The Malcolm Baldrige National Quality Award

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1. Introduction

The purpose of this paper is to introduce the reader to the Malcolm Baldrige National Quality Award (MBNQA), America's highest award for quality. The paper is organized as follows:

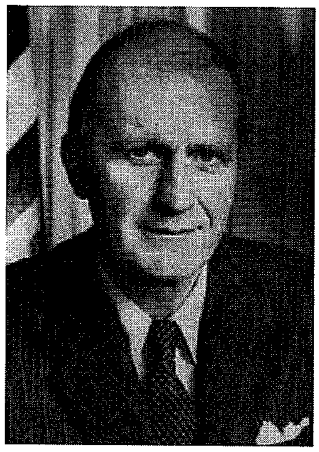
1. Introduction
2. What is the Malcolm Baldrige National Quality Award?
3. The application, assessment, and selection process
4. The Award Criteria
5. The assessment process as a means of organizational improvement
6. Conclusion

2. What is the Malcolm Baldrige National Quality Award?

The Baldrige National Quality Award is an award presented annually to those organizations that have survived a rigorous assessment process over the previous several months. The Award is presented at the Quest for Excellence Conference held in Washington, D.C. As an indication of the prestige associated with it, the President of the United States usually presents the Award. Of course the idea is not just to give out awards but also and mainly to enhance U.S. business performance.

Up to three awards may be given annually to organizations in the following categories: manufacturing, service, small business, education, and healthcare. Once an organization has decided to apply for the award, it submits an Eligibility Certification Form and begins working on the Application Form. Once eligibility has been verified and the Award administrator has received a properly documented application, a series of increasingly stringent reviews takes place resulting in selection of the Award winners in November of each year. As mentioned the Awards are presented at the Quest for Excellence Conference.[1)]

The Award was created in 1987 by an Act of Congress and named for Malcolm Baldrige. Baldrige was the U.S. Secretary of Commerce from 1981 until he died in a rodeo accident in July, 1987. He was dedicated to improving quality within the U.S. business community and was personally involved in drafting an early version of the Act. The reason people like Baldrige saw a need for such an act was the way the U.S. seemed to be falling behind other countries in the area of quality. One of my favorite, and oft used, quotes illustrating this is from humorist Dave Barry (1992):



Malcolm Baldrige

> At first the American auto manufacturers resisted making small cars for aesthetic reasons: Smaller cars sell for less money. But finally, feeling the pinch from foreign competition, the U.S. automakers decided that, OK, they would make small cars. But not just *any* small cars: No, they would make *really bad* small cars. The shrewd marketing strategy here was that people would buy these cars, realize how crappy they were, and go back to aircraft carriers. This strategy resulted in cars such as the Ford Pinto, the Chevrolet Vega, and the American Motors Gremlin—cars that were apparently designed during office Christmas parties by drunken mail-room employees drawing on napkins; cars that frequently disintegrated *while they were still on the assembly line*. (pp. 12–13)

1) The Quest for Excellence Conference to Award the 2003 winners was held March 28–31, 2004.

A quote from the Act says essentially the same thing but in more "sophisticated" language:

> … the leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation's productivity growth has improved less than our competitors' over the last two decades. (Malcolm Baldrige, 1987, Section 2a [Findings], Finding no. 1)

How successful has the Program been in overcoming this competitive disadvantage? According to the answer to one of the Frequently Asked Questions on the Baldrige National Quality Program (BNQP) home page (http://baldrige.nist.gov/):

> NIST [National Institute of Standards and Technology] has tracked a hypothetical stock investment in Baldrige Award winners and applicants receiving site visits [those on the short list for Award consideration]. The studies have shown that these companies soundly outperform the Standard & Poor's 500.

Figure 1 shows the organization of the Baldrige National Quality Program. Here is a brief description of each of the major players.

Department of Commerce (DOC), *Technology Administration.* The mission of the U.S. Department of Commerce is to promote U.S. business at home and abroad. The Technology Administration supports that mission by seeking "to maximize technology's contribution to economic growth, high-wage job creation, and the social well being of the United States" (DOC home page).

National Institute of Standards and Technology (NIST). NIST's mission is to "develop and promote measurement, standards, and technology to enhance productivity, facilitate trade, and improve the quality of life" (DOC home page). The Baldrige National Quality Program is one of NIST's programs for doing this.

ASQ (The American Society for Quality). As stated in the Criteria for Performance Excellence (hereafter "Criteria"), "ASQ strives to be the world's recognized champion and leading authority on all issues related to quality" (Criteria

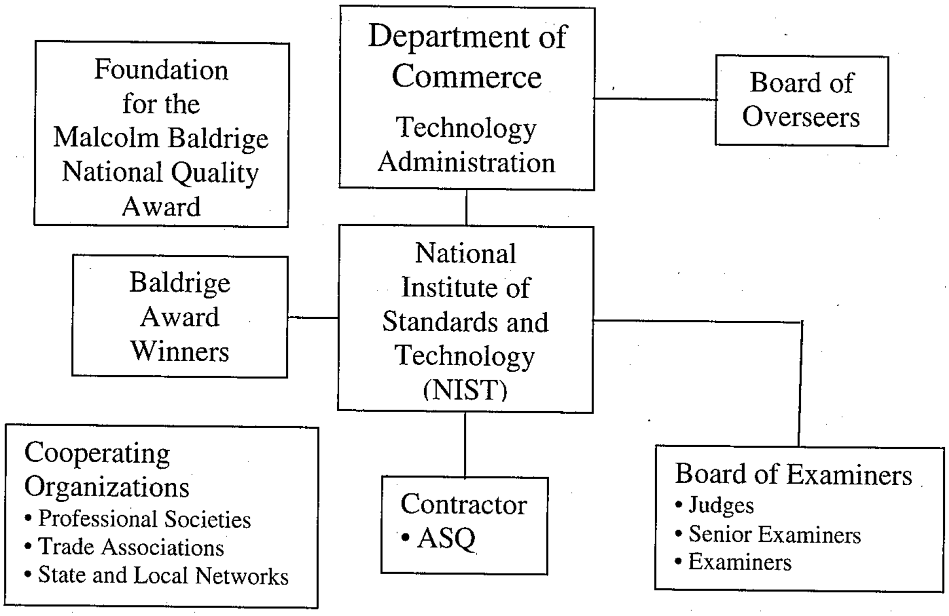


Figure 1. Organization chart for the Baldrige National Quality Program (BNQP home page, under "About BNQP")

cover overleaf). ASQ's headquarters is in Milwaukee, Wisconsin. Under contract to NIST, ASQ assists in the administration of the Award Program.

Foundation for the MBNQA. The Foundation's purpose is to fund the program. Although the U.S. Government does provide some funds, most of the money comes from the private sector and state and local organizations. In addition, applicants are charged nominal fees to help offset evaluation expenses. According to the Criteria:

> Prominent leaders from U.S. organizations serve as Foundation Trustees to ensure that the Foundation's objectives are accomplished. A broad cross section of organizations throughout the United States provides financial support to the Foundation. (cover overleaf)

Board of Overseers. According to the Criteria, this board is made up of "distinguished leaders from all sectors of the U.S. economy." Its job is to continuously review the Program to ensure it is meeting its intended purpose of improving U.S. business performance and make recommendations to the Department of Commerce and NIST.

Board of Examiners. This group is at the heart of the Award Program. Consisting about 550 experts in the fields of business, education, and health care, they evaluate the Award applications and provide feedback to the applicants. Of the total, ten are appointed by the Secretary of Commerce to make up the Panel of Judges, which makes the actual Award recommendations to the Director of NIST. Of the remaining examiners, approximately 95 are designated as "Senior Examiners." Examiners are competitively selected and must participate in a three-day Examiner Preparation Course. Although filled by volunteers, the benefits to both the individuals and their organizations apparently makes these slots highly sought after.

