The Australian Business Excellence Framework: A Framework For Small Horticultural Enterprises

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Abstract

The Australian Business Excellence Framework was first introduced in 1987, in order to help Australian enterprises meet the challenges of the global market. Since that time it has undergone regular update and re-development. The framework is an organisational tool which operationalises proven principles and focuses on seven critical success categories. It provides the means of introducing business improvement methodologies across all aspects of an enterprise.

It was thought that the excellence framework may provide a useful vehicle for small horticultural enterprises to focus on their business fundamentals.

Key Words and Phrases

Australian Business Excellence Framework (ABEF), Small Horticultural Enterprises (SHE)

Introduction

Many small horticultural enterprises are searching for ways of improving what they do. Although Australian horticulturalists are amongst the most efficient in the world they are still searching for productivity and process improvement gains. More often than not the improvement focus has been towards breeding more productive plant varieties, better soil management, the introduction of sustainable agricultural practices, improved mechanisation and the development and more efficient use of farm chemicals. However, there has been little focus on the business itself. It was thought that the excellence framework may provide a useful vehicle for these enterprises to focus on their business fundamentals.

This paper firstly reviews the categories of assessment within the framework in the context of small businesses. It then considers the application of the framework against three case study small horticultural enterprises.

The three case study enterprises became interested in this study following third party quality certification. Now that they felt comfortable with their efforts towards improving their operational processes, they had expressed interest in dealing with other aspects of their business, particularly those that might lead to improved bottom line performance. They were also interested in comparing their business management functions with small businesses in other sectors without going through a formal benchmarking process.

The final part of the paper is an assessment of small business characteristics and whether the framework takes these into account.

Research Method

A case study approach using qualitative methods was applied to this research. The excellence framework was explained to the proprietor of each of the selected third party certified case study enterprises. This was followed by a structured discussion designed to determine the
relevance and application of the framework to their own organisation.

**Business Excellence In Australia**

The ABEF is designed to help businesses explore their own organisational beliefs and strategies, to look for linkages and measurable activity, and to test results for long-term success. The framework links to similar models around the world and contains all of the requirements of the 2000 ISO 9000 series standards.

The seven categories of the model, as shown in figure 1, can be applied to all organisations irrespective of size. Organisations can use the framework to assess themselves and build those results into their strategic planning processes.

**Category 1 – Leadership and Innovation.** This category explores how leadership uses the principles underpinning the framework. It examines how management practice and behaviour are linked to those principles and how their application has become a part of daily life.

**Category 2 – Strategy and Planning Process.** This category explores the way the organisation develops its strategies and plans, and how it deploys them.

**Category 3 – Data, Information and Knowledge.** This category examines how the organisation obtains and uses data, information and knowledge to support decision-making at all levels of the enterprise.

**Category 4 – People.** This category explores the way in which all people are encouraged and enabled to make a personally satisfying contribution to the achievement of the organisation’s goals.

**Category 5 – Customer and Market Focus.** This category addresses the way in which the organisation analyses its customers and markets, and how it reflects the needs of its current and future external customers in all its activities.

**Category 6 – Processes, Products and Services.** This category examines the processes the organisation uses to supply quality products and services to its customers, and the processes used to improve those products and services.

**Category 7 – Business Results.** The intent of this category is to demonstrate the performance of the organisation to date and, by using appropriate measures, to envision its success into the future. It provides an opportunity to pull together the strands of the holistic management described in the first six categories and to illustrate how management initiatives are contributing to demonstrably superior performance and the achievement of the organisation’s purpose, vision and goals.

The excellence framework covers the elements of total quality and is consistent with international models like the Malcolm Baldrige National Quality Awards and the European Quality Awards.

The management system can be scored out of 1000 points. Scores are only one of the factors taken into account in determining whether an applicant will be recognised for a level of business excellence.

