of your suppliers

Organisations are using The EFQM Model and RADAR to complement their existing procurement and funding processes, using them to baseline, accredit and track the improvement of suppliers’ and funding recipients’ capabilities and performances.



Creating and improving your sustainability plans

Organisations have used The EFQM Model to assess and develop their sustainability performance for over 30 years. Using the Model can help to create an ESG or Sustainability Report for Stakeholders, an assessment of current performance, and a plan for change and improvement. EFQM promotes every aspect of sustainability, embedding within its accreditation method every organisation’s response to sustainability laws and directives, its social purpose, and its alignment with the UNSDGs. Throughout its history, EFQM has advocated that every organisation plays a role in promoting more expansive and purposeful goals than solely shareholder return so that organisations bring benefits to communities and our wider society.

1 Introducing The EFQM Model

1.3 The EFQM Model: Concept & Structure

The strategic nature of The EFQM Model, combined with its focus on operational performance and a results orientation, makes it the ideal framework for testing the coherence and alignment of an organisation's ambitions for the future, referenced against its current ways of working and its responses to challenges and pain-points.



Using it provides the opportunity to see the whole, to take the holistic perspective and appreciate that an organisation is a complex but, at the same time, an organised system. Just like the world at large, an organisation should not be seen as linear, mechanical and predictable, rather it is far better understood as a complex adaptive system, made up of interdependent humans in a dynamic living world.

Any organisation using The EFQM Model:

- Recognises that it does not operate in a vacuum. It understands that it is part of a larger, complex ecosystem in which other players, known and unknown, can help or hinder its progress and that it is in its own interest to engage with and maximise the opportunity to learn and grow from others within its ecosystem.
- Accepts the opportunity to act as a Leader in its sphere of influence, behaving as an inspiration to others and demonstrating what can be achieved for the benefit of others as well as itself.
- Understands that it will face ever-increasing speeds and volumes of change and that it must be prepared to anticipate, address and respond appropriately, embracing the challenge of managing for today, and at the same time, forecasting the future and making sure it is prepared for it.

The EFQM Model structure is based on the simple but powerful logic of asking three questions:

- **“Why”** does this organisation exist? What Purpose does it fulfil? Why this particular Strategy? (Direction).
- **“How”** does it intend to deliver on its Purpose and its Strategy? (Execution).
- **“What”** has it actually achieved to date? **“What”** does it intend to achieve tomorrow? (Results).

Central to the rationale of The EFQM Model, the “red thread”, is the connection between the Purpose and Strategy of an organisation and how that is used to help it Create Sustainable Value for its most important.

1 Introducing The EFQM Model

1.4 Case Studies

Read first hand how The EFQM Model helped drive improvements with these leading companies.

Case Study

Abu Dhabi Police

Transformation into a Stakeholder-Centric Organisation



“The EFQM Model helps us address current and future policing challenges in an innovative and integrated manner that takes into account world-leading practices.”

Major General Eng Nasser S Al Yabhouni,
Abu Dhabi Police, United Arab Emirates

For the full case study visit
efqm.org/case-studies/abu-dhabi-police/

Case Study

VAMED-KMB

Delivering their purpose with EFQM



“We are convinced that working with The EFQM Model is a huge contributor to our success”

Kai Ostermann, Managing Director,
VAMED-KMB, Austria

For the full case study visit
efqm.org/case-studies/vamed-kmb/

Case Study

The Real Madrid Foundation

Championing Excellence
with The EFQM Model



**“Real Madrid” means we have to start
from a culture of excellence”**

Julio González Ronco, Managing Director,
Fundacion Real Madrid, Spain

For the full case study visit
efqm.org/case-studies/fundacion-real-madrid

Case Study

Sabanci Group

Helping holding groups achieve
their full potential



**“By doing it ourselves we could
start with a clear direction from the
Executive Committee. We can ensure
we’re aligned every step of the way.
We can be totally honest with each
other. And we can be faster.”**

Yeliz Erinckan, Strategy and Business Development
Director, Sabanci Group, Turkey

For the full case study visit
efqm.org/case-studies/sabanci-group/

Direction

Positioning statement

Sustainable performance is achieved by an organisation setting out and executing, clearly and purposely, its strategy and then continually delivering outstanding results that meet or exceed the expectations of its key stakeholders.

An organisation:

- Defines an inspiring purpose and an aspirational vision
- Determines who the key stakeholders are and understands their impacts on sustainable value
- Develops a strategy that delivers on purpose and vision and sets the stage for creating sustainable value
- Builds a winning culture that supports change, transformation, innovation, growth, and engagement
- Nurtures role model that inspires others

This direction setting prepares leadership the way forward for the organisation to be seen as a role model in its ecosystem and well-positioned to execute its plans.



2 The EFQM Model DIRECTION

Criterion 1

Purpose, Vision & Strategy

Positioning statement

Sustainable performance is achieved by defining a purpose that inspires, an aspirational vision, and a strategy that lays pathway upon which an organisation can deliver outstanding results.

An organisation needs to define a foundation based on purpose and vision. Anticipating trends, identifying opportunities and challenges in the ecosystem, and understanding the needs and expectations of key stakeholders form the basis for developing and updating the strategy.

Setting up performance management and governance systems is key to driving strategy execution.

The Purpose of the organisation:

- Explains why its work is the fundamental reason for an organisation's existence
- Sets the scene for it to create and deliver sustained value for its stakeholders
- Provides a framework in which it takes responsibility for contributing to and impacting the ecosystem in which it operates

The Vision of the organisation:

- Describes what the organisation is attempting to achieve in the long-term
- Intends to serve as a clear guide to execute on current and future courses of action
- Provides the basis for setting the strategy, along with the organisation's purpose

The Strategy of the organisation:

- Describes how it intends to fulfil its purpose
- Defines its plans and activities to achieve short and long-term priorities and results and move closer to its vision
- Shapes the organisation to thrive in its ecosystem

In practice, an organisation that demonstrates sustainable performance:

- 1.1 Defines Purpose & Vision
- 1.2 Understands the Ecosystem, its Own Capabilities & Major Challenges
- 1.3 Identifies & Understands the Needs of Key Stakeholders
- 1.4 Develops & Adapts Strategy
- 1.5 Designs & Implements a Performance Management & Governance System

1.1 Defines Purpose & Vision

In practice, we find that an outstanding organisation that demonstrates sustainable performance:

- Understands the importance of its purpose and positively impacts its ecosystem
- Provides appeal and inspiration for all its key stakeholders
- Demonstrates and champions leadership commitment to the purpose through words and actions, fostering trust, authenticity, and credibility
- Uses its purpose to create an aspirational vision that resonates with its key stakeholders
- Involves its key stakeholders, when and as appropriate, in defining and shaping its purpose and vision
- Identifies where outstanding and sustainable performance levels must be achieved to fulfil the vision

Note: Some organisations might choose to have a mission in addition to or instead of a purpose.

2 The EFQM Model DIRECTION

1.2 Understands its Ecosystem, its Own Capabilities & Major Challenges

In practice, we find that an outstanding organisation that demonstrates sustainable performance:

- Identifies its ecosystem that will reflect its relevant megatrends, the arena in which it operates and its various stakeholders
- Analyses and understands the ecosystem, the impact of any changes, and can swiftly identify any current or future challenges
- Investigates, understands, and responds to current and future marketplace dynamics and competitive situations and their potential impact on the organisation's purpose, vision, and strategy
- Researches, understands, and responds to the importance and impact of the United Nations Sustainable Development Goals for the organisation
- Understands its current and potential capabilities and how they impact on the organisation's purpose, vision, strategy, and results
- Analyses different scenarios and responds appropriately to any impacts these may have on the organisation's purpose, vision, strategy, and results

1.3 Identifies & Understands the Needs of Key Stakeholders

In practice, we find that an outstanding organisation that demonstrates sustainable performance:

- Prioritises the key stakeholders within its ecosystem that will have an impact on the strategy of the organisation
- Understands and anticipates how the competitive landscape can change as new players enter the ecosystem and become key stakeholders
- Identifies and understands the categories within each of its key stakeholder groups
- Identifies key stakeholder needs and expectations, considering them within the context of the organisation's own purpose, vision, and strategy
- Analyses the factors that influence the behaviours, relationships and decision-making of key stakeholders and their impact
- Understands key stakeholder competencies and strategies and how these could affect the company's purpose, vision, strategy, and business model
- Understands the impact of key stakeholders and their contribution to the organisation's value creation

1.4 Develops & Adapts Strategy

In practice, we find that an outstanding organisation that demonstrates sustainable performance:

- Develops strategy and a set of strategic priorities, opportunities and plans that directly respond to its analysis of the ecosystem, its capabilities, and the needs and expectations of the key stakeholders
- Translates strategy and strategic priorities into performance targets and initiatives that enable successful value creation today and in the future
- Allocates appropriate resources to support the execution of the organisation's strategy
- Reflects and abides by the requirements of the multitude of environmental, social, sustainability and governance initiatives, regulations, best practices, and directives
- Engages key stakeholders in defining, executing, communicating, and adapting the strategy
- Ensures that its business model aligns with its purpose, vision, and strategy
- Defines its approach in reviewing and updating its strategy, reflecting the speed and breadth of change in the ecosystem, and anticipating, identifying, and managing strategic risks

1.5 Designs & Implements a Performance Management & Governance System

In practice, we find that an outstanding organisation that demonstrates sustainable performance:

- Designs and establishes a performance management system that builds on purpose, vision and strategy and drives their execution
- Ensures that the organisation's performance management system is integrated into the organisation's ways of working across all relevant levels to enable transparency, accountability, and timely decision-making
- Encourages and designs regular performance reviews in line with the performance management system
- Implements a governance structure that enables key stakeholders to contribute to strategy execution and decision-making
- Defines clear accountabilities that ensure adequate oversight, compliance, and strategic direction
- Understands, complies with and, as appropriate, exceeds relevant government, legal and regulatory requirements
- Understands sustainability principles and requirements and integrates them into performance management and governance systems

2 The EFQM Model DIRECTION

Criterion 2

Organisational Culture & Leadership

Positioning statement

Organisational culture is characterised by visible artefacts, shared values, and norms, and beliefs that influence how people behave both inside and outside of the organisation.

In an organisation that demonstrates sustainable performance, leadership is a set of behaviours, not just a role. Leadership behaviours are evident across all levels and parts of the organisation. A leader and wider leadership behaviours inspire and unite others, reinforce, and adapt the values and norms when necessary, and help to steer organisational culture.

Organisational culture and leadership prepare the ground for the successful execution of strategy, of engagement with key stakeholders and for driving performance and transformation.

As part of the overall organisational culture and leadership, supporting and implementing change, and enabling creativity and innovation are specific focus areas of organisations that demonstrate sustainable performance.

Winning the hearts and minds of key stakeholders and gaining followership is a prerequisite for successfully executing the purpose, vision, and strategy.