Cooperating Organizations. As indicated in Figure 1, the Program is open to any organization that has a like interest in improving business or organizational performance. The BNQP is truly a model of public-private cooperation.

Baldrige Award winners. As stated on the Application Form: "If our organization is selected to receive an Award, we agree to share nonproprietary information on our successful performance excellence strategies with other U.S. Organizations." The annual Quest for Excellence Conference in Washington, D.C. is where this "sharing" primarily takes place. The Conference is an intensive three-day affair that is designed to allow attendees a maximum opportunity to learn from the Award winners.

Having covered basically what the Award is and looked at the Program's organization and major players, let's now examine the process by which winners are chosen.

3. The Application, Assessment, and Selection Process

The application, assessment, and selection process can be broken down into these main steps:

- Eligibility certification

- Application
- Stage 1, Independent Review
- Stage 2, Consensus Review
- Stage 3, Site Visit Review
- Selection of recommended Award recipients

After each review, there is a winnowing of applicants according to their scores on the Award Criteria. Figure 2, an overview of the Award process, shows this winnowing process. Note that after each stage there is a feedback report provided to the applicants not selected for the next stage in the process. Award recipients also receive a feedback report. The feedback reports are considered an important part of the program. They are prepared by the Board of Examiners and provide each applicant useful information on their strengths and opportunities for improvement based on their responses to the Criteria.

Eligibility certification. Submission of the Eligibility Certification Package is the first step in applying for the Award. This Package consists of the following:

- A completed Eligibility Certification Form (See Appendix 1).
- An organization chart(s) and other required documents[2].
- A completed Additional Information Needed Form (see Appendix 2).
- The eligibility fee (a $150 nonrefundable filing fee).

The *Eligibility Certification Form* (Appendix 1) is used to both verify eligibility for the Award and to provide the Examiners a useful first look at the organization. The Form provides the Examiners basic information on the organization such as its official name, the name of the highest-ranking official, its size/location, its industrial classification, and, of course, the Award Category[3] for which it will be applying. If the applicant is a subunit, additional information is required

2) For example, additional information if the applicant is a subunit. A subunit is defined as "a unit or division of a larger organization."

3) Manufacturing, service, small business, education, or healthcare.

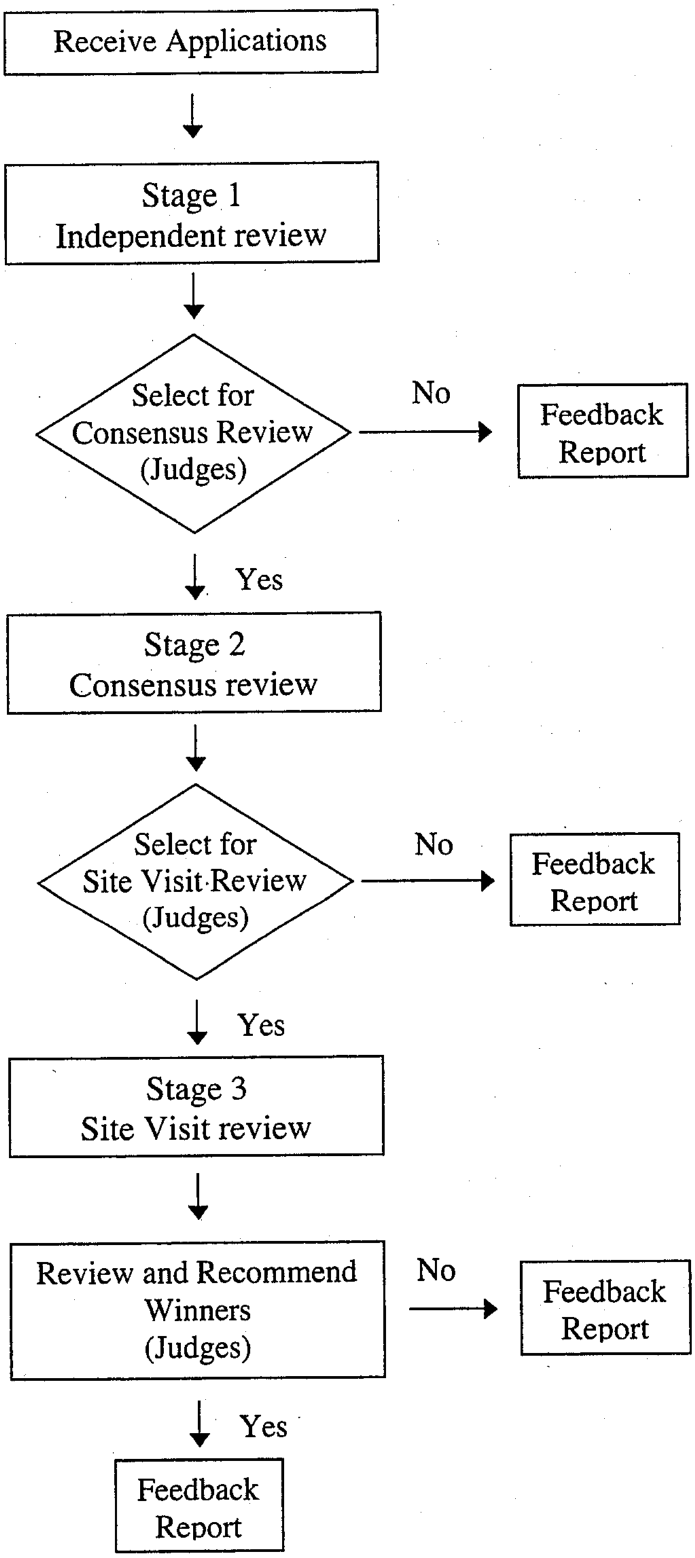


Figure 2. Overview of the Award process (BNQP home page, under "About BNQP")

on the Form to fully understand how the subunit relates to its parent organization.

Eligibility is now self-certified by the organization's highest-ranking official (see item 12 of the Form). In doing this the official attests to the accuracy and completeness of the information in the Eligibility Package and his/her understanding that should any information not be correct it will disqualify the organization. Applicants are encouraged to call the Baldrige Program Office if they need any help completing the Form.

The Eligibility Form also has a place for nomination of a senior member of the organization to the Board of Examiners.

The *Additional Information Needed Form* (Appendix 2), provides information the Program needs to avoid any conflicts of interest when assigning Examiners to evaluate the organization's application.

In calendar year 2004 the deadline for submission of the Eligibility Package was April 13 unless the Package included a nomination to the Board of Examiners in which case it was March 12. Packages are submitted to the American Society of Quality (ASQ), Milwaukee, Wisconsin. Packages are reviewed promptly and, if clarification is required, one of the designated Eligibility Contact Points is contacted.

Application. Once the Eligibility Package has been submitted organizations are free to begin working on the Application Package. The Award Application Package consists of 25 copies of the Application Report and, if applicable, any Supplemental Sections[4]. As stated in the 2004 Baldrige Award Application Forms booklet:

> The objective of the Award Application Package is for the applicant to provide sufficient information to enable the Board of Examiners to conduct a

4) Supplemental sections are required when the organization is so large and/or complex that additional information is needed to fairly evaluate it.

rigorous evaluation. Information is required on the applicant's performance management system and on the results of its processes. All information provided is considered confidential. (p. 22)

The Application Report consists of the following:

- Front cover (blank).
- Title page (applicant's name and may include some additional information as specified such as address, pictures, logo, confidentiality statement, etc.).
- Labeled tabs or divider pages (those required are specified).
- Table of contents (to indicate the page numbers for specified sections of the Package).
- 2004 eligibility forms (the Eligibility Certification Form and Additional Information Needed Form described above).
- Line and box organization charts (these are the same ones submitted with the Eligibility Package that have been returned to the applicant as signed/ stamped forms by ASQ).
- Application Form (Appendix 3, described below).
- Glossary of Terms and Abbreviations (used in the Application Package).
- Organizational Profile (Appendix 4, described below).
- Responses addressing all Criteria items (described below).
- Summary of Supplemental Section(s) (if applicable, described below).