At this time none of the three case study enterprises had expressed a desire to apply for an award. When informed that many other organisations used the process for self-assessment against the framework, they felt that it might be worthwhile for them to review their relative scores if only to determine the areas of weaknesses in their businesses and to plan for potential improvements. Even at this early stage they felt that all the categories of the framework were relevant to their business.
Applying The Australian Business Excellence Framework To SHE

To be eligible for the small enterprise section, organisations must directly employ between 7 and 100 full-time staff. A business with less than 7 employees may still be eligible but would need to provide grounds for exemption from this requirement. The organisation must be fully autonomous and exercise the full range of management responsibilities appropriate to its operations. Clearly the majority of businesses like the case study enterprises will have difficulty in meeting this criterion as they generally employ, on a full-time basis, one or two people (often husband in the paddock and wife in the packing shed) and a few casuals during harvest / packing operations only.

The Administrative Process of Application

The administrative process of application was perceived to be somewhat daunting by the case study enterprises:

- Having no prior knowledge of the awards they did not know where to start.
- They were not aware that the Australian Quality Council (AQC) managed the process and could assist them with their application. In fact they were not aware that the AQC actually existed.
- Once the relevant information was obtained, enterprises were then expected to self-assess against the framework. Before doing so, businesses must have attended an awards information seminar.
- The written application form is then completed ensuring that each question is answered. Any additional information is attached and referenced.

The case study enterprises had not heard of the excellence framework but when explained to them, they felt somewhat positive towards the objectives of the awards. However, they thought that the costs, time and resource requirement associated with the process as being prohibitive. The actual construction of the written application was also a concern for them – English is often a second language for many horticulturalists in Victoria. Whilst still remaining fairly positive towards the awards they felt that the framework was probably more suited to organisations with a larger infrastructure and perhaps those operating within the traditional manufacturing or service industries.

Their final anxiety related to what they would get out of the awards process as a business. Recognition (self or public) was of little concern to them and now that they had third party certified food safety and quality systems in place, they thought it was difficult enough putting the time in to manage that system let alone tackle another.

Nonetheless they were prepared to look at the framework from a passive perspective – observe and discuss the potential application of the model to their business without becoming more formally involved and seeking the recognition through the awards process.

The Case Study Enterprises

A description of the three case study small horticultural enterprises follows:

1. A strawberry grower and packer whose market is primarily linked into a major supermarket chain. The husband works full-time in the business and handles the field-work (soil preparation and crop maintenance) and employs up to 4 casuals for picking and planting purposes. The spouse manages the packing shed and employs up to 3 casuals during harvest / packing operations only.

2. A stone fruit grower and packer whose produce is primarily marketed through agents. The husband works full-time in the business and manages all the field-work except harvest. Up to 10 casual pickers may be employed during the short harvest period. The spouse manages the packing shed operations and employs up to 3 casuals during harvest operations only.

3. A cherry grower whose produce is marketed through an agent / packing shed operation. The husband works in the field on a full-time basis. The spouse and up to five casuals pick and pack the mature fruit during the short harvest season.

Interestingly, the casuals employed with all the three case study enterprises were regular seasonal workers who had had a long-term involvement with the business.
Applying The Self-Assessment Tool

The seven categories of the excellence framework were then applied to each of the case study enterprises by reviewing the set criteria and comparing them with the way the business currently operates. The following observations were made on some of the major aspects of the framework:

Category 1: Leadership and Innovation
The case study enterprises had no business strategy or strategic direction whatsoever. Planning was based purely on past practice and on agreements made with their principal customers. Indicators of success were based on market prices and the end-of-season tally. There was some knowledge of the cost of production, particularly in relation to casual labour and resources such as fuel, farm chemicals, packaging etc. However, little attention was paid to the cost of their own efforts – in fact it was stated that if they really knew how much they earned for their own work, they wouldn’t do it.

Innovation and operational improvements tended to be industry rather than enterprise driven. In one case however, the process of external certification had stimulated a total re-think of the business operations and a number of quality improvements had been implemented.

The enterprise values and ethics in use were closely related to that of the family itself and were effectively dispersed throughout the business. High employee (and employer) loyalty was evident. This was probably related to the fact that the casual workers had had a long-term relationship with the business and would not necessarily be the case if the casual employees were itinerant. Leadership throughout the business was strong and workers were empowered.

Category 2: Strategy and Planning Processes
The enterprises had a good understanding of the produce they grew and the specific market environment however much lesser knowledge of the greater industry itself (produce line or fruit and vegetable industries in total). As a result they could respond very quickly to problems in the field and their own changing market conditions.