Therefore, an organisation that aspires to be recognised for sustainable performance:

- 2.1 Steers the Organisation's Culture & Nurtures its Core Values
- 2.2 Creates the Conditions for Realising Change
- 2.3 Enables Creativity & Innovation
- 2.4 Unites & Engages Key Stakeholders with its Purpose, Vision & Strategy

2.1 Steers the Organisation's Culture & Nurtures its Core Values

In practice, we find that an organisation that demonstrates sustainable performance:

- Defines its desired culture to fulfil its purpose and vision and to execute its strategy
- Continuously evaluates and understands its culture to ensure it is in line with or adapting to its desired state
- Nurtures its values and translates these into desired norms and behaviours that are promoted, communicated, and clearly demonstrated through words and actions
- Reflects and adapts to new ways of working and the changing requirements of people and leaders
- Develops and role models a set of leadership behaviours that support the organisation's culture and desired values
- Involves and empowers its people in understanding, defining, developing, and regularly reviewing its culture
- Demonstrates the desired behaviours for acting ethically and sustainably with integrity and a social conscience, ensuring its people demonstrate these behaviours in their actions
- Aligns appraisal, development, recognition, and reward systems with its values to steer the organisation towards its desired culture whilst regularly, recognising success

2 The EFQM Model DIRECTION

2.2 Creates the Conditions for Realising Change

In practice, we find that an organisation that demonstrates sustainable performance:

- Both determines the pace of change and demonstrates the benefits of change in achieving its goals for key stakeholders
- Communicates to relevant key stakeholders the reasons, benefits, and objectives of change, as well as the approach to change
- Nurtures leadership behaviours that put change and agility as core
- Listens to and responds to key stakeholders when there is desire and reason to change current norms
- Ensures psychological safety across the organisation, builds a “no-blame” culture and encourages innovation and learning through well-intentioned failure
- Facilitates a spirit of learning, continuous improvement, agility, transformation, and creativity to better execute strategy
- Reflects upon and learns from previous experiences, and experiences of other organisations both inside and outside of its eco-system
- Establishes a culture of feedback that supports people’s learning, driving change as well as in personal development and growth

2.3 Enables Creativity & Innovation

In practice, we find that an organisation that demonstrates sustainable performance:

- Sets ambitious goals and targets that encourage creative, innovative, and disruptive thinking and support its purpose, vision, and strategy
- Ensures a leadership approach that enables and envisions creativity and innovation and removes barriers to change
- Enables a culture where creativity, innovation and disruptive thinking are encouraged, rewarded, and recognised and where lessons are quickly learned and shared
- Develops an environment where diversity of people, experience, thinking, skills and culture and cross-functional collaboration contribute to creativity and innovation
- Provides the right tools, resources, skills and expertise to effect improvement and foster innovation
- Engages in learning, benchmarking, and collaboration activities to identify and share opportunities for creativity, innovation, and disruptive thinking within and beyond its ecosystem

2.4 Unites & Engages Key Stakeholders with its Purpose, Vision & Strategy

In practice, we find that an organisation that demonstrates sustainable performance:

- Ensures it unites and engages all relevant key stakeholders in its purpose, vision, and strategy to create a relationship based on openness, trust, confidence, and commitment
- Demonstrates compelling approach, communicating, and visualising its progress in achieving its purpose, vision, and strategy
- Ensures key stakeholders are aware of and engaged with its purpose, vision, and strategy
- Conveys the meaning and impact, and ensures the understanding, of its purpose, vision, and strategy to the entire organisation
- Conveys to external key stakeholders the impact and relevance of their contributions to the purpose, vision, and strategy, ensuring their understanding and, where possible, their engagement
- Encourages, enables, and acts on honest feedback on its purpose, vision, and strategy
- Recognises, celebrates, and shares with key stakeholders' moments of success to reinforce desired behaviours

2 The EFQM Model

Execution

Positioning statement

The direction setting prepares the way forward for the organisation, and then it needs to execute its strategy effectively and efficiently, ensuring that it:

- Engages fully with its key stakeholders
- Creates value for its key stakeholders in a sustainable and agreed way
- Drives the performance necessary for success today and, at the same time, drives the necessary improvement and change and transformation to be successful in the future

2 The EFQM Model EXECUTION

Criterion 3

Engaging Stakeholders

Positioning statement

In criterion 1, an organisation's purpose, vision, and strategy are linked with identifying and understanding stakeholder needs within the context of its ecosystem.

There is also a clear linkage between how an organisation engages with its stakeholders (criterion 3) and the perceptions of its performance by the stakeholder groups (criterion 6) that it serves.

Value creation is covered in criterion 4 for customers and future customers; for all other key stakeholders, engaging them entails delivering value according to their needs and expectations.

It is clearly unrealistic to be able to meet the expectations of all key stakeholders all the time. The focus for organisations is to balance the needs of each stakeholder group to ensure that no one group dominates the organisation's attentions and value creation. It is to manage the competing interests to ensure the purpose, vision, and strategy are achieved in a sustainable way.

There is similarity in applying the following principles when engaging with the different key stakeholders.

An organisation that demonstrates sustainable performance:

- Identifies the operational needs and expectations for the specific types and categories within each of its key stakeholder groups
- Uses its understanding of key stakeholder's needs and expectations to achieve continued engagement
- Involves key stakeholders in executing its strategy and creating sustainable value and recognises their contributions
- Builds, maintains, and further develops relationships with key stakeholders based on transparency, accountability, ethical behaviour, and trust
- Supports and enables key stakeholders to further improve their competencies, capabilities, and performance where possible, providing it is in line with achieving the goals of the organisation
- Works with its key stakeholders to draw inspiration from and contribute to the success of the United Nations Sustainable Development Goals
- Actively gathers the perceptions of its key stakeholders

2 The EFQM Model EXECUTION

In practice, we find that an organisation that demonstrates sustainable performance will include the following groups in the classification of its key stakeholders:

- 3.1 Customers: Builds Sustainable Relationships
- 3.2 People: Attracts, Engages, Develops & Retains
- 3.3 Business & Governing Stakeholders – Secures & Sustains Ongoing Support
- 3.4 Society: Contributes to Development, Wellbeing & Prosperity
- 3.5 Partners & Suppliers: Builds Relationships & Ensures Support for Creating Sustainable Value

Because we live in an ever more dynamic and changing world, we need flexibility when assessing and scoring how an organisation engages with its key stakeholders.

Similarly, because there is a clear linkage between criterion 3 and criterion 6, we need the same flexibility in assessing and scoring the perception results.

To facilitate this flexibility in assessing and scoring in both criterion 3 and criterion 6, a weighting factor is applied for each of five identified stakeholder groups. This weighting factor is mirrored between criterion 3 and 6.

The exact value of the weighting factor to be applied for each of the criterion parts within C3 and C6 will be the decision of the organisation, but it must comply with the minimum and maximum weighting rules for the five stakeholder groups as shown below:

- None of the five recognised stakeholder groups can be scored below 10% of the maximum number of points available
- None of the five recognised stakeholder groups can be scored above 40% of the maximum number of points available
- Between the lower threshold of 10% and the upper threshold of 40%, organisations can decide on using weighting factors in 5% bandwidths

3.1 Customers – Builds Sustainable Relationships

These are the recipients of the organisation's products, services, and solutions. These may include:

- Direct and indirect customers
- Users and other persons involved in the different touchpoints of a customer journey
- Persons or groups involved in buying decisions

In practice, we find that an organisation that demonstrates sustainable performance:

- Further segments its current and potential customers based on defined criteria (e.g., needs and expectations, buying and user behaviour, social characteristics) to tailor specific engagement strategies
- Understands the communication and contact needs of the different customer segments
- Establishes various communication channels that make it easy for customers to interact, give feedback on their experiences and for the organisation to react quickly, appropriately, and transparently
- Maintains a positive relationship through appropriate personal contacts and by use of new technology with its customers
- Ensures competencies are in place for both the organisation and customers to maintain an ongoing relationship
- Ensures that information on the customers is kept up-to-date and available for managing customer relationships
- Creates and manages communities where customers can connect, share experiences, and provide support to each other

3.2 People – Attracts, Engages, Develops & Retains

These are the individuals or groups of people that the organisation employs.

In practice, we find that an organisation that demonstrates sustainable performance:

- Develops a people strategy that supports the overall strategy and goals of the organisation for current and future challenges
- Establishes an employer of choice brand that will help to attract and recruit people in line with its current and future needs
- Understands, designs, and implements new work practices and environments that reflects the adapting expectations of the current and future workforce whilst aligning to the need to achieve the goals and strategy of the organisation
- Creates an environment and establishes approaches that foster the different dimensions of diversity, inclusion, equity, and sense of belonging, where people can thrive
- Enables its people—based on purpose, vision, and strategy—to understand the need for change, further develop their knowledge and capabilities, and personally grow
- Ensures its people are proactively guided, rewarded, recognised, and cared for

2 The EFQM Model EXECUTION

3.3 Business & Governing Stakeholders – Secures & Sustains Ongoing Support

These are the individuals or groups to whom the organisation is accountable to, for its fiscal, legal, ethical, and other responsible management requirements:

- Business stakeholders can include owners, investors and funding and financing organisations
- Governing stakeholders can include government institutions, statutory and regulatory bodies, public authorities, or other institutions with governing functions

In practice, we find that an organisation that demonstrates sustainable performance:

- Identifies the engagement, cooperation and communication needs and expectations of the key business and governing stakeholders
- Involves key business and governing stakeholders in developing its improvement and transformation ambitions and overall strategic direction
- Makes sure the relationships established with key business and governing stakeholders are mutually beneficial
- Makes itself transparent and accountable to this key stakeholder group, continually establishing and maintaining high levels of trust and transparency
- Involves and cooperates with key business and governing stakeholders to support transformation and foster sustainability

3.4 Society – Contributes to Development, Wellbeing & Prosperity

These are the individuals or groups outside the organisation that represent the immediate community or the wider society.

In practice, we find that an organisation that demonstrates sustainable performance:

- Develops and promotes plans and activities that positively contribute to society using the UNSDGs as the basis
- Establishes, develops, and maintains a relationship with the key stakeholders in its society, leading to mutual benefit for both the organisation and its society
- Implements initiatives and allocates resources to ensure its positive contribution to society and promotes and supports employees' involvement in volunteering activities
- Uses communication channels that make it easy for society to interact and give feedback on their experiences and for the organisation to react quickly and appropriately
- Makes itself transparent and accountable to this key stakeholder group and establishes and maintains an elevated level of trust, reflecting relevant reporting requirements
- Identifies, recognises, and promotes role models from within the organisation and its ecosystem that are leading the way to a more sustainable future for everyone
- Understands the need for sustainability to be at the core of its behaviours, cultures, practices, operations, and impact on people, society, and the environment in executing its strategy, purpose, and vision

3.5 Partners & Suppliers – Builds Relationships & Ensures Support for Creating Sustainable Value

These are the external parties that the organisation chooses to work with to fulfil its purpose, achieve the vision, deliver the strategy, and reach shared objectives that benefit both parties.

In practice, we find that an organisation that demonstrates sustainable performance:

- Selects and qualifies its current and potential key partners and suppliers per its purpose, vision, and strategy
- Segments its key partners and suppliers according to their specific operational needs and expectations
- Ensures its key partners and suppliers act in line with the organisation's strategy and that mutual transparency, integrity, and accountability in the relationship is established and enhanced
- Builds a trusting relationship with its key partners and suppliers to support the objective of creating sustainable value
- Collaborates with its key partners and suppliers to leverage the culture and expertise of both parties to achieve mutual benefit and to improve capabilities and performances jointly
- Fosters ethical sourcing and sustainability principles across its partners and suppliers
- Evaluates the effectiveness of its partnerships and suppliers, provide two-way constructive feedback, and celebrate joint successes

2 The EFQM Model EXECUTION

Criterion 4

Creating Sustainable Value

Positioning statement

An organisation that demonstrates sustainable performance recognises that creating sustainable value is vital for its long-term success and financial strength. Sustainable value means both ensure the long-term viability and performance of the organisation but also ensure that sustainability is at the core of its direction, execution, and results. In other words, it must create economic sustainability for the organisation while at the same time ensuring environmental and social sustainability.

It continuously develops, improves, re-invents, and delivers sustainable value.

It communicates the value created and provides a target experience working with the organisation.