The *Application Form* (Appendix 3) consists of two pages. Page 1 covers the following: the applicant's name and address, Award Category (see footnote 3), official points of contact, and a release and ethics statement. The release statement states the applicant's agreement to fully facilitate a site visit should his/her organization be selected and, if selected to receive an Award, to share nonproprietary information on its success strategies. The ethics statement attests to the accuracy and completeness of the Applications Package, in particular with regard to any material fact "that affects my organization's ethical and legal practices..."

The highest-ranking official of the organization signs this statement.

Page 2 of the Application Form covers the following confidential information: the social security number of the highest-ranking official and fee payment information such as the credit card number being used. Twenty-five copies of the Application Package are to be submitted, however only one copy of Page 2. In fact, applicants are given the option of providing the Page 2 information by telephoning ASQ.

The *Organizational Profile* (Appendix 4) serves several purposes:

- It provides a starting point for the organization's self-assessment and writing of the application.[5)]
- It helps the organization identify possible gaps in key information and to focus on key performance requirements and business results.
- It is used by the Examiners in their review of the organization.
- It can be used by the organization as an initial self-assessment tool to identify performance problems for which action planning can take place.

As can be seen from Appendix 4, the Organizational Profile has two parts: *Organizational Description* covering the organization's environment and relationships, and *Organizational Challenges* covering the organization's competitive environment; its business, operational, and human resource challenges; and its performance improvement system. In other words, the Organizational Profile is "a snapshot of your organization, the key influences on how you operate, and the key challenges you face" (Criteria booklet, p. 10).

The *Responses Addressing all Criteria Items* form the most important part of the application. The Criteria will be discussed in more detail in the next section[6)].

5) For this reason the Organizational Profile is the "Preface" of the Criteria and its two parts, Descriptions and Challenges, are designated P.1 and P.2.

6) See Appendix 6 for the seven Criteria Categories showing all Items and Areas to Address (less explanatory notes). The complete Criteria is available at the BNQP home page, "Materials Available," "BNQP Current Publications."

However, briefly, the Criteria consist of the following seven Categories:

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

The first six categories are "process" categories, essentially covering the organization's operation, and the seventh the "results" of that operation.

Each category is broken down into Items and Areas to Address. For example, under the Leadership category there are two Items: *1.1 Organizational Leadership* and *1.2 Social Responsibility.* And, under *Organizational Leadership*, there are three Areas to Address: *a. Senior Leadership Direction*, *b. Organizational Governance*, and *c. Organizational Performance Review*. Each Area to Address is described in terms of sets of questions. For example, Figure 3 is an extract from the Criteria for the *Senior Leadership Direction* Area to Address. To give

1.1a Senior Leadership Direction

(1) HOW do SENIOR LEADERS set and deploy organizational VALUES, short- and longer-term directions, and PERFORMANCE expectations? HOW do SENIOR LEADERS include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS in their PERFORMANCE expectations? HOW do SENIOR LEADERS communicate organizational VALUES, directions, and expectations through your LEADERSHIP SYSTEM, to all employees, and to KEY suppliers and partners? HOW do SENIOR LEADERS ensure two-way communication on these topics?

(2) HOW do SENIOR LEADERS create an environment for EMPOWERMENT, INNOVATION, and organizational agility? HOW do they create an environment for organizational and employee LEARNING? HOW do they create an environment that fosters and requires legal and ETHICAL BEHAVIOR?

Figure 3. The *Senior Leadership Direction* Area to Address from the Criteria for Performance Excellence (Business) (all Criteria Areas to Address are at Appendix 10)

the reader a feel for the sort of response a company might make to these Areas to Address, Figure 4 shows the first paragraph of a typical response by a fictitious company, GeoOrb Polymers, North America[7]. The entire response to this Area is at Appendix 5.

A *Summary of Supplemental Section(s)* provides a brief description of each supplemental section included in the package if such inclusion was necessary. According to the Application Package instructions:

> Supplemental sections may be required if the applicant has two or more diverse product and/or service lines (i.e., in different NAICS[8] codes) with

> ***1.1a Senior Leadership Direction***
>
> (1) GeoOrb Plastics Corporation (GPC) uses Hoshin Kanri as the key method for leaders across the corporation to set long- (five-year) and short-term (one-year) business strategies that support GPC's key principles and policies, as well as position GPC worldwide to delight customers and lead competitively in the plastics industry. GeoOrbPolymers, North America (G-ORB) uses the Hoshin process in its Gyroscope Planning System (GPS) (Figure-1) to align the company and to involve senior management, departments, and associates from top to bottom insetting key targets and means for realizing business objectives. The Gyroscope Semi-Annual Calibration (GSAC) Process uses external and internal inputs and data analysis to establish, monitor, and revise G-ORB's direction and resource allocation to support corporate and Business Group strategies. Hoshin Catchball is a two-way communication process that engages managers and associates in determining target levels and action plans and is central to the GPS.G-ORB believes that successful organizations are created by knowledgeable associates working toward clear, jointly developed goals, focused on the requirements of its key stakeholder groups (Customers, Partners, Communities, Shareholders, and Associates).

Figure 4. A portion of a typical response to the Criteria's first Area to Address, *Senior Leadership Direction* (Appendix 5 provides the entire response, less figures; see also footnote 7)

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7) This extract comes from a case study of a company created by the BNQP for the purpose of illustrating what the contents of a typical Application Package might look like. It is available in PDF form at the BNQP home page, under "Material Available," "Quality Reference Archive (Previous Versions)," "GeoOrb Polymers, North America Case Study Packet."

8) North American Industry Classification System.

> customers, technology, types of employees, planning, and quality systems that are so different that the application report alone will not allow sufficient detail for a fair examination. (2004 Baldrige Award Application Forms, p. 22)

Once the Application Package is completed 25 bound copies along with all applicable fees are submitted to ASQ. Alternatively, the Application Package may be submitted on a CD in PDF format. For the 2004 Award cycle, the deadline for submitting the 25 paper copies was May 27 and for the CD May 13.

Having looked at the Application Package in some detail, let us now continue with the application, assessment, and selection process. The next step is the Stage 1, Independent Review.

Stage 1, Independent Review. Each application is assigned to a group of Examiners. Working independently, each Examiner reads the application, makes comments about the organization's strengths and opportunities for improvement, and scores each Criteria Item against the scoring guidelines. The relative value of the Criteria Categories and Items is shown in Appendix 6. The scoring of responses to Criteria Items is made along two dimensions: process and results. The process Items are those in Categories 1–6; the results items are those in Category 7. To quote the Criteria booklet (p. 55):

> "Process" refers to the methods an organization uses and improves to meet the requirements in Categories 1–6. The four factors used to evaluate process are Approach, Deployment, Learning, and Integration. (A—D—L—I).

Approach means the method used, its appropriateness, its effectiveness, etc. Deployment means the extent to which the approach is consistently applied to all appropriate work units in meeting the Item requirements. Learning means how well the organization is refining the approach, by both incremental and breakthrough improvements, and sharing such refinements and innovations. Integration means the extent to which the approach is aligned with the needs of other Item requirements, and how well other elements of the organization such as the measurement and information systems and the organization's plans, processes, and results are complementary across the organization. See also Appendix 7, the scoring guidelines for the process Items.

Again quoting from the Criteria booklet (p. 55), which is addressed to applicants:

> "Results" refers to your organization's outputs and outcomes in achieving the requirements in items 7.1–7.6[9]. The four factors used to evaluate results are:
>
> - your current level of performance
> - rate (i.e., slope of trend data) and breadth (i.e., how widely deployed and shared) of your performance improvements.
> - your performance relative to appropriate comparisons and/or benchmarks
> - linkage of your results measures (often through segmentation) to important customer, product and service, market, process, and action plan performance requirements identified in your Organizational Profile and in Process Items.

See also Appendix 8, the scoring guidelines for the results Items.