When it came to prices for harvested produce, they were predominantly price-takers rather than price-makers. Even in poor markets the only choice that the case study enterprises had was to accept market prices or risk losing established relationships.

With one exception, there was little thought about seeking alternative markets or value-adding produce.

Category 3: Data, Information and Knowledge
In this area the case study enterprises had strong knowledge of what was happening within their organisations. Enterprises had demonstrated that they had the ability to respond very quickly to changing farm conditions and those employed within the business (whether on a full-time or part-time basis), were likely to be multi-skilled having been trained on-the-job. Although specific measuring and statistical techniques were not used, each business was closely observed from within and out-of-the-norm on-farm situations could be generally managed so as to minimise risk to the operation. With the exception of farm chemical application, daily harvested produce quantities (seasonal only) and distribution details (seasonal only for identification and traceability purposes), little or no other data is collected and analysed.

There was little knowledge of market activities and there was a generally belief that they could not influence the market, in fact, they believed that the market had a strong influence on them. There were many instances to indicate that they were vulnerable to slumps in the market. One case study business was considering leaving the fresh produce market and participating in the processed market only. This was not surprising as this enterprise had strong links into and could directly influence the processed fruit market.

Category 4: People
This category demonstrated the strengths that underpin small businesses in general. The three case study enterprises had strong people relationships within. Employee loyalty and mutual respect was high.

Although training was generally limited to on-the-job and did not necessarily relate to the wider aspects of people development, employees were generally well equipped to handle their work. It was interesting to note the progressive transformation from on-the-job and
demonstrative practices through coaching and counselling to empowerment of the employee. In many ways employees were able to realise their own potential whilst supporting organisational goals and objectives.

The opportunity for timely feedback was also ever present as the potential for internal communication was excellent. All employees were encouraged and enabled to make a personally satisfying contribution, fully well knowing how their job and task performance impacted on the business as a whole.

Perhaps the only weakness in this area relates to occupational health and safety and well-being where formal processes and structures are generally not in place and no formal policies and procedures exist. There is however a positive move towards providing a safer physical work environment and a genuine concern for the well-being of employees.

**Category 5: Customer and Market Focus**

The case study enterprises tended to have long-standing customer-supplier relationships within their market. Although there was often close liaison between the customer and themselves the relationship was generally driven by the customer (in most cases a major retail chain) who determined what quantities of harvested produce were to be delivered, when they were to be delivered and at what price. All case study enterprises had experienced the cancellation of orders (often after the packaging of produce in customer specific packaging) as well as substantial increases in ordered quantities and had to respond quickly to customer requirements. The customer-supplier relationship is very much one-sided in the favour of the retailers.

Although the enterprises worked to produce specifications there was often disagreement on the physical application of it. On several occasions produce was rejected because it was deemed to have failed to meet the specification only to be accepted a day or two later. These inconsistencies have been and are continually the subject of discussions between the supplier (the SHE) and the customer (the retailer)

**Category 6: Processes, Products and Services**

The three case study enterprises all had third party certified quality / food safety systems in place and these were developed and implemented at the request of the customer (major retail chain and market agents). The systems themselves supported innovation and change and the process of continuous improvement however this was not the focus within the case study enterprises. The primary reasons for implementation were to meet the demands of the customer organisation and to manage the quality and food safety of the produce. Often the continuous improvement activity was put aside so that the enterprise could focus on the day-to-day operational activities. Little, if any time, was devoted to reflection, analysis or improvement activities.

**Category 7: Business Results**

The three case study enterprises did not demonstrate any strengths in this area. The intent of this category is to demonstrate the performance of the organisation to date and, by using appropriate measures, to envision its success into the future. In this case no definitive key performance indicators are used and there is no formal benchmarking within the industry. Although each business was able to demonstrate that they had deployed improvements discovered during the development and implementation phases of their quality / food safety system, there did not appear to be other opportunities taken to think about improvements within their own business let alone within the industry itself. With the exception of planning the number of trees or seedlings to be planted, all three case study enterprises indicated that measuring performance and planning for the future, more than one season ahead, just did not happen. As long as production levels (and prices) were as good as or better than previous years they tended to be satisfied that their operations were effective.