The organisation's purpose and strategy define for whom the organisation creates sustainable value. In most cases, customers, segmented appropriately, are the target group for creating sustainable value, although organisations might also focus on selected key stakeholders within their society or business and governing stakeholder segments.

An organisation that demonstrates sustainable performance acknowledges that customers, and future customers' needs may change over time and that it is important to collect and analyse feedback to improve or change their products, services, or solutions.

The different elements of creating sustainable value are shown below in a step-by-step sequence. It is recognised that an organisation's plans for today and the future may well run in parallel or overlap at times, depending on the nature of the organisation's business.

Therefore, an organisation that demonstrates creating sustainable value:

- 4.1 Defines the Value & How it is Created
- 4.2 Communicates & Sells the Value
- 4.3 Delivers the Value
- 4.4 Defines & Implements the Overall Experience

4.1 Defines the Value & How it is Created

In practice, we find that an organisation that demonstrates sustainable performance:

- Understands the benefits of its value for the customers and future customers and what differentiates it from others, including its competitors, and makes these differentiators an integral part of the value it creates
- Uses quantitative and qualitative market research, (customer) surveys and other forms of feedback, as well as insights, to develop and improve its value proposition and value creation
- Develops a portfolio of its products, services, and solutions that align with its purpose and the current and future needs of existing and future customers
- Reflects and integrates requirements concerning social and ecological sustainability, including circular and regenerative economy principles, as well as ethical behaviour in its approach to define value
- Uses innovation and technology, such as artificial intelligence and data analytics, where applicable, to identify new opportunities and enhance value creation
- Involves its key stakeholders in the development process to (co-) create and maximise value

2 The EFQM Model EXECUTION

4.2 Communicates & Sells the Value

In practice, we find that an organisation that demonstrates sustainable performance:

- Articulates the differentiators or USPs (unique selling points), benefits and value propositions into attractive and engaging messages communicated to existing and future customers
- Uses up-to-date and innovative strategies and approaches for current customers and to create new markets and opportunities to gain new customers
- Ensures consistency in marketing and communication in line with its purpose and based on desired brand and organisational image
- Leverages the power of networking and influencing in the online and offline worlds, responsibly, to increase the organisation's positive image, differentiators, benefits, and value proposition
- Encourages its people to act as ambassadors for its value proposition, benefits, and brand
- Makes it easy for all its customers and future customers to work with the organisation by offering support, both before and after they decide to do business, thus facilitating the successful selling of the value proposition

4.3 Delivers the Value

In practice, we find that an organisation that demonstrates sustainable performance:

- Implements effective and efficient ways to create value, ensuring it can consistently deliver on its purpose, strategy, and value propositions
- Builds its value delivery approach in a way that enables it to react quickly and flexibly to changing demands and circumstances without compromising on its purpose, strategy, brand, and image
- Delivers sustainable value, as promised, through its portfolio of products, services, and solutions and by meeting or exceeding the needs and expectations of its customers and future customers
- Delivers its products, services, and solutions to minimise or avoid negative social and environmental impact, including understanding its environmental footprint
- Uses new developments, innovations, artificial intelligence, and digital technologies, when applicable, to manage end-to-end value delivery
- Manages its supply chain to ensure that the demands of customers and future customers can be fulfilled or actively managed when required

4.4 Defines & Implements the Overall Experience

In practice, we find that an organisation that demonstrates sustainable performance:

- Uses insights about the current and future customers for defining and implementing the overall experience of working with the organisation
- Maintains a positive relationship with its customers during all stages of creating sustainable value
- Puts in place a consistent, seamless, and effective progression through the different phases of value creation, incorporating relevant measures at appropriate touchpoints in this journey
- Takes advantage of opportunities to personalise the overall experience for its customers and future customers and the specific products, services, and solutions
- Makes sure its people have the necessary resources, competencies, and empowerment to maximise the overall experience for its customers and future customers and live up to the brand promise
- Informs, advises, and trains customers on the responsible use of its products, services, and solutions
- Enables efficient and fast customer support and issue resolution to ensure customer retention
- Designs, implements, and uses timely feedback systems to improve both the different phases of value creation and the organisation's products, services, and solutions

2 The EFQM Model EXECUTION

Criterion 5

Driving Performance & Transformation

Positioning statement

Now and in the future, an organisation needs to meet important requirements to become and remain successful.

On the one hand, it needs to continue successfully managing the delivery of its current business operations. ("driving performance")

On the other hand, constant changes inside and outside the organisation must be managed in parallel to remain successful. ("driving transformation")

The combination of driving performance and transformation confirms the organisation's need to deliver for today while preparing for the future.

Major elements enabling performance and transformation are innovation and technology, the ever-increasing importance of data, information, and knowledge, and the focused use of critical assets and resources.

Therefore, an organisation that demonstrates driving performance and transformation:

5.1 Drives Performance

5.2 Transforms the Organisation for the Future

5.3 Drives Innovation & Technology

5.4 Leverages Data-Driven Insights & Knowledge

5.5 Manages Assets & Resources

5.1 Drives Performance

In practice, we find that an organisation that demonstrates sustainable performance:

- Evaluates, analyses, and prioritises insights generated by the performance management system
- Uses the performance management system to monitor progress and guide informed, effective, responsive, and fact-based improvement priorities, plans, and actions
- Manages and improves processes across the organisation
- Manages and improves individual projects and their overall project portfolio and applies agile and lean principles to increase efficiency and faster adaptation to changes
- Implements an enterprise risk system that identifies risks and their potential impact and develops mitigation strategies to manage them from different perspectives, such as cultural, reputational, technological, operational, financial, legal, regulatory, societal, and technical (including risks from IT and cyber security challenges)
- Evaluates and anticipates the impact of disruptions on critical areas using predictive technology, future foresight programmes, war-games, disaster recovery and pre-mortems and develops and ingrains into its culture business continuity plans for different scenarios

2 The EFQM Model EXECUTION

5.2 Transforms the Organisation for the Future

In practice, we find that an organisation that demonstrates sustainable performance:

- Understands and drives the transformation and change to deliver its purpose, strategy, and sustainable value creation objectives to achieve desired results
- Uses systematic and systemic change management approaches to convince and engage key stakeholders and track and ensure change progress
- Adapts existing and considers and evaluates new business models to meet future needs and opportunities
- Builds its organisational structure to best serve its purpose, vision and strategy whilst considering innovative approaches to adapting its current organisational design
- Establishes and uses new, lean, and agile working approaches while providing the necessary stability to manage current operations
- Restructures its value creation and other organisational processes in a timely manner based on operational and future needs whilst actively managing the change implications across key stakeholder groups

5.3 Drives Innovation & Technology

In practice, we find that an organisation that demonstrates sustainable performance:

- Provides the culture, capabilities, resources, and tools to drive creativity, innovation, and disruptive thinking
- Establishes approaches and channels through which key stakeholders can contribute to innovation in all phases, from creation to validation
- Allocates resources to support research, experimentation, and knowledge generation in the scope of its operations
- Takes advantage of innovations that support improvement in the current business and for transformation in the future
- Evaluates and exploits the potential that new technologies, automation, and digitalisation offer to support value creation and sustainability
- Evaluates and manages, based on circular and regenerative economy and sustainability principles, the entire lifecycle of existing and emerging technologies to maximise the benefit for all

5.4 Leverages Data-Driven Insights & Knowledge

In practice, we find that an organisation that demonstrates sustainable performance:

- Ensures it has identified and uses the data needed to support its transformation plans and manage performance, products, services, and solutions it currently offers
- Is proficient in acquiring and visualising any essential data and information
- Converts data into information and knowledge and uses the outcomes to identify potential opportunities for creating further sustainable value
- Uses appropriate data governance and ensures data quality and reliability as well as cyber security
- Uses artificial intelligence, advanced analytics, and predictive models to extract value from data, gain actionable insights and make informed decisions
- Manages and uses the knowledge of key stakeholders to create sustainable value and improve its performance
- Ensures that data, information, and knowledge are treated and used ethically, respecting the needs and rights of those providing the data, information, and knowledge
- Secures, protects, shares, and maximises the unique knowledge available within its organisation

5.5 Manages Assets & Resources

In practice, we find that an organisation that demonstrates sustainable performance:

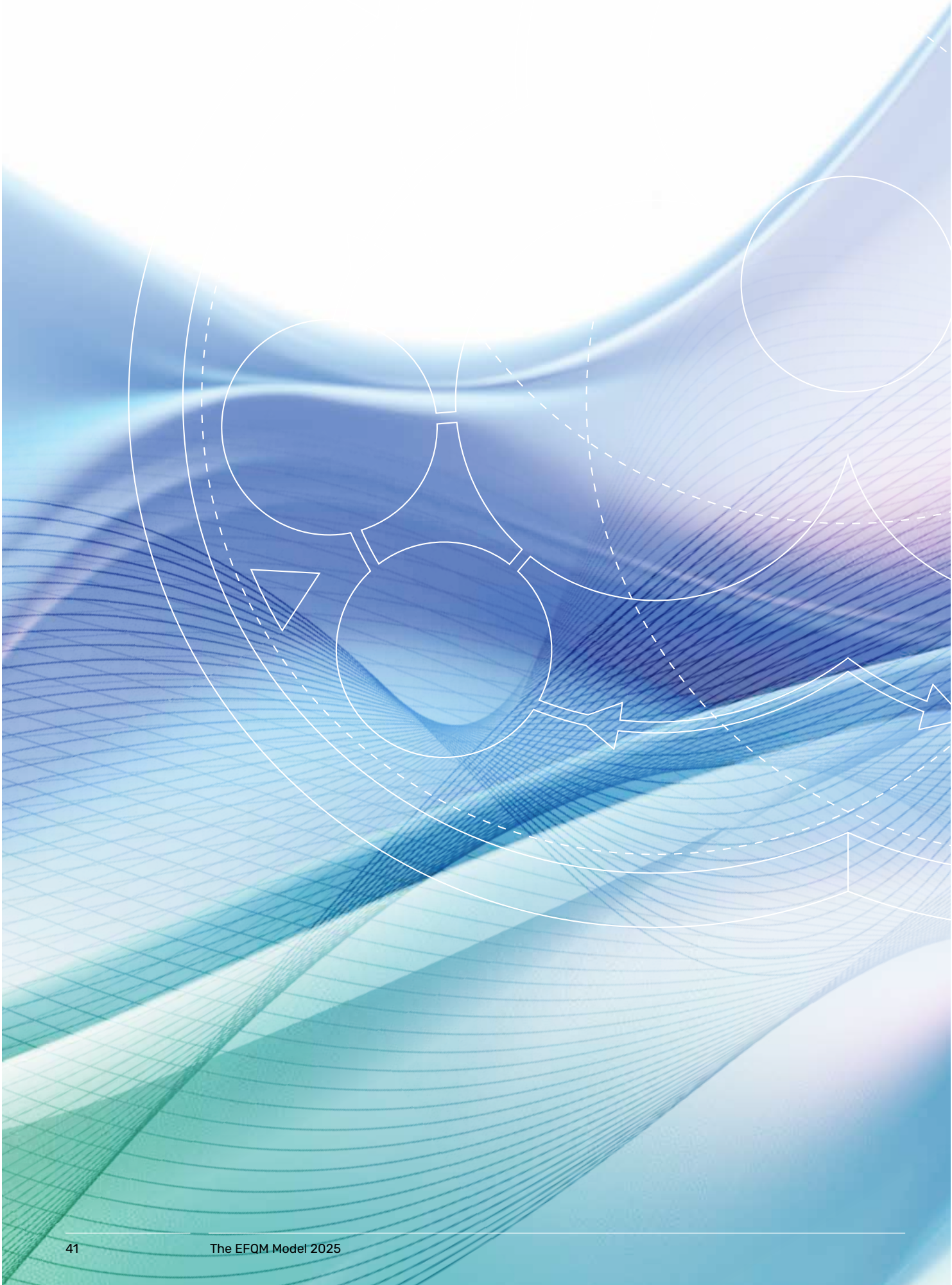
- Uses financial resources and assets (cash, capital, investments) in a balanced and sustainable way to help ensure current success and future investment
- Manages responsibly the tangible assets and resources that are vital for its strategy, performance and transformation needs (including real estate, technology, machinery, inventory, and materials)
- Manages responsibly intangible assets and resources vital for its strategy, performance and transformation needs (including proprietary data, self-developed software/technology, brand, goodwill, patents, and intellectual property)
- Uses and maximises the value of its assets and resources to enhance performance and transformation in line with changing short- and long-term organisational and market demands
- Applies sustainability and circular and regenerative economy principles in its management of assets and resources throughout the lifecycle, including re-use, recycling, and disposal
- Avoids the negative impact of its assets and resources on the environment and to its people

Results

Positioning statement

What the organisation has achieved and expects to achieve in relation to direction and execution.