Besides the evaluation factors just cited, the Criteria booklet (p. 55) mentions another "critical consideration": the *importance* of an organization's reported process and results to its "key business factors," in particular "your key customer requirements, competitive environment, key strategic objectives and action plans..."

A close look at the scoring guidelines (Appedixes 7 and 8) will show that scoring is very conservative. In fact a score of only 50 percent for a process Item means the organization is doing fairly well in its approach, deployment, learning, and integration for that item. Similarly, a score of 50 percent for a results Item

9) See Appendix 6.

shows the organization is definitely moving in the right direction in terms of results.

Returning to the activity of the Examiners, the results of the independent reviews are combined and used by the Panel of Judges to decide who will go on to the next stage. Those not selected for Stage 2 are provided a feedback report (see Figure 2). The Stage 1, Independent Review takes place during the June–August timeframe. All members of the Board of Examiners take part in this review.

Stage 2, Consensus Review. For those still in the running, a team of Examiners "reaches consensus on key themes, the applicant's strengths and opportunities for improvement, the resulting scores, and the issues to clarify and verify if the applicant is selected for a site visit" (*Why Apply*, p. 11). Once again the results of this review are used by the Panel of Judges to select applicants for site visits. The Consensus Review takes place from mid-August to mid-September. Fifty to seventy percent of the members of the Board of Examiners are used for the Consensus Review.

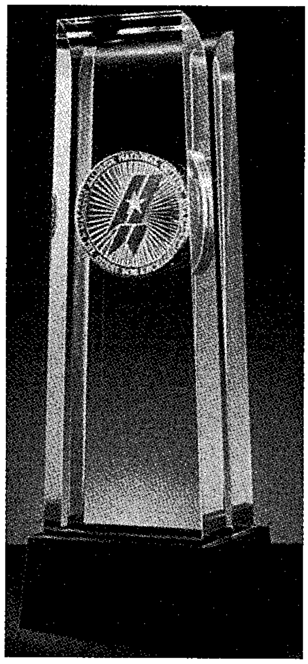
Stage 3, Site Visit Review. The purpose of the site visit is to let the Site Visit Team of Examiners "clarify uncertain points in the application, verify that the information in the application is correct, and gain additional information" (*Why Apply*, p. 11). The Examiners complete a site visit scorebook that both provides the Judges with the information they need for selecting the winners and also information that will be the basis for the feedback reports. Whether a site visit applicant is recommend for the Award or not he/she will received a feedback report as indicated in Figure 2. In 2004 the site visits were scheduled for October 17–30. For this stage, 35–55 percent of the Examiners are used. According to the 2004 Examiner Application booklet (p. 5), Examiners for this stage will be required to spend 1 to 2 days reading and preparing material for the visit, 2 to 8 hours in conference calls, and 5 to 7 days on site. Each day on site requires approximately 12 to 18 hours of work, no small thing!

If an applicant is selected for a site visit he/she must pay the site visit fee and facilitate an "open and unbiased examination" as agreed to by the highest-ranking official of the organization on the Application Form. The fee depends on such things as the number of sites to be visited, how many Examiners are assigned, visit duration, etc., and range from $1,500 to $35,000.

Selection of recommended Award recipients. Once again the Panel of Judges enter the act and, reviewing the site visit scorebooks, decide who will be recommended for the Award. These recommendations are made to the Director of NIST who, in turns, coveys them to the Secretary of Commerce. The Secretary of Commerce makes the final determination. Should a site-visited applicant be selected for the Award, it is important he/she is in full compliance within all applicable laws and regulatory requirements. Therefore NIST conducts appropriate record checks of these applicants and their highest-ranking official. This process is called "role model determination."

Once an applicant has survived the three reviews and the role model determination, that organization is awarded the Malcolm Baldrige National Quality Award. As describe in the Criteria booklet (p. ii):

> The Award crystal, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black anodized aluminum with the Award recipient's name engraved on the base. A 22-karat gold-plated medallion is captured in the front section of the crystal. The medal bears the inscriptions "Malcolm Baldrige National Quality Award" and "The Quest for Excellence" on one side and the Presidential Seal on the other.



The Award

As mentioned the President of the United States traditionally presents the Awards at the annual Quest for Excellence Conference held every spring in Washington, DC. Award winners through 2003 are listed at Appendix 9.

4. The Award Criteria

As already mentioned, the Award Criteria[10)] consists of seven Categories, which are repeated here:

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

Appendix 10 shows these Categories along with their Items and associated Areas to be Addressed. The Criteria basically serve three purposes:

- To provide a basis for making the Award
- To provide a framework for providing feedback to the applicants
- To provide any organization a way to conduct its own self-assessment

It is probably the third purpose that is the most important since, indeed, the Criteria are used extensively by organizations to help them improve their performance whether or not they are trying for the Baldrige Award. And, in fact, that is the real purpose of creating the Award in the first place, to encourage such self-assessment and follow-on improvement actions.[11)]

The Criteria are based these 11 "Core Values and Concepts":

- visionary leadership

10) There are three Criteria, one for business, one for education, and one for health care. This paper uses the business Criteria.

11) The next section addresses self-assessment in detail.

- customer-driven excellence
- organizational and personal learning
- valuing employees and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- social responsibility
- focus on results and creating value
- systems perspective

Each core value/concept is discussed extensively within the Criteria booklet (pp. 1–4).

As an aid to show users how the seven Categories fit together as a system, the Baldrige Program has developed a Framework as shown in Figure 5. The Crite-

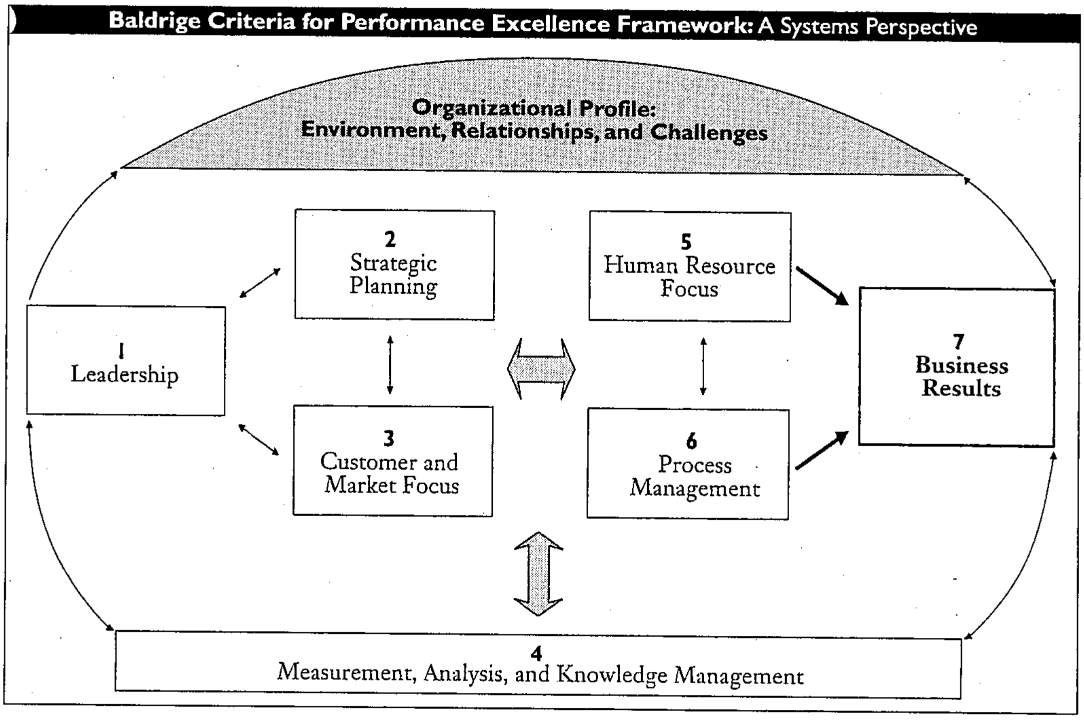


Figure 5. The Baldrige Criteria for Performance Excellence Framework from the Criteria for Performance Excellence (Business)

ria, as a whole, can be considered an organization's performance management system. The Organizational Profile[12] at the top of Figure 5 provides the setting for this system by identifying the organization's environment, key relationships, and strategic challenges. The system is composed of the seven Criteria Categories, six in the center of Figure 5 and one at the bottom. The six in the center comprise two triads: the "leadership" triad—made up of the *Leadership*, *Strategic Planning*, and *Customer and Market Focus* Categories, and the "results" triad—made up of the Hu*man Resource Focus*, *Process Management*, and *Business Results* Categories. The leadership triad emphasizes the important role the leaders play in setting a direction for the organization and seeking future opportunities. The results triad emphasizes how the organization's people and processes are the key to good business results.