**Small Business Characteristics – Does The ABEF Take These Into Account?**

Hewitt in the article titled ‘Business excellence: does it work for small companies’ (1997, pp. 80-81) suggests that small businesses demonstrate a number of characteristics that differentiate them from large organisations. Some typical small business strengths are that they:

1. have the ability to respond very quickly to changing market conditions;
2. waste little time on non-core business activities;
3. tend to have high employee loyalty;
4. reflect the commitment of the small business owner;
5. are likely to deploy improvements quickly and therefore gain rapid benefit;
6. are usually very closely in touch with customers;
7. have the potential for excellent internal communication;
8. have people who are likely to be multi-skilled;
9. training is likely to be very focussed on skills needed to achieve targets;
10. people will usually be aware of how their job impacts on the business as a whole.

Hewitt (1997, p. 81) also suggests that there are a number of small business risk areas including:
1. they are highly vulnerable to slumps in markets;
2. funding investment is more critical;
3. cashflow is critical;
4. they may not have time to look at the ‘outside world’;
5. they may have difficulties in getting good suppliers;
6. they may be operating an inappropriate quality management system because of customer pressure to be certified (to ISO 9000);
7. there is little time available to think about improvement;
8. training budgets are likely to be limited and wider aspects of people development will probably not be addressed.

When one reviews the two lists it is clear that these strengths are entwined within the excellence framework (see Table I).

It therefore appears that the Australian Business Excellence Framework holds itself as a potentially useful tool for small horticultural enterprises (and small businesses alike) to self-assess and provide the means for business improvement.

<table>
<thead>
<tr>
<th>ABEF Category</th>
<th>Small Business Strengths</th>
<th>Small Business Risk Areas</th>
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<tbody>
<tr>
<td>1. Leadership &amp;</td>
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<td>4, 7, 8</td>
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<td>Innovation</td>
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<td>2. Strategy &amp;</td>
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<td>4, 5</td>
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<tr>
<td>Planning Process</td>
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<tr>
<td>3. Data, Information &amp;</td>
<td>1, 2, 7, 9</td>
<td>1, 2, 3, 6, 8</td>
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<tr>
<td>Knowledge</td>
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<td>4. People</td>
<td>3, 4, 7, 8, 9, 10</td>
<td>8</td>
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<td>5. Customer &amp;</td>
<td>1, 6, 7</td>
<td>4, 5, 6</td>
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<tr>
<td>Market Focus</td>
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<td>6. Processes, Products &amp;</td>
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<td>4, 5</td>
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<tr>
<td>Services</td>
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<tr>
<td>7. Business Results</td>
<td>7</td>
<td>1, 2, 3, 7</td>
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Table I: Linking the ABEF with Small Business Characteristics

Conclusion

Small businesses, including small horticultural enterprises, can use the Australian Business Excellence Framework as a useful tool for business improvement. This, however, is unlikely due to:

- The perceived excessive costs associated with the program. Small businesses alike will find it difficult to fund such an activity to the levels required.
- The process associated with the development of the application, submission and post-submission activities. Many small horticultural enterprises will have difficulties in understanding the process and in writing the required submission.
- The perception that the time, effort and costs associated will not lead to a commensurate improvement. There is much resource investment required when undertaking this process. Small horticultural enterprises question, in a similar vein to food safety and quality system certification, what will they get out of it.
- The distinct impression that framework is for larger enterprises. It is perceived that larger enterprises can afford to put the time, effort and required resources into such a process.
Nonetheless, the excellence framework can be used informally as a self-assessment tool. Although there is still some apprehension with regards to the case study enterprises, they haven’t written off the next step – a more formal attempt at self-assessment.

Acknowledgement

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References


Autobiographical Notes

Peter Bryar is an organisational development practitioner who works principally with small horticultural enterprises. After completing a Masters of Business and Masters of Applied Science on a part-time basis, Peter decided to pursue further studies full-time and attempt to link his passion for learning and his curiosity relating to how small businesses operate.

Peter is undertaking doctoral studies at RMIT University’s Centre for Management Quality Research. His thesis is titled ‘Supply Chain Quality Improvement: The Case of Small Horticultural Enterprises’ and looks at how small fruit and vegetable growing enterprises develop, implement and maintain their food safety and quality management systems.