-
- Stakeholder perceptions
 - Strategic and operational performances



2 The EFQM Model RESULTS

Criterion 6

Stakeholder Perceptions

Positioning statement

This criterion concentrates on results from key stakeholders' feedback about their experiences dealing with the organisation and their perceptions.

These perceptions, both qualitative and quantitative, could relate to past as well as current key stakeholders and could be obtained from several sources. These could include surveys, focus groups, ratings, press or social media, audits and external recognition, advocacy, structured review meetings, investor reports and compliments/complaints. Also, using data analytics such as sentiment analysis and machine learning could provide insights into stakeholders' perceptions.

In addition to the perceptions that a key stakeholder may have of an organisation based on firsthand experiences, perceptions may also be shaped by the organisation's reputation for its environmental and social impact, such as its contribution to sustainability, equality, and the United Nations Sustainable Development Goals.

Criterion 3 describes a clear linkage between how an organisation engages with its stakeholders and the perceptions of these stakeholder groups (criterion 6). The weighting factor the organisation decides and applies for the five different stakeholder groups is set in criterion 3 and mirrored in criterion 6.

In practice, we find that an organisation that demonstrates sustainable performance:

- Knows how successful it is in fulfilling its purpose and executing its strategy to meet the needs and expectations of its key stakeholders
- Uses its analysis of past and current performance to predict future performance
- Uses key stakeholder perception results to stay informed and influence its current direction and the execution of its strategy
- Uses insights from stakeholder perceptions to leverage strengths and to identify improvement and transformation needs

Examples of key stakeholder perception results and topics to be covered could include, but are not listed in any priority order or limited to:

6.1 Customer Perception Results

6.2 People Perception Results

6.3 Business & Governing Stakeholder's Perception Results

6.4 Society Perception Results

6.5 Partners & Suppliers Perception Results

6.1 Customer Perception Results

What the perceptions of the customers are in relation to, for instance:

- The delivery of the overall customer experience
- The culture of the organisation; the attitude and level of commitment to the customer by people
- The branding and reputation of the organisation, including its social and environmental performance
- The products, services and solutions offered by the organisation
- The use of innovation to improve the organisation's processes, products, services, and solutions
- The usage of technology by the organisation to help deliver sustainable value
- The delivery and after-sales support for the different channels
- The effectiveness and efficiency of the communication channels used

2 The EFQM Model RESULTS

6.2 People Perception Results

What the perceptions of the people are in relation to, for instance:

- The culture of the organisation
- Their experience working for the organisation, including how change is managed
- The organisation's commitment and achievements concerning gender balance, parity, diversity, and inclusion
- The way the organisation is adapting to future ways of working, for example, the co-existence of people collaborating with robots, the use of artificial intelligence and augmented and virtual reality
- The organisation's support, empowerment, recognition, and development
- The working environment, pay and benefits
- The wellbeing and work-life balance
- The management and improvement of personal performance
- The reputation of the organisation
- Communication within the organisation
- Talent attraction and engagement
- The way in which strategy is executed, their contribution to it and their degree of confidence in the organisation's future direction

6.3 Business & Governing Stakeholders' Perception Results

What the perceptions of the business and governing stakeholders are, e.g. owners, shareholders, investors, funding organisations, government departments, regional or local bodies (statutory and regulatory), or public authorities, in relation to, for instance:

- The financial management, security, and sustainability of the organisation
- The governance structure, transparency, accountability, and ethical behaviour of the organisation
- The social and environmental responsibility of the organisation
- The management of risk and compliance
- The branding and reputation of the organisation
- The products, services and solutions offered by the organisation and its approach to innovation in processes, products, services, and solutions
- The ability of the organisation to scan the horizon, spot megatrends, and deal with them successfully
- Their overall experience of engaging with the organisation

6.4 Society Perception Results

What the perceptions of its society are, be it local, national, or international, in relation to, for instance:

- The organisation's ability to meet the expectations of its society
- The impact of the organisation's governance and the degree of transparency and ethical behaviour have on the community
- The impact of the operations of the organisation has on the community
- The sustainability of the organisation's contributions to the community regarding its economic, social, and environmental practices
- The organisation's commitment to move towards a circular economy
- The organisation's commitment to, and achievements in, reducing inequality, increasing diversity and inclusion, and achieving a gender balance

6.5 Partners & Suppliers Perception Results

What are the perceptions of the key partners and suppliers in relation to, for instance:

- Their experience of engaging with the organisation
- The commitment and achievement of the organisation to co-creation and working towards mutual benefit
- The rate of implementation of new technologies and changes
- The social commitment of the organisation
- The organisation's commitment and achievement to move towards a circular or regenerative economy
- The management and improvement of key partner and supplier performance
- Communication and relationship management with the organisation
- The governance structure, transparency and ethics of the organisation and its practices
- The sustainability of the relationship between the organisation and the key partners and suppliers
- Shared values and culture

2 The EFQM Model

RESULTS

Criterion 7

Strategic & Operational Performances

Positioning statement

Strategic performances are directly linked to purpose, vision and strategy and are essential for sustainable success and growth, while operational performances ensure that the organisation functions effectively on a day-to-day basis.

Strategic performance refers to the outcomes achieved by executing strategic initiatives and plans and is often measured using a limited number of key indicators.

Operational performances refer to the outcomes achieved through the organisation's day-to-day activities and processes, which have an immediate impact on it.

Both categories of results are important for evaluating and managing an organisation's overall health and future. In practice, we find that an organisation that demonstrates sustainable performance:

- Uses clear rationale to segment between strategic and operational performances in the different results categories
- Understands the linkages between key stakeholder perceptions and actual results and can predict how future results will evolve
- Understands the cause-and-effect relationships between the indicators and uses the results achieved to develop its direction and execution further
- Uses the results and predictive measures to forecast and plan its future

Strategic and operational performances may address the following result categories (and, if relevant, others):

- Fulfilment of stakeholder expectations and their contribution
- Economics and financials
- Performance and transformation
- Sustainability

In addition to strategic and operational performances, organisations define predictive measures (results linked to internal and external leading indicators) that help shape and trust their ability to achieve and sustain positive strategic and operational performances in the future.

2 The EFQM Model

RESULTS

Criterion 7

Strategic & Operational Performances

Fulfilment of Stakeholder Expectations and their Contribution

These include results that are either strategic or operational and represent the value delivered by and to stakeholders.

The indicators could include, but are not limited to, the following examples:

Customers

- Product and service delivery (quality, on-time, within budget)
- Customer service
- Customer experience
- Complaint resolution
- Customer growth
- Customer churn
- Customer cross-selling and upselling
- Conversion rate

People

- Turnover rate
- Productivity rate
- Absenteeism rate
- Creativity and innovation
- Training and development
- Safety
- Recognition
- Leadership development
- Benefits utilisation

Business & Governing Stakeholders

- Share price
- Dividends
- Rating scores
- Market share
- Regulatory compliance
- Audit outcomes
- Funds
- Social services

Society

- Environmental impact energy consumption
- Community displacement avoidance
- Community wellbeing
- Charitable donations
- Volunteering hours
- Social responsibility
- Sustainable transportation
- Educational opportunities
- Supporting educational establishments
- Number of jobs
- Reskill and upskill
- Financial liability

Suppliers & Partners

- Partnership achievement
- Supplier evaluation
- Quality and performance
- On time delivery
- Supplier responsiveness
- Innovation and collaboration
- Compliance
- Environmental impact
- Cost saving
- Timely payments
- Supplier business growth
- Supplier development (investments in suppliers)

2 The EFQM Model RESULTS

Economics & Financials

These include results indicated as either strategic or operational and are representative of the economic and financial objectives.

- Revenue
- Profitability
- EBITDA
- ROI, ROE
- Cash flow
- Financial ratios
- Credit rating

Performance & Transformation

These include results that are indicated as either strategic or operational and are representative of the key performance and transformation challenges.

- Change and restructuring (re-organisation, portfolio development)
- Supply chain (inventory turnover, order fulfilment)
- Safety and compliance (near miss, non-conformity)
- Innovation and research (new product development, ideas for innovation)
- Process and projects (process indicators, project performances)
- Productivity and efficiency (asset utilisation, throughput)
- Quality and performance (defect rate, yield)

Sustainability

These include results that are indicated as either strategic or operational and are representative of the sustainability ambitions of the organisation.

- Carbon reduction and neutrality
- Consumption of natural resources
- Scope 1, scope 2 and scope 3 emissions
- Turnover ratio with sustainability-driven businesses
- Supply chain and responsible sourcing and sustainable procurement
- UNSDGs progress
- Circular economy adherence
- Sustainability credit and financing
- Diversity, inclusion and equity