The large arrow in the very center of Figure 5 emphasizes the importance of leadership actions being connected to the people and processes and, hence to the results. The two heads of the arrow emphasize the importance of feedback. The vertical arrow at the bottom of Figure 5 shows how the organization's measurement, analysis, and knowledge management are key to making the rest of the system truly "fact-based" and "knowledge-driven." Finally, the two bold arrows pointing to the *Business Results* Category emphasize the need for all actions to focus on results.

As mentioned the Categories are broken down into Items and, under each Item, Areas to Address. Appendix 10 shows all Items and Areas to Address for the seven Criteria Categories. The Criteria booklet also contains copious notes and Item descriptions to help users to fully understand the Items/Areas. As will be noted when looking at Appendix 10, some words are in caps. These are key terms and are defined in the Criteria's glossary.

12) See section 3 above and Appendix 4.

The Criteria booklet provides this guidance for correctly using the Criteria:

General guidelines:

1. Read the entire Criteria booklet.
2. Review the Item format and understand how to respond to the Item requirements.
3. Start by preparing the Organizational Profile.

Guidelines for responding to Process Items:

1. Understand the meaning of "how." This means the applicant must show "key process information that addresses approach, deployment, learning, and integration." A failure to do so will result in a low score.
2. Understand the meaning of "what." There are two kinds of "what" questions: (1) those asking for basic information on the organization's processes and (2) those asking what the organization's key findings, plans, objectives, etc. are. The purpose of the latter is to see if there is alignment among these findings, plans, objectives, etc. as there should be.
3. Write and review response(s) with the following guidelines and comments in mind: (1) show processes are systematic, (2) show deployment, (3) show evidence of learning, (4) show integration, (5) show focus/consistency, and (6) respond fully to each Item requirement.
4. Cross-reference when appropriate.
5. Use a compact form.
6. Refer to the Scoring Guidelines (see Appendix 7). The Scoring Guidelines give additional guidance on what is expected in a good response to the Item requirements.

Guidelines for responding to Results Items:

1. Focus on the most critical business results.
2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data: (1) performance, (2) trends,

(3) comparisons, and (4) breath and importance of the results.

3. Include trend data covering actual periods for tracking trends.
4. Use a compact format—graphs and tables.
5. Integrate results into the body of the text.
6. Refer to the Scoring Guidelines (see Appendix 8).

To illustrate "results" guidelines 4 and 5, Figure 6 is an example from the Criteria booklet (p. 62) showing what a typical graph showing "on-time delivery performance" might look like.

According to the booklet (p. 62) these would be appropriate comments to integrate the graph results into the text:

- The current overall company performance level is excellent. This conclusion is supported by the comparison with industry competitors and with a "world-class" level.
- The company shows excellent improvement trends.
- Product Line A is the current performance leader—showing sustained high

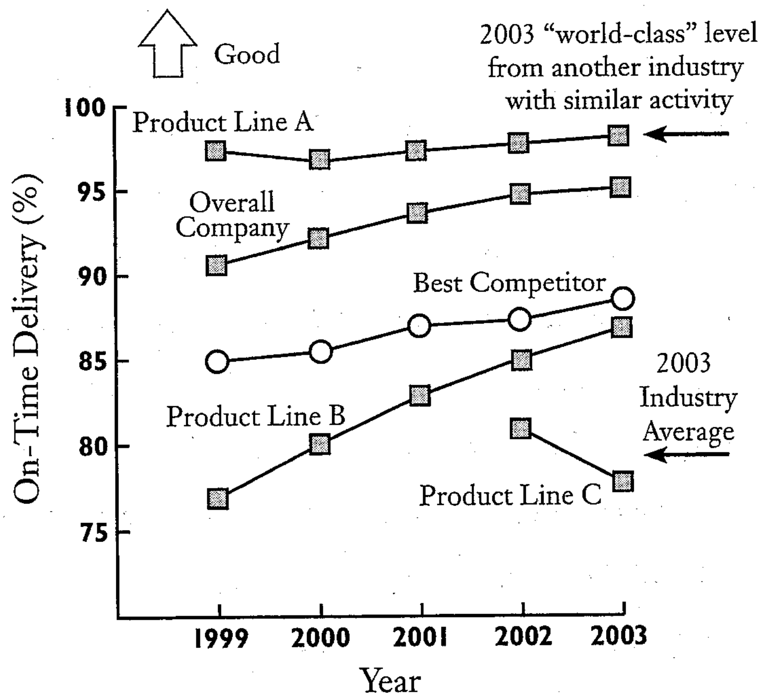


Figure 6. Example graph showing "on-time delivery performance" from the Criteria booklet for Performance Excellence (Business)

performance (on-time delivery) and a slightly positive trend. Product Line B shows rapid improvement. Its delivery schedule is near that of the best industry competitor but trails the "world-class" level.

- Product Line C—a new product—is having early problems with on-time delivery. (The company should explain briefly these early problems.)

That's a brief overview of the Baldrige Criteria including a summary of the guidelines for their use. Now let us take a closer look at how an organization can use these criteria (or similar criteria) for self improvement.

5. The Assessment Process as a Means of Organizational Improvement

Although the main thrust of this paper is the Award process, it is important to realize the real intent behind the Award is improving the competitiveness of American businesses. So even if a company is not applying for the Award, it can benefit greatly just going through the steps that it would take if it were applying. The Baldrige National Quality Program has produced a booklet called *Getting Started* meant to help anyone wishing to use the Award process in that way. This booklet briefly describes a ten-step process from "Identify the boundaries on the organization to be assessed" to "Evaluate and improve your self-assessment and action process." Although a good summarization of an organizational improvement process, this booklet lacks the detail that an organization just getting started would probably want. A much better source of information is a book that came out four years ago by David Hutton: *From Baldrige to the Bottom Line* (2000). This section of the paper will provide in mostly outline form the contents of that book. The structure of the book is shown in Figure 7. As can be seen from Figure 7, Hutton's suggested improvement process can be broadly divided into three phases: preparation, assessment, and improvement.