Predictive Measures for the Future

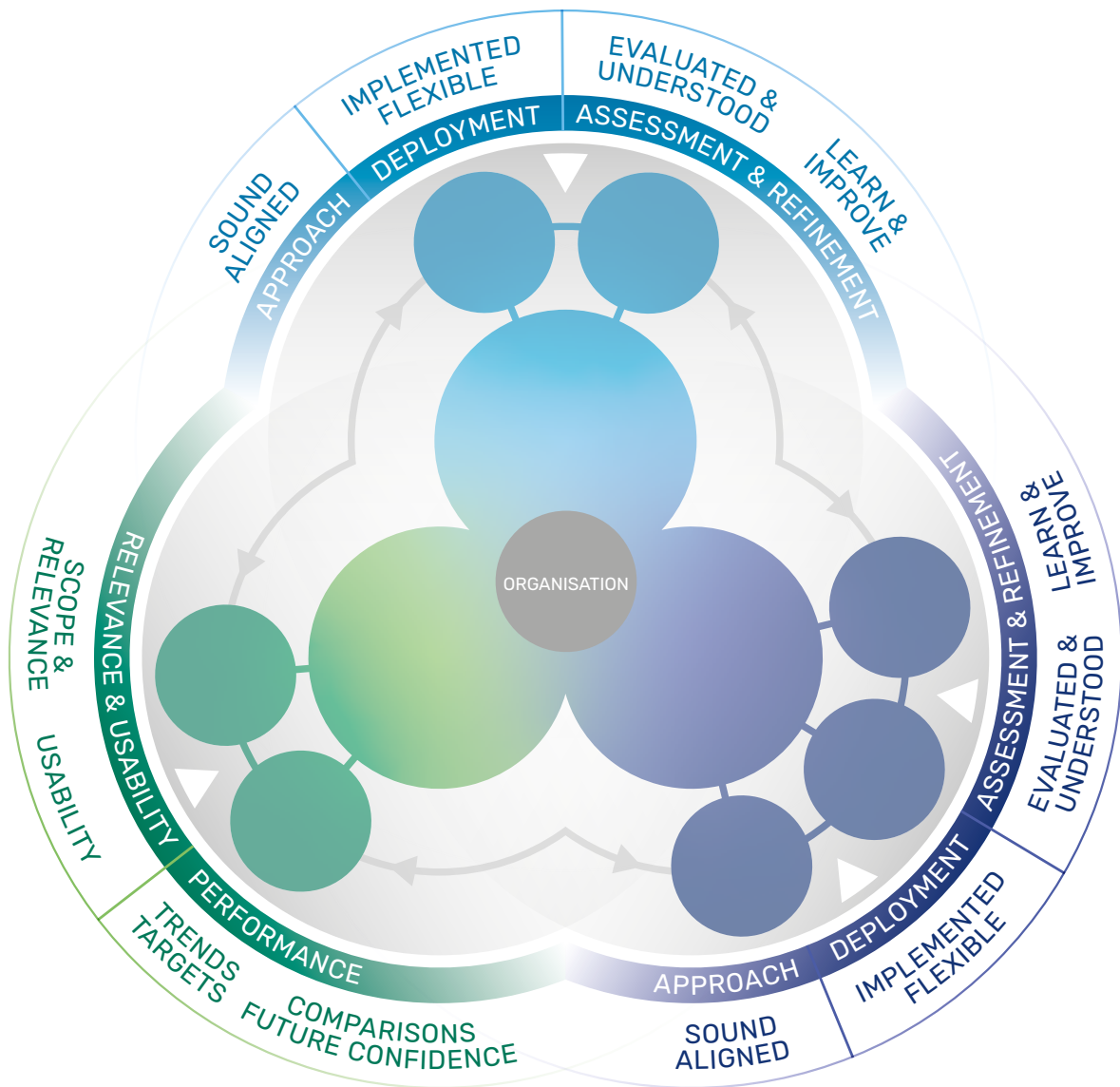
Predictive measures are internal and external leading indicators that anticipate future performances linked to new ecosystem trends, challenges, and opportunities.

Predictive measurements are identified using data, statistical algorithms, and machine learning techniques that analyse historical and current information to make predictions about future trends, behaviours, and outcomes.

If organisations identify external leading indicators, the attention should be focused on the impact on organisations' outcomes and performances. External leading indicators could be derived from

- Data analytics and machine learning
- Market research
- Economic indicators
- Technology trends
- Demographic analysis
- Behavioural change
- Environmental monitoring
- Supply chain optimisation
- Artificial intelligence
- Energy demand

3 The EFQM Diagnostic Tool: RADAR



3.1 Introduction

RADAR is the acronym that EFQM uses to describe the logic behind the diagnostic tool it has developed to help any organisation:

- Better manage its current way of working.
- Diagnose its current strengths and opportunities for improvement.

At its highest level, the **RADAR** logic states that an organisation needs to:

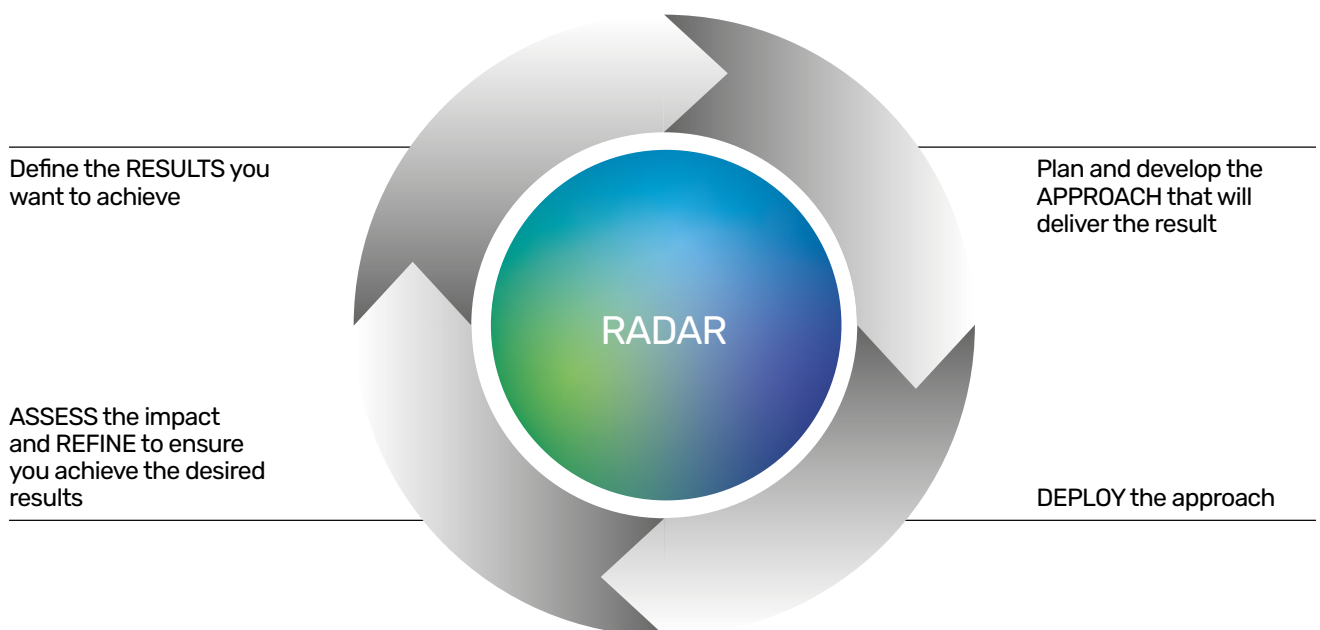
- Determine the **Results** it is aiming to achieve as part of its strategy.
- Have in place an **Approach** that will deliver the required result, both now and in the future .
- **Deploy** this approach appropriately.
- **Assess and Refine** the deployed approach to learn and improve.

To help deliver a more robust analysis, the RADAR elements are broken down into a number of Attributes and with each Attribute there is an associated description that expands upon what is meant and what the organisation should be able to clearly demonstrate.

See matrix charts 1 and 2 on the following pages.

An individual or a team can use the RADAR logic at the attribute level, in conjunction with The EFQM Model:

- To help identify where an organisation's current strengths and opportunities for improvement exist.
- To help an organisation describe its future in terms of the desired results and the necessary actions that need to be taken to achieve those desired results.



3 The EFQM Diagnostic Tool: RADAR

3.2 Applying RADAR for Direction & Execution

Matrix 1 shown below is used to support the analysis of the Approaches within:

- Criterion 1 (Purpose, Vision and Strategy)
- Criterion 2 (Organisational Culture and Leadership)
- Criterion 3 (Engaging Stakeholders)
- Criterion 4 (Creating Sustainable Value)
- Criterion 5 (Driving Performance and Transformation)

Users of the RADAR logic should apply the Attributes described in the chart below to the evidence presented. The descriptions associated with each Attribute provide guidance on what the organisation should be looking to demonstrate.

Matrix Chart 1: Analysis of Direction and Execution		
Elements	Attributes	Description
Approach	Sound	The approaches have a clear rationale, aim to fulfil and respond to Key Stakeholder needs, are described appropriately and are designed to be fit for the future.
	Aligned	The approaches support organisation's Purpose, Vision & Strategy and are integrated with other relevant approaches.
Deployment	Implemented	The approaches are consistently deployed in relevant areas in a timely manner.
	Flexible	The deployment of approaches allows flexibility and adaptation.
Assessment & Refinement	Evaluated & Understood	Internal and external insights and feedback on the effectiveness & efficiency of the approaches and their deployment are collected, understood and shared.
	Learn & Improve	Findings from insights and feedback are used to inspire creativity and generate improved and innovative approaches and deployment.

Scoring: RADAR for Direction & Execution

		Inability to achieve	Limited ability to achieve				Ability to achieve			Comprehensive ability to achieve		Outstanding ability to achieve	
Approach	Sound	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
	Aligned	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Deployment	Implemented	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
	Flexible	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Assessment & Refinement	Evaluated & Understood	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
	Learn & Improve	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Overall score (not higher than the score for 'Sound')		0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	

3.3 Applying RADAR for Results

Matrix 2 shown below is used to support the analysis of Criterion 6 (Stakeholder Perceptions) and Criterion 7 (Strategic & Operational Performances).

Typically, this evidence will be data sets that show Perception Results or Strategic and Operational Performance, presented in response to the titles of Criterion-parts 6.1 to 6.5 and Criterion 7.

Matrix Chart 2: Analysis of Results		
Elements	Attributes	Description
Relevance & Usability	Scope & Relevance	A set of results linked to the stakeholders' expectations and strategic and operational performances are identified. The selected set of results is reviewed and improved over time.
	Usability	Results are timely, reliable, accurate and appropriately segmented to provide meaningful insights.
Performance	Trends	Positive trends or sustained outstanding performance are achieved over the appropriate period/cycle.
	Targets	Ambitious targets are set in line with the strategy and are consistently achieved.
	Comparisons	Ambitious external comparisons suitable to position own performance are made and are favourable.
	Future Confidence	There is confidence that the results will be sustained in the future based on the understanding of cause & effect relationships, data analytics and performance patterns.

Scoring: RADAR for Results

		Inability to achieve	Limited ability to achieve			Ability to achieve			Comprehensive ability to achieve		Outstanding ability to achieve	
		0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Relevance & Usability	Scope & Relevance	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
	Usability	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Performance	Trends	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
	Targets	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
	Comparisons	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
	Future Confidence	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Overall score (not higher than the score for 'Scope & Relevance')		0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

N.B. RADAR for Results: Please see Section 3.4 for more information on scoring.

3 The EFQM Diagnostic Tool: RADAR

3.4 Scoring using the RADAR Matrix Charts

You will have seen at the bottom of Matrix Charts 1 and 2 a simple scoring chart in 10% divisions that aligns with the associated RADAR Attributes. We have included these charts because many organisations value allocating a numerical value to their continuous improvement efforts. It should also be noted that it is not mandatory that an organisation must score itself when self-assessing using The EFQM Model and RADAR. The one situation where scoring is mandatory is when an organisation applies to EFQM, or one of its Certified Recognition Organisation Partners, for external recognition (see Section 8).

EFQM and its Certified Recognition Organisation Partners run programmes that recognise those organisations who, when assessed against the Criteria of The EFQM Model, can demonstrate outstanding, sustainable performance. Organisations applying for recognition, when assessed against The EFQM Model, are scored out of 1000 points divided across the seven Criteria, as illustrated in the graphic below. The scoring of Criterion 3 and Criterion 6 has already been addressed in the earlier pages of this brochure.



3.4 Scoring using the RADAR Matrix Charts

For example:

- Each of the 5 Criterion parts in Purpose, Vision & Strategy contribute 20% of the 100 points allocated to Criterion 1
 - a. 1.1 = 20 points
 - b. 1.2 = 20 points
 - c. 1.3 = 20 points
 - d. 1.4 = 20 points
 - e. 1.5 = 20 points
- Each of the 4 Criterion parts in Creating Sustainable Value contribute 25% of the 200 points allocated to Criterion 4
 - a. 4.1 = 50 points
 - b. 4.2 = 50 points
 - c. 4.3 = 50 points
 - d. 4.4 = 50 points

When following The EFQM assessment approach and using the RADAR logic to score, there are two clear rules to be applied, one in association with Direction & Execution, the other with Results:

- When scoring any of the Criterion parts in Direction & Execution, the overall score in that Criterion part should not exceed that of the score given to the soundness of the approach. No matter how well all other Attributes have been scored in that Criterion part, the score derived for Sound is the “Master” of the others.
- When scoring Results (Criteria 6 & 7), the overall score in Criterion parts 6.1 to 6.5 and the overall score in Criterion 7 must not exceed that of the “Scope and Relevance.” No matter how well all other Attributes have been scored in Criterion 6 & 7, the score derived for Scope and Relevance is the “Master” of the others.