The first three chapters deal with the preparation phase by covering such

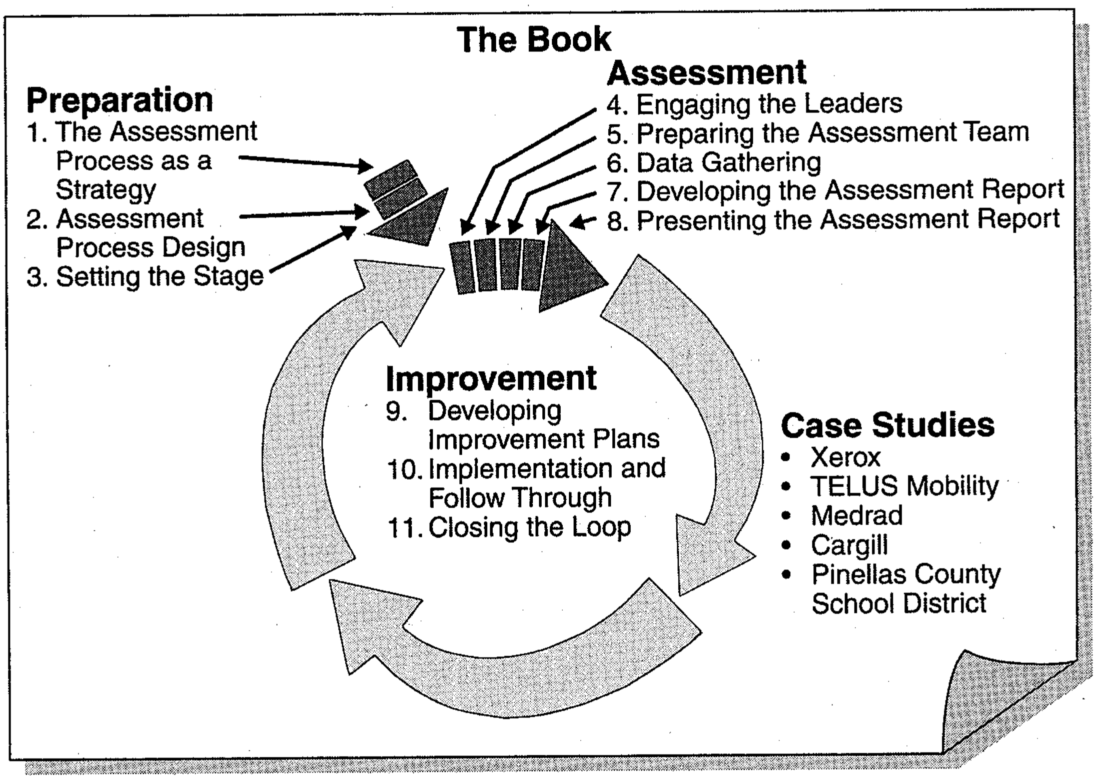


Figure 7. The structure of the Hutton book: *From Baldrige to the Bottom Line* (p. xxvii) (numbers are chapter numbers)

things as the benefits of assessment, an overview of the assessment process, "ground rules" for success, the various options for an assessment[13], and the things that must be done by the person who has taken on the role of assessment process sponsor before the process itself kicks off.

This assessment process sponsor is key to the initiation and progress of the assessment process. Typically he or she will be one of the organization's leaders who has taken an interest in using assessment as a means of improvement. To launch an assessment process the sponsor will completely familiarize him/herself with the process and address such things as its purpose, scope, timing, participants, likely dollar/time costs, and what sort of outside

13) Ranging from a quick "mini assessment" that might be a good starter activity, to an assessment involving outside expertise either as an advisor ("facilitated assessment") or actual member of the assessment team ("joint assessment"), to a full-fledged "external assessment" such as the Baldrige where the assessment is done by people outside the company. The book uses the "facilitated assessment" as its model.

help should be used. Armed with this information, a proposal is developed for presentation to the leadership team at a workshop. Once the assessment is formally launched, the sponsor will remain engaged in it, sort of like a mother hen, to be sure it stays on track and to help remove any barriers that may occur. However, the sponsor must, at the same time, avoid "taking ownership and accountability away from the rest of the leadership team" (p. 65). A final caution regarding the preparation phase is for the sponsor to know when assessment is *not* the right thing to do such as if the leadership team is only focused on short-term survival, is not competent enough to pull an assessment off, or have not even done the fundamental things such as developing a mission and goals for the organization.

Once the sponsor has completed the preparation steps, it is time to formally kick off the assessment process. As can be seen in Figure 7, this process consists of eight steps:

1. Engaging the leaders
2. Preparing the assessment team
3. Data gathering
4. Developing the assessment report
5. Presenting the assessment report
6. Developing improvement plans
7. Implementation and follow-through
8. Closing the loop.

We will now take a brief look at each of these assessment steps.

Engaging the leaders. As with any major improvement effort, success depends on the commitment of the top leaders. This is the purpose of this first step in the assessment process. However before getting this commitment, the leaders must understand the assessment process and the criteria upon which it is based. This is done at a workshop for the leaders. The first thing the sponsor does during this workshop is to go over the process including the key success factors. The sponsor may want to use some award-winning organization as an example of how the process works.

Next, the leaders are briefed on management principles upon which the criteria are based and asked to individually and with others answer questions such as "what sort of support would be required to make some principle a part of our way of doing business?" Next, a small part of the criteria are used, usually from the leadership area, to give the leaders some first hand experience using them. After explaining that part of the criteria and the evaluation logic[14], and demonstrating the evaluation process, the leaders are formed into small groups and asked to write up their findings for this part of the criteria. These findings are then shared with the entire group. The format for these findings is shown in Figure 8. In doing this Hutton stresses an important point; namely, that the evaluation should focus on *methods*, not *symptoms*. For ex-

Strengths	**Opportunities for Improvement**
+ There is a systematic process for gathering information from the leaders to help determine the strategic direction. + There is a sound method of processing various inputs, using appropriate tools, to determine the strategic direction. + The strategic direction is communicated thoroughly to all managers by means of the all-manager briefings and follow-up sessions.	– Input from other stakeholders, and from other levels in the organization, is gathered in an ad hoc fashion, or not at all. – Communication of the strategic direction to nonmanagement employees is patchy—there is not a consistent, defined way of doing this. – There is not a reliable method of obtaining feedback on whether the strategic direction is adequately understood at various levels in the organization.

Figure 8. The findings format (Hutton, p. 95)

14) According to Hutton's book the evaluation logic involves only two things: *approach* and *deployment*; is the approach (method used) good and is it well deployed? If so, the organization can expect good results. Note that the latest Baldrige Criteria include *learning* and *integration* as evaluation factors.

ample, a *symptom* is "We don't have a strategy" but the related (missing) *method* is "We don't have a process for developing a strategy."

A final aspect of the criteria is the scoring system (e.g., as shown in Appendixes 7 and 8). This is especially important to mention for at least two reason: (1) to set leader expectations since the system will usually not yield a "good" score the first time an organization is assessed (see Figure 9 from Hutton) and (2) the leaders need to understand the primary purpose of the assessment is performance improvement, not getting a "good" score. Ideally, a "good" score is the result of improvement-focused assessments, not the other way around.

At this point the leaders are ready to receive the sponsor's proposed assessment plan. However, all key aspects of it need to be discussed with the leadership team to be sure they share in the decision making and begin taking ownership of the plan. Key aspects include main tasks, schedule, how the assessment team is selected, and how employees will be advised on what's happening. The

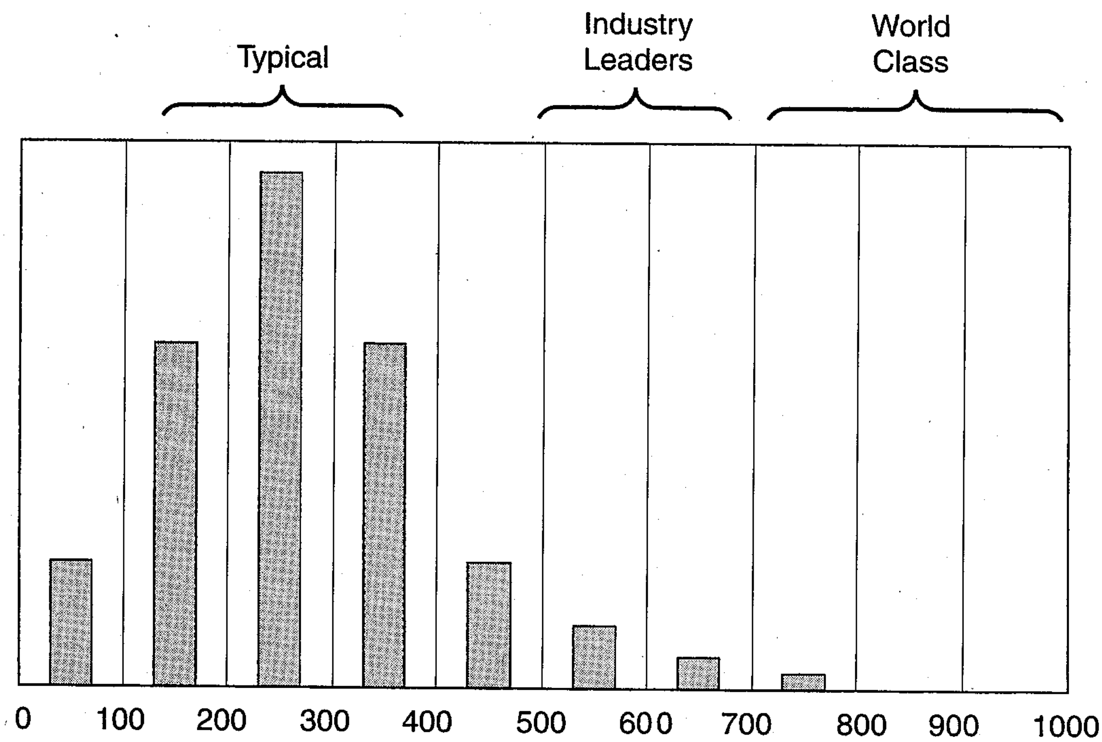


Figure 9. A "guesstimate" of how assessment scores are distributed within an industry (Hutton, p. 97)

finalization and acceptance of the proposed plan for the assessment by the leadership team will provide the sponsor the green light for proceeding. To be sure this is clear to the leaders, the workshop should close with a review by the sponsor of what's been discussed and agreed on and what the next steps will be (preparing the assessment team). Finally the leaders should be asked if there is anything else that needs to be discussed.

At this point, a well-run leader workshop should result in a leadership team committed to and even excited about proceeding with the assessment. Should this not be the case and a decision is made to not proceed, the workshop was still a good idea to definitely confirm that any assessment attempts would be doomed. Hopefully the decision is to proceed apace.

Preparing the assessment team. It is now time to assemble and prepare the team decided on by the leaders during the workshop. Although the assessment process sponsor will continue to monitor things, it is now the assessment team leader and the assessment process expert who play the leading roles. Both should be carefully chosen in light of the jobs they have to do; the former as one exhibiting good leadership qualities and the latter as one thoroughly knowledgeable and experienced in assessment[15]. The expert may well have already been employed to help the sponsor develop the proposed assessment plan.

Working together the team leader and process expert will now (1) provide initial training to the team, (2) have the team conduct a preliminary evaluation, (3) have the team develop a data gathering plan, and (4) train the team members on how to interview and review documents. Typically a three-day intensive training session will be required to complete preparation of the assessment team.

The initial training session will be a two- or three-hour session covering the

15) It is likely at first the organization will need to engage an outside expert. Hutton provides considerable advice on how to ensure you get a good person as this is critical to having a good assessment (see pp. 74–79).

assessment process and criteria very similar to what was given to the leadership team. It is also a good idea to give the team the results of the leaders' evaluation so they can see how the leaders are thinking.

Following this initial session, the team then conducts a preliminary evaluation of each category of the criteria guided by the process expert. Similar to the findings format of the leadership team (Figure 8), the assessment team lists its findings in terms of strengths (+) and opportunities for improvement (–). However, in anticipation of the data gathering phase these findings also include "questions to be asked" (??), and "documents to be reviewed" (DOC). Figures 10 shows a sample preliminary finding. These individual findings are then consolidated into a master list covering all the categories and form the basis for the data gathering effort. As the team proceeds with its data gathering, the master list is reviewed and updated as necessary.

Next the team develops its data-gathering plan. The purpose of the data gath-

Strategic Planning

+ There is a systematic, fact-based process for developing the strategic goals.
– There is little use made of external comparisons (e.g., benchmarking of key processes or comparisons with competitors) during strategic planning.
?? How do we consider the capabilities of key suppliers during strategic planning?
?? Communication of the strategic direction. (Do people below manager level understand the strategic direction? Do the leaders and managers understand it?)
DOC: Review strategic plan for supplier and benchmarking information.
DOC: What is our track record in achieving the goals set out in past strategic plans? Need comparison of past strategic plans with actual results.
?? Improvement of the process. Have there been any reviews of the strategic planning process?

Legend:
+ = strength
– = opportunity for improvement
?? = question to be asked
DOC = document to be reviewed

Figure 10. A sample preliminary finding (Hutton, p. 116)

ering is twofold: (1) to get a formal description of the organization's management system (strategy, policies, individual responsibilities, etc.) and to get "results" data on such things as customer satisfaction, quality, financials, etc. Gathering this information will provide the team the facts it needs to back up its conclusions on where the organization needs to improve.

The data-gathering plan sets forth who will be interviewed and what documents will be reviewed by which team members. Hutton provides considerable guidance on how to most effectively conduct the interviews and reviews. For example, those selected for interviewing should constitute a good representative cross-section of the organization. Also all members of the leadership team should be individually interviewed as should owners of key processes. Two-member teams should do the interviews, typically one being an "insider" of that part of the organization and the other an "outsider." To get a "frontline" perspective, group interviews should be conducted with some of these employees.

A final part of the team preparation is training on how to conduct interviews and review documents. From scheduling to preparation to the actual interview, and then finally the "how'd it go" and "what'd we learn" debrief, there is a definite process for conducting a successful interview. There is also a "right" way to review a document so you don't get bogged down in detail. Hutton devotes considerable attention to these processes, especially for interviewing (see pp. 134–154 and *data gathering* below).

Under the guidance of the process expert the assessment team has now brought itself up to speed on the assessment process, the criteria, how to use the criteria to evaluate the organization's management system, how to conduct interviews and document reviews, and who will be doing what over then next few weeks. It is now time to gather data!

Data gathering. Most of this part of the book is about how to conduct a good interviews and document reviews since these activities require so much time and effort. Beyond those specific recommendations, Hutton discusses a few other key points:

- Provide the interviewees plenty of advance notice so they won't feel threatened in any way and will, in fact, *want to tell you everything*! Ensuring they know that what they say will be confidential will be important in this regard.
- Identify what the assessment team knows beforehand so the interviews focus only on information specifically needed. Tailor interviews to each interview situation.
- Avoid the unhappy situation of having so many interviews that people lose interest in them. Do this by selecting your interview sample carefully and using group interviews when appropriate.
- Except in general terms do not discuss the results of your data-gathering except with the leaders who should be briefed on a regular basis.
- Do not write up interview reports—interviewees will want to critique them and they're not necessary. Instead simply take "memory jogger" notes.
- Any questionnaire data should only be as a complement to the interviews since you are mainly looking for "facts," not "opinions."

Besides the primary purpose of providing the assessment team the facts needed to understand and accurately identify the strengths and opportunities for improvement, the interviews offer a few other benefits: (1) letting people at all levels have their say, (2) demonstrating that the assessment team knows what it's doing, and (3) giving everyone confidence that action will be taken on key issues.

Having conducted the interviews and document reviews according to the periodically updated master list it is now time to bring all this data together into a meaningful report that can provide the basis for action planning.

Developing the assessment report. Figure 11 shows what a typical assessment report would contain. The contents of the Assessment Process part will be writ-

Topic	Typical Content	Comment
Assessment Process	• List of team members • Interview statistics: number of interviews and interviewees by level, by function, and by location • List of documents reviewed • Any comments on how the process went: e.g., good cooperation from interviewees, assessment team worked well together	Show that the team has followed the agreed-upon process and covered the ground.
Findings	• Strengths, opportunities for improvement (and perhaps scores) listed item-by-item, following the structure of the criteria • Category summaries if appropriate	This is the heart of the report, and the bulk of the material.
Overall Scores	• An overview of what the scores indicate: e.g., percentage scores by category; overall score	Confirm impressions about which categories are strong or weak.
Summary	• A bullet-point list of the key observations, positive and negative	Paint the "big picture." May be presented before or after the findings.
Assessment Team's Vital Few	• The top priorities for improvement identified by the assessment team	To be presented as an input to the final decision-making process.