Organisations interested in gaining external recognition for their achievements are assessed by a team of EFQM trained Assessors, using these RADAR Matrix Charts. The two RADAR Matrix Charts can also be used by organisations wanting to Self-Assess against The EFQM Model, producing a numerical value at the same time as producing a set of strengths and opportunities for improvement. The attraction for an organisation to produce an overall score using the 1000 point scale as part of its Self-Assessment, as well as gaining a scoring profile against each of the seven Criteria, is that it offers an opportunity to compare with other organisations who also use The EFQM Model and RADAR logic. It also gives the organisation a starting point from which it can measure its progress, or regression, against the outcomes from future Self-Assessments.

3 EFQM RADAR Guidelines

3.5 RADAR Guidelines for Direction & Execution

Approach	Guidance	The organisation needs to achieve:
Sound	The approaches have a clear rationale, aim to fulfil and respond to key stakeholder needs, are described appropriately and are designed to be fit for the future.	<ul style="list-style-type: none"> – There is a clear reason to support the choice of the approach in place – what was the rationale behind choosing and/or adopting a specific approach, for instance, by means of research, learning or benchmarking? – The approach is appropriately described and accessible for those needing to understand it e.g. is it visualised? – The approach is focussed on the key stakeholder needs and expectations and everyone involved in the execution of it (both strategic and operational e.g. those who benefit from it and those who use the approach) – The approach already shows signs of maturity or is a proven practice, e.g. because the changes made became smaller over time, or the approach has been shown to work also in difficult or unusual circumstances – The approach is adaptable, scalable, and responsive to changing circumstances in the business environment, technology advancements and stakeholders' expectations
Aligned	The approaches support the organisation's purpose, vision & strategy and are integrated with other relevant approaches.	<ul style="list-style-type: none"> – The approach is designed to deliver the desired results (now and in the future), and it is aligned with the organisation's purpose and vision – There is a visible/logical link with the strategy, and the approach supports one or more strategic objectives – The approach supports, and it is supported by, other relevant approaches, creating synergies, maximising efficiency, and avoiding overlaps
Deployment		
Implemented	The approaches are consistently deployed in relevant areas in a timely manner.	<ul style="list-style-type: none"> – The extent to which the approach has been used and is put into practice. This may relate to different levels within an organisation's hierarchy, different organisational units, different locations, the number of employees actively involved, or the various products, services and solutions being offered – The necessary resources, needed to implement the approach, including human, financial and technological resources, have been allocated and mobilised – There is an awareness of the further potential for deployment in-depth and/or breadth – Some facts and figures exist to show how often the approach is used, how the use has varied over time, and why
Flexible	The deployment of approaches allows flexibility and adaptation.	<ul style="list-style-type: none"> – There is a plan and timing for the actual deployment that allows flexibility and adaptation according to changing circumstances – Example(s) exist where the circumstances required temporary or definitive evolutions, small or big – The organisation ensures the capacity to pivot and make course corrections as needed in response to shifts, changes, and disruptions – Employees are empowered to make decisions and take ownership to adapt and respond to changing circumstances

Assessment & Refinement

Guidance

The organisation needs to achieve:

Evaluated & Understood

Internal and external insights and feedback on the effectiveness & efficiency of the approaches and their deployment are collected, understood, and shared.

- There is a view on the effectiveness of the specific approach and its deployment (achieving the desired output) and its efficiency (resources and efforts used)
- There is an understanding on how frequently measuring and collecting feedback should be done and how progress is monitored, e.g. what is a good fit?
- Appropriate feedback mechanisms to gather insights from internal and external stakeholders are used
- Feedback is analysed and understood, and underlying reasons behind any issues or challenges are identified
- Findings from the feedback analysis and main insights are shared with relevant stakeholders in and outside the organisation

Learn & Improve

Findings from insights and feedback are used to inspire creativity and generate improved and innovative approaches and deployment.

- Action plans to address the insights and recommendations gathered from the feedback are put in place
- Key stakeholders are encouraged to generate improved and innovative approaches
- Actions to understand future emerging trends and their potential impact are taken
- There is an awareness of the potential for further improvement (incremental or radical breakthrough)
- The measurement and learning from above lead to real improvements and are visible in the results
- There is a way to prioritise, select and implement the best ideas and proposals, e.g. based on the understanding of the limitations in time, resources and capabilities when translating ideas to practice

3.6 RADAR Guidelines for Results

Relevance & Usability	Guidance	The organisation needs to achieve:
Scope & Relevance	A set of results linked to the stakeholders' expectations and strategic and operational performances are identified. The selected set of results is reviewed and improved over time.	<ul style="list-style-type: none"> - A clear rationale is applied in defining the set of key results - The organisation is clear about what it needs to measure (achieve/manage) to deploy its strategy, fulfil its purpose and achieve its vision - The organisation ensures that the selected set of results aligns with the expectations and requirements of key stakeholders - Results provide meaningful insights into the organisation's progress and success in achieving strategic objectives, overall effectiveness, and efficiency - The selected set of results is refined and updated based on changing stakeholders' needs, strategic priorities and operational requirements - The organisation understands its impact on key stakeholder perceptions and strategic/operational performance - A clear dependency and hierarchy are defined in linking further results measured by the organisation to the key and vital ones
Usability	Results are timely, reliable, accurate and appropriately segmented to provide meaningful insights.	<ul style="list-style-type: none"> - The speed, consistency, completeness or any other quality/reliability aspects of the data and information used as the source are appropriate for the organisation - Robust processes and practices for data collection from various sources and reporting are implemented - Data collection methods are standardised, consistent and aligned with measurement criteria and objectives - Data segmentation in line with strategy and key stakeholder groups is in place and used, e.g. based on relevant criteria, geographical location, stakeholders' demographics, product lines, business units etc - Data, including predictive measures, is gathered, and turned into information and insights to aid decision making and drive performance improvement and transformation - Automation and technology solutions are used to expedite data processing

PERFORMANCE Guidance

The organisation needs to achieve:

Trends	Positive trends or sustained outstanding performance are achieved over the appropriate period/cycle.	<ul style="list-style-type: none"> - The organisation defines the clock speed of the sector/environment in which it operates in - Data trends are organised and visualised in a structured format to be used for steering the organisation - Consistent improvements or favourable outcomes are achieved by the organisation over a period of time reflecting the clock speed of the sector/market it operates in - The trends demonstrate whether the performance is improving, stabilising, or degrading in line with the strategic objectives and operational targets. In case of flat or degrading trends, the reasons are identified and acted upon - Findings of the trend analysis are interpreted in the context of organisational priorities and the environment it operates in
Targets	Ambitious targets are set in line with the strategy and are consistently achieved.	<ul style="list-style-type: none"> - Specific and measurable goals that define success are identified for the key results measured by the organisation - For key results, a desired level to be achieved exists, is aligned with the strategy, and is understood by relevant key stakeholders - Targets are ambitious yet attainable to motivate employees and drive performance improvement - Ambitious targets that push the organisation beyond its comfort zone and encourage creativity and innovation are established - Appropriate timeframes for achieving targets that consider factors such as seasonality and industry cycles are considered - Targets are achieved consistently. New targets are defined accordingly reflecting progress achieved and challenges in the future
Comparisons	Ambitious external comparisons suitable to position one's own performance are made and are favourable.	<ul style="list-style-type: none"> - There is an awareness of similar measures used by 'others', within or outside of the sector or organisation - Performance is benchmarked against external sources, such as peers, competitors, or best practices. Where does the organisation stand relative to others? - The comparisons are used to derive conclusions for direction and execution of the organisation. What does the comparison say about a specific measure? Is it a bit or much better, maybe even 'the best', or just in the same range, or a bit/ a lot worse, and how it impacts target setting? - <i>Note: competitor and industry averages may be used, but for outstanding organisations, these will also show comparisons with best-in-class or world-class - they can show they 'are the benchmark,' they perform at a level others would like to be at</i>
Future confidence	There is confidence that the results will be sustained in the future based on understanding cause and effect relationships, data analytics and performance patterns.	<ul style="list-style-type: none"> - Root-cause analyses are conducted, key drivers of performance are identified, and internal and external factors influencing outcomes are understood and taken care of - Advanced data analytics techniques are used to identify patterns, correlations and anomalies that provide valuable insights into future performances - Predictive analytics are used to forecast future outcomes - A high level of trust that performances will be sustained over the future is established. Targets are projected into the future - Understanding of the KPI linkages and hierarchy and interdependency between leading and lagging indicators is a common practice in the organisation, e.g., the relationship of upstream and downstream indicators - Statistical analysis is performed to explore the relationships between different variables and results

4 EFQM Scoring Analysis

Based on data extracted from The EFQM AssessBase (600 assessments, including organisations seeking recognition and achieving an overall score of 300 through to over 700), the graph shows the average scoring profiles referenced against both the Criteria and Criterion parts, of The EFQM Model 2020.

What the data is telling us...

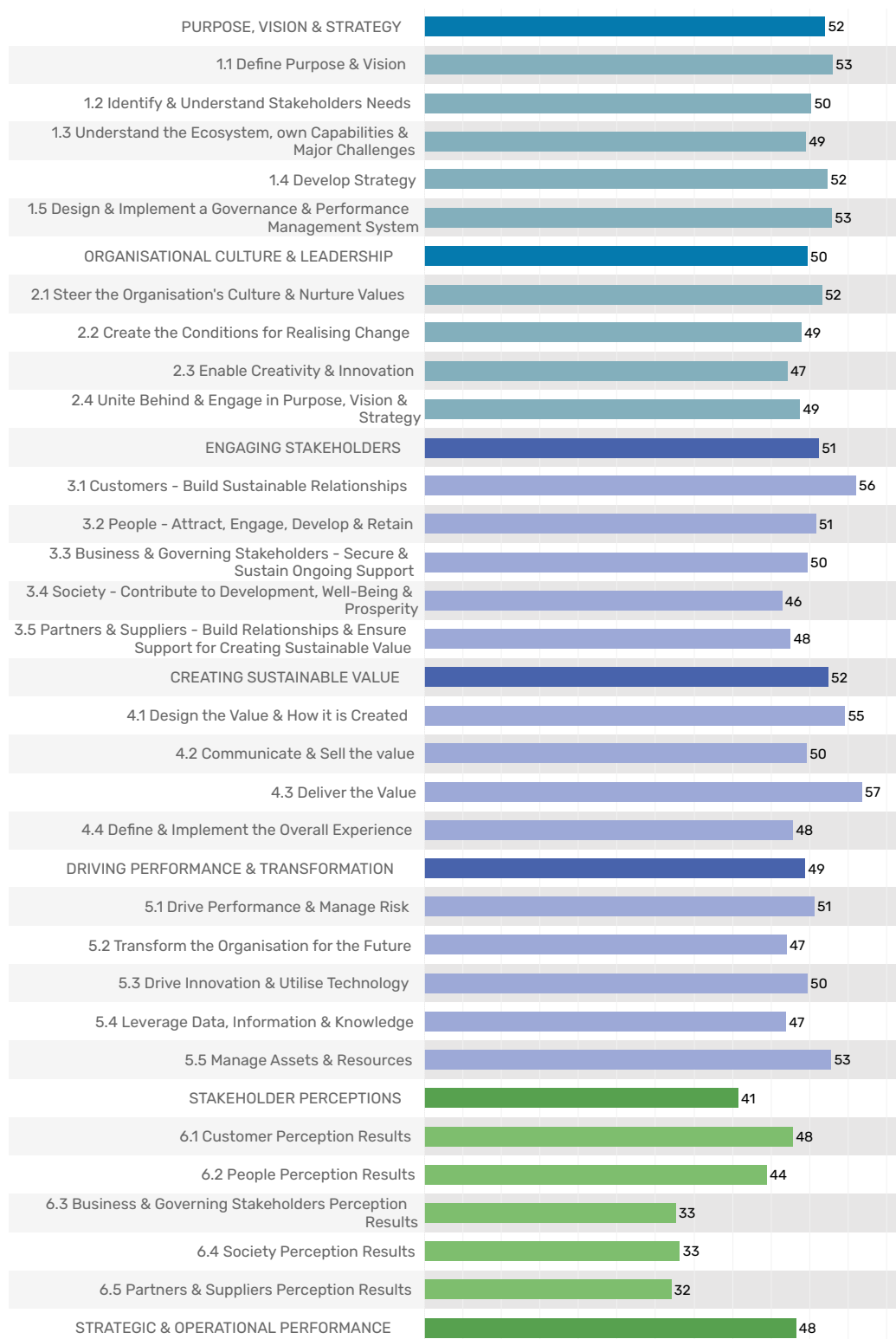
At the aggregate level, we can make a few observations about organisations that are performing well. These organisations, over the last 5 years, have exhibited:

- Greater ability to manage, in parallel, large-scale change and day to day operations.
- A single clear purpose that everyone in their organisation understands and which runs through every aspect of the organisation's DNA.
- An ability to anticipate future change, be agile and adaptive with their people, processes and resources especially data and technology.

Organisations are doing well setting their Purpose and Strategy and Creating Sustainable Value to a broad range of stakeholders. Improvement is still required balancing daily priorities with disruption, change and transformation. There are possibilities for improvement by re-shaping the organisation for the future with better use of data and digital technology.

The lowest scoring areas are Stakeholder Perception results. And this is a key opportunity for those organisations that want to make a significant shift in performance. Our hypothesis is that organisations may indeed not meet the requirements of their Key Stakeholders, but it is more likely that expectations have not been managed well, and the results data and the way it is collected and measured needs improvement. For example, there is almost no usage of real-time perception data from Key Partners and Suppliers and no evidence that sentiment analysis is being collected and analysed. In addition, there appears less investment and focus on how to turn those wider stakeholders into advocates when compared with People and Customers.

EFQM proprietary data
– Based on EFQM Model
2020 assessments



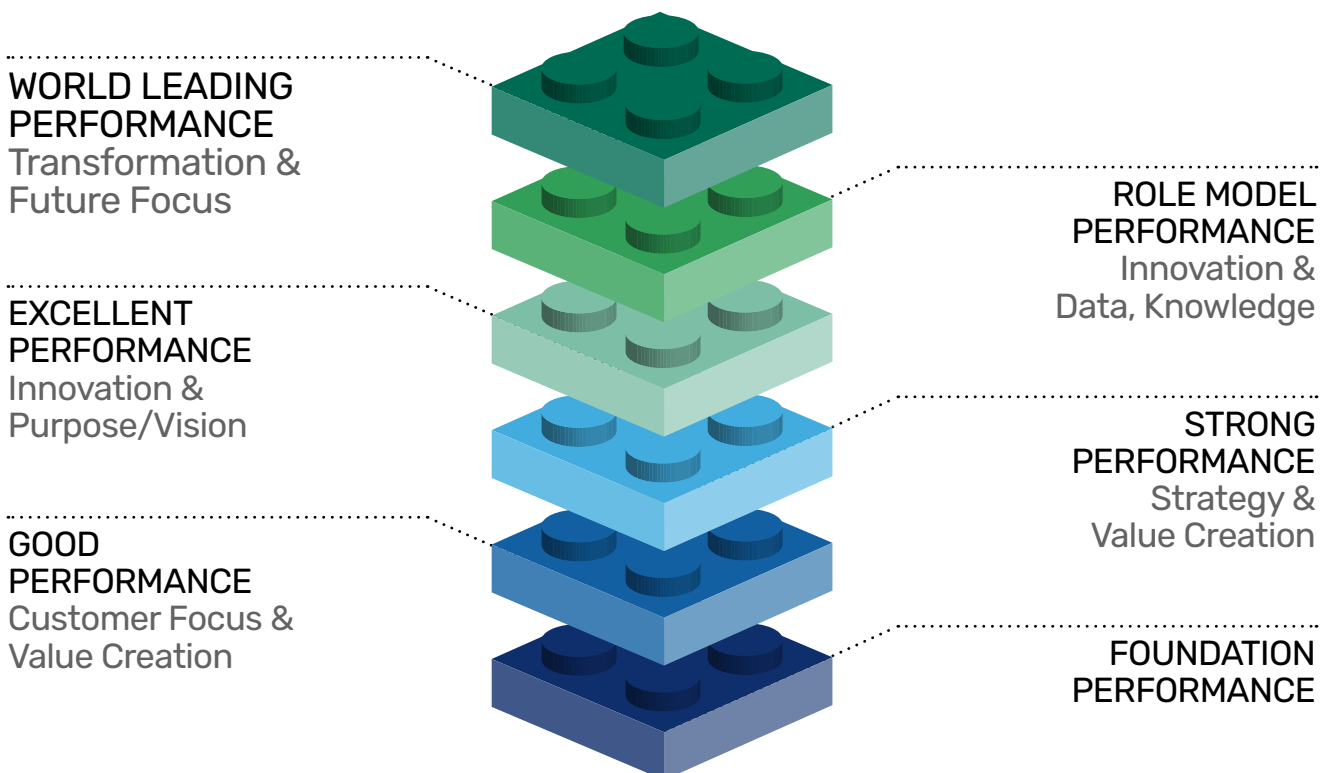
4 EFQM Scoring Analysis

4.1 The magic ingredients – what is key to the success of your organisation?

The magic ingredients are the building blocks for your organisation to progress, transform and sustain outstanding performance.

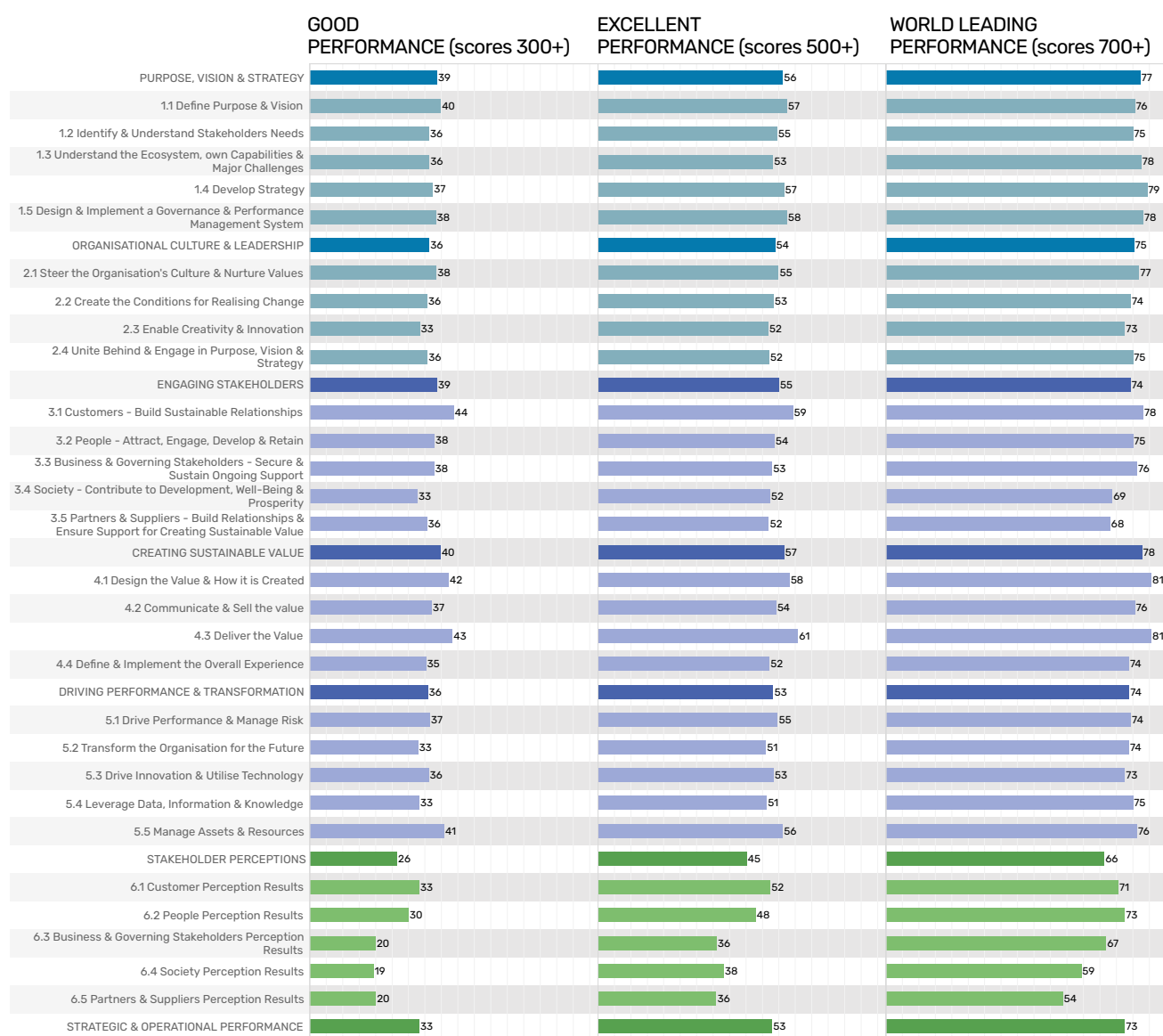
- An organisation with a solid foundation for success will need to focus on customers and have a singular focus on the delivery of their product or service
- Going up the maturity level, organisations integrate their strategy, purpose, vision, and focus on innovation
- The most successful organisation who are delivering on their financial and non-financial targets are managing their transformation and being fit for the future

BUILDING BLOCKS FOR OUTSTANDING ORGANISATIONS



What does an organisation's scoring profile look like?

Three scoring profiles based on EFQM Model 2020 assessments, providing/showing the average scores at criteria and criterion-parts for:



5 AssessBase

Analyse, compare, improve and then dig a little deeper...