Figure 11. The contents of a typical assessment report (Hutton, p. 163)

ten later after the assessment team has developed the other content. Before getting into the details about each item[16)] of the criteria the members' ideas about the organization as a whole are written down. This information will be helpful when developing the Summary part of the report.

16) Although Hutton's book is not meant to apply to only the Baldrige Criteria, for the sake of simplicity, we will assume "findings" and "scores" are made on an item by item basis and the items are similar to those found in the Baldrige Criteria.

In developing the Findings part of the report the first step is to review the item and agree on what's being looked for in that item. Then the team's preliminary evaluation[17] is reviewed for clues on how to begin "capturing" the key findings (strengths and opportunities for improvement) for that item. Once some key findings have been developed the team tries to achieve consensus[18] on it. Once consensus is achieved the item is scored and the team moves on to the next item.

Scoring each item should occur immediately after agreeing on the findings for it while the information is fresh in the team's mind. Scoring is done according to guidelines such as those for the Baldrige (Appendixes 7 and 8). To reach consensus on the score each team member comes up with his/her score, which are then charted as shown in Figure 12. After the first round the high and low scoring members are asked to explain their decision and a second round takes place and is charted. Then a final score is proposed to see if everyone "can live with it."

As will be seen, Hutton recommends that the scores be presented after the findings so the leadership team can see the basis for the score. Also it is better not to have an overall score. Rather show how the scores are distributed across the different criteria categories to indicate the relative strengths/weaknesses of

1.1 Leadership											
	0	10	20	30	40	50	60	70	80	90	100
First round		x	xx	xxx	xx						
Second round			xxx	xxxx	x						
Consensus				**30**							

Figure 12. Charting scores (Hutton, p. 173)

17) Figure 10 shows a sample preliminary finding—part of the preliminary evaluation.

18) According to Hutton (p. 165) consensus means everyone (1) believes they've been heard, (2) believes the process is OK, and (3) can "live with" the final decision.

the different parts of the management system. Later an overall score can be used to indicate trends.

Thus far we've been discussing the "process" categories such as Categories 1–6 of the Baldrige Criteria. When developing findings for the "results" category the team should address two areas: (1) how adequate/complete was the data (showing levels of performance, trends, and comparisons with others/benchmarks) and (2) if adequate, what does it tell us about how well the organization is doing. It will be important for the findings in the other categories to match what's presented in the "results" category. For example, a finding of missing or inadequate data might mean there is something wrong with the organization's approach/deployment to its information system.

After all the findings and scores have been determined the team develops the Summary. The purpose of this give the leadership team the "big picture" and also address "cross-cutting" issues; that is, issues that span more than one category such as a general absence of evaluation/improvement efforts. To develop this summary the team first simply discuss that they think the "big picture" is based on the findings just completed. The main points of the big picture are written down. Then the report (thus far) and the team's initial impression are reviewed to ensure nothing has been overlooked. Finally the language of what's been recorded is carefully crafted to make the points as clear and concise as possible.

It is now time for the team to come up with the "vital few"; that is, those six or so issues the team considers the most important to "make the organization more successful." Hutton suggests using the affinity diagram method to arrive at the vital few. The affinity diagram method involves having each member write down his/her most important issues on Post-It® notes which are then posted and, *in silence*, arranged by the members into cluster of related issues. The facilitator then leads a discussion to give each cluster a suitable descriptive title. Then the relative importance and interrelatedness of each cluster is determined (see Hutton pp. 179–182).

The final thing the team must do as a group is plan the presentation. This involves determining the agenda, who will do what, how the report will be presented and discussion encouraged, what examples/quotes will be used to support key findings and any other supporting material. For any findings that might be difficult to understand (or believe!) the team must be ready to present hard data and other evidence such as memorable quotes from the interviews or memorable incidents that have been experience by or related to the team.

The team leader and the process expert will probably do the final cleanup of the report. This involves completing the Assessment Process part (see Figure 11) and developing the wording for the vital few. The vital few can include some suggestions for how these issues might be addressed but, for the sake of leader ownership, should not get into any real detail. The purpose of these vital few issues is to set the stage for the leaders to begin making decisions on their own regarding what actions to take.

Two final points about preparation of the assessment report:

- First, Hutton believe it is better that the report not be a "standalone" but rather a set of concise "bullet points" to facilitate the desired interactive nature of the feedback presentation.
- Second, in preparing the report the process expert can play a valuable role, not just due to expertise in report writing but by challenging any findings that don't seem to jive with the facts.

We are now ready to discuss the next step in the assessment process: presenting the report.

Presenting the assessment report. The primary purpose of the presentation meeting is to get the leaders to understand the findings or, as Hutton puts it:

> ... to enable the senior leaders to see the organization through the eyes of

the assessment team members—to describe so clearly and vividly what they saw that the leaders will see it for themselves. Once this level of acceptance of the findings has been achieved, the focus will naturally shift to the need for action. (pp. 198–199)

Figure 13 is a suggested agenda for meeting. About four hours should be allowed for this meeting. Hutton recommends a setting where small groups can be seated around tables with team members interspersed with the leaders to avoid the "we" vs. "they" impression. The session opens with a few key remarks by the

Topic	**Duration**	**Comment**
Scene-setting	10 minutes	Led by the assessment process sponsor: welcome, any introductions, and a review of the objectives and agenda.
Overview of the assessment process	5 minutes	A brief summary of the work done (e.g., membership of the team, summary data regarding the number of interviews conducted and documents reviewed).
Findings	2.5 hours	Presented by the entire team, with questions from the leadership team. The aim is to achieve a full discussion of any contentious or ambiguous points.
Scores	10 minutes	Presented in a way that highlights which categories the organization is strong in—and where it is weak.
Overall summary	10 minutes	A broad-brush portrait emphasizing the major points. This may work better at the beginning of the presentation or at the end: there's no one right way.
The vital few	30 minutes	Presentation of the assessment team's vital few priorities for improvement.
Next steps	10 minutes	A reminder to the leaders of the next steps (typically a planning workshop) and any prework required.
Wrap-up	15 minutes	Overall reactions of the participants. Closing remarks by the senior leader.

Figure 13. A presentation meeting agenda (Hutton, p. 199)

assessment process sponsor.[19] Following this the facilitator (the team leader and/or process expert) will take over to ensure the meeting moves along as planned.

Following the key remarks, the assessment process is summarized, the make up of the assessment team is described, and some statistics on the interviews completed and documents reviewed are shown to show that the data gathering was thorough. Following this individual team members are given an opportunity to comment on their impressions about how the process went, e.g., how open the employee were or the number of good ideas that the employee came up with.

Next the findings are presented in the usual "strengths" and "opportunities for improvement" format and following the order of the criteria. The leaders will have a lot of questions, especially at first, regarding the opportunities for improvement. If the team has done its homework well, it will be able to answer these questions with fact-based data and salient examples. As Hutton says, no matter how hostile the questioner, each question should be considered as a genuine attempt to understand the finding and treated that way. The senior leader should quickly squash any attacks on the team or the assessment report. Each strength and opportunity for improvement should be clearly marked with a "+" and "–" respectively and with double pluses and minuses for the more significant ones. More time should be given to those findings with double pluses/minuses. If there is some particularly difficult concept that the leaders need to understand (and probably wouldn't) the team should be ready to explain it using a prepared mini-tutorial.

Following the findings, the scores are then presented by category. An overall score can also be presented but, as mentioned, Hutton would not recommend this for the first assessment. When presenting the scores the leaders must again be reminded that a "low" score is not really that bad since it is probably what an

19) See p. 200 of Hutton for an excellent script.

"average" organization would receive. Of course being called "average" should be a further reason for the leaders to want to take improvement actions.

Next the summary is presented to give the leaders a "big picture" view of the organization's performance. Here cross-cutting issues can be addressed including anything that is an obvious pervasive aspect of the organization