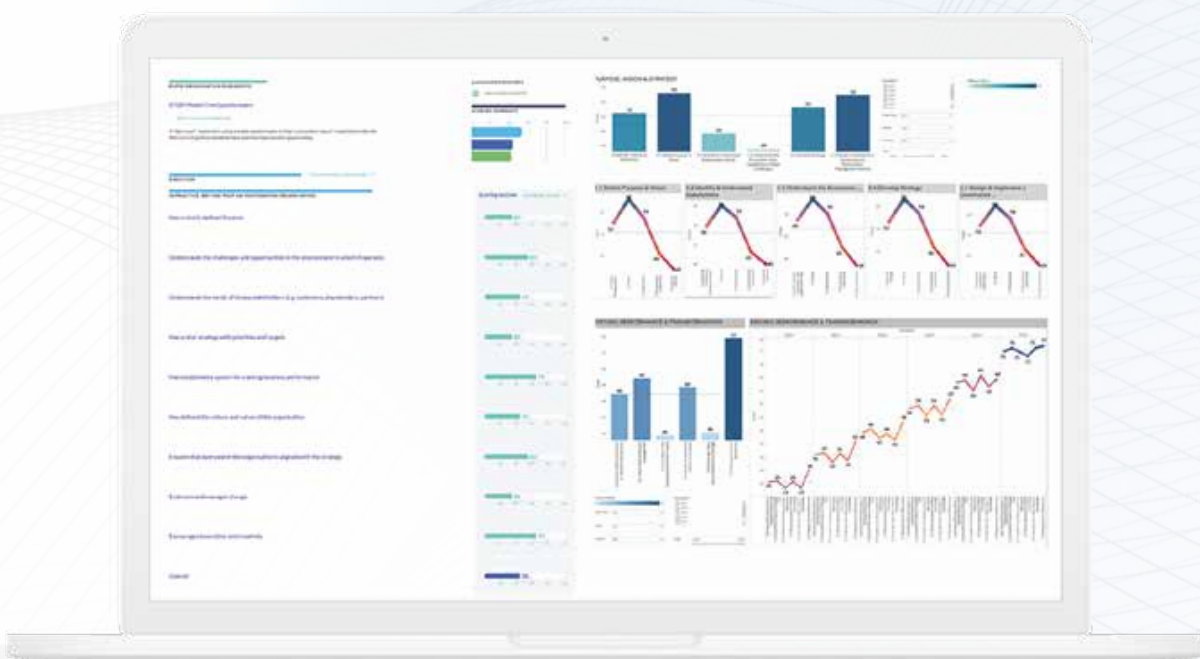
Having the EFQM Model and RADAR Logic at its core, AssessBase provides unique insights into your organisation to help you improve and master change.

AssessBase is a flexible and bespoke tool to help organisations improve and manage change. AssessBase helps organisations measure, track and improve performance in the areas they are most interested in.

From start-ups looking to engineer fast growth through to successful businesses dealing with a crisis, or multinationals keen to adopt a sustainability culture, AssessBase can help.

The AssessBase diagnostic tools address themes such as Purpose, Organisational Culture & Leadership, Stakeholder Engagement and Satisfaction, Creating Sustainable Value and Strategic & Operational Performances.

Using the same guiding principles and Criteria of the EFQM Model, the AssessBase also features several diagnostic tools – tailored to measure and improve performance by focusing on a specific topic, such as the United Nations Sustainable Development Goals (UN SDGs), Circular Economy, Innovation, or a specific sector, for example, Education.



Driven by the EFQM Model, AssessBase, a highly secure and user-friendly platform, provides true insight and analysis available to your wider team.

AssessBase provides three levels of proven diagnostic tools suitable for organisations of any size and maturity. They can be used individually or combined for a more holistic view. Organisations can track progress and shift resources to better reach their goals by scoring their performance over time.

The analysis is based on a comprehensive assessment of your organisation's strengths and weaknesses, including its products or services, financial performance, marketing strategy, and customer satisfaction. This will give you a clear understanding of your organisation's current position and where it needs to improve.

The analysis can compare your organisation's performance to a global index. This gives you a benchmark to measure your progress and help you to set ambitious goals.

Rapid Organisation Diagnostic



Using a simple questionnaire, a "light touch" diagnostic, helps organisations identify their current position and determine a potential snapshot for improvement opportunities.

Organisation Diagnostic



A more rigorous diagnostic to help organisation evaluate their current position against the EFQM Model and understand their performance at a more detailed level.

Advanced Organisation Diagnostic



A comprehensive diagnostic to provide organisations with a deeper view on their adopted approach and the results they achieve, the engagement with their stakeholders and how they create sustainable value.

6 Glossary

Agile: The organisation's ability to change direction/focus in response to an emerging opportunity or threat in a timely way.

Approach: The overall way by which something is made to happen; an approach comprises processes and structured actions within a framework of principles and policies.

Benchmarking: A systematic comparison of approaches with other relevant organisations that gains insights that will help the organisation to take action to improve its performance.

Business Model: The elements of the business that create and deliver value; these elements normally include the value proposition, the customer segments and their associated relationships, the channels used to take products, services and solutions to market, the revenue and cost streams, partners, and the critical resources and processes of the organisation.

Circular Economy: A circular economy is a regenerative approach, in contrast to the traditional linear economy, which has a 'take, make, dispose' model of production. It is an economic system which can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling.
http://ec.europa.eu/environment/circular-economy/index_en.htm

Community: The term community typically refers to the various individuals, groups and institutions that have a vested interest in the welfare and success of the organisation, its associated neighbourhoods and the impact that it may have on its ecosystem.

Comparisons: Data used to compare the performance of one organisation or process with another.

Competence: The ability or skill to do something efficiently and effectively.

Creativity: The ability to move away from current rules, methods and relationships to generate ideas for new or improved processes, products, services, solutions, systems or social interactions.

Culture: The specific collection of values and norms that are shared by people and groups within an organisation that influence, over time, the way they behave with each other and with key stakeholders outside the organisation.

Customer: The recipient of the products and/or services provided by the organisation. The customer is one of the key stakeholders, in many cases the primary key stakeholder, for whom the organisation aspires to create sustainable value.

Disruptive Thinking: Breaking free from the confines of routine thinking, getting a new, larger, different perspective, seeing things from another angle or in another light.

Diversity & Inclusion: The extent to which the people within the organisation recognise, appreciate and utilise, the characteristics that make individuals unique diversity and inclusion can relate to age, beliefs, class, ethnicity, physical abilities, race, religion and sexual orientation.

Ecosystem: A fundamental principle of an ecosystem is interdependence, i.e. something that happens in one part of the system may affect other parts within the system. In the context of an organisation there are many factors external to it that affect how it operates, but over which it has no control. These can include government policy, the economic and societal make-up within its region and neighbourhoods, the prevailing religious and cultural expectations of its communities, demands for sustainability and available financing.

Empowerment: The process by which individuals or teams are granted power, operate with a degree of autonomy in their actions, are able to take decision making responsibilities and have access to resources and control over their own lives. In doing so, they gain the ability to achieve their highest personal and collective aspirations and goals. When an individual is empowered, he/she has a greater sense of motivation and self-confidence.

Ethical Behaviour: Ethics are well founded standards in a culture that make a person's actions right or wrong. They influence behaviour and help an individual to make the right choices and act responsibly.

Forecast: The ability to predict or calculate what will happen or be needed in the future as a result of the study and analysis of available, relevant data.

Gender Balance: Within the context of an organisation, it relates to women having the same opportunities as men to progress in their careers, including increasing women's representation in decision-making bodies.

Good Practice/Best Practice: Superior approaches, policies, processes or methods that lead to exceptional achievement. Since it is difficult to find out what is best, the term "good practice" is preferred by most organisations. Ways to find good practice outside the organisation can include benchmarking and external learning.

Governance: A framework of authority and control within an organisation used to help it fulfil its legal, financial, ethical and general stewardship obligations.

Innovation: The practical translation of ideas into new or existing products, services, solutions, processes, systems, organisational structures or social interactions.

Integrity: Integrity is the quality of having a strong moral or ethical code. This includes values such as respect, fairness, trustworthiness and honesty.

Intellectual Property: The value of an organisation that is not captured in its traditional financial accounts. It represents the intangible assets of an organisation and is often the difference between market and book value.

Knowledge: The expertise and skills acquired by a person through experience and education involving the theoretical and/or practical understanding of a subject. While data are raw facts and information is data with context and perspective, knowledge is information with guidance/ability for action.

Learning: The process of gaining skills, knowledge and understanding through study and experiences.

Learning Network: A group of people with a common goal or interest who pool their individual information, knowledge, and experience to actively learn together.

Manage Change: An approach for leading the transition of individuals, teams and organisations from their current state to a defined, desired future state. It is an organisational process aimed at helping those stakeholders affected by the change to understand, accept and embrace it.

Megatrends: Topics that are expected/predicted to be global influences in the coming years. These are the topics that, regardless of size, reach or private/public sector status, an organisation should heed if it is to remain relevant.

Partner: An external party with whom the organisation strategically chooses to work with to achieve common objectives and provide long term mutual benefit.

Partnership: A durable working relationship between the organisation and one or more partners that creates and shares greater value for both parties. Partnerships can be formed with, for example, suppliers, distributors, customers, educational establishments, consultancies or research organisations.

6 Glossary

People: All individuals employed by the organisation (full-time, part-time, including volunteers), including leaders at all levels.

Perception: Whatever a key stakeholder may think or feel about the organisation, their opinion may be different to what they say about the organisation for any number of reasons. How the key stakeholder expresses their view can be achieved in any number of ways, but, regardless, the reality is that the key stakeholder has a perception and the organisation needs to first understand and then manage this perception if it is to continue to meet its key stakeholder needs.

Process: A set of activities, repeated over time, that interact with one another as the output from one activity becomes the input for another activity. Processes add value for external or internal customers by transforming inputs into outputs, using resources. Typically, there are three types of processes: main or 'core' processes, management processes and support processes.

Purpose Statement: A statement that describes the raison- d'être of an organisation, i.e., what it does and why it does it and which is understood by its stakeholders.

Regenerative Business: A concept and approach to business that goes beyond sustainability and aims to create positive impacts on the environment, society, and the economy. It focuses on restoring, renewing, and revitalizing natural and social systems while generating long-term value for all stakeholders involved.

Role Model: An organisation that is leading by example, adopting behaviour, that is regular and consistent, being an example to others of what the organisation stands for and believes in.

Sell the Value: Regardless of whether the organisation is private or public sector, its value proposition, its offering still has to be 'sold' to key stakeholders so that they will decide to take the product, service or solution on offer.

Society: The social infrastructure outside the organisation that can be affected by or equally can impact the organisation. This can be representatives of the immediate community or the wider society, including, for example, special interest groups.

Stakeholder: A stakeholder is a person, group or organisation that has a direct or indirect stake or interest in the organisation, its activities and performance, because it can either affect the organisation or be affected by it. Examples of external stakeholders include owners (shareholders), customers, suppliers, partners, government agencies and representatives of the community or the wider society. Examples for internal stakeholders are people or groups of people. An outstanding organisation considers the needs, demands, requests and expectations of the stakeholders in its ecosystem, balances them, and evaluates its performance in relation to its most important stakeholders, its "Key Stakeholders".

Key Stakeholder: A key stakeholder is a person, group or organisation that has a direct stake or interest in the organisation, its activities and performance.

Strategy: Derived from a careful analysis of its ecosystem, the way an organisation intends to achieve, over a particular time period, its strategic priorities, moving from where it is now to where it wants to be in the future whilst remaining true to its purpose.

Sustainable Performance: The ability of an organisation to achieve its objectives in a way that is economically, socially, and environmentally responsible.

Sustainability: The long-term future of the organisation, as perceived by its various key stakeholders, i.e. the business and governing stakeholders, its people, its community, its partners and its suppliers.

Third Sector Organisation: An organisation that is neither public sector nor private sector. Typically, it can be a voluntary or community organisation, a registered charity, self-help or community group. Generally, the organisation is independent of government and motivated by the desire to achieve social goals. It needs to make a surplus (profit) on its actions to be financially sustainable and any profit made from its actions is reinvested in the pursuit of the organisation's ambitions.

Transparency: The situation in which collaboration, cooperation, and collective decision making happen in an open manner, and people can trust that business is being conducted fairly and honestly.

United Nations Sustainable Development Goals:
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Value Proposition: The differentiating value that the organisation's products, services and solutions offer to customers.

Values: Operating philosophies or principles that guide an organisation's internal conduct as well as its relationship with the external world. Values provide guidance for people on what is good or desirable and what is not. They exert a major influence on the behaviour of individuals and teams and serve as broad guidelines in all situations.

Vision: Description of what the organisation is attempting to achieve in the long term. It is intended to serve as a clear guide for choosing current and future courses of action and, along with the organisation's purpose, it is the basis for strategies and policies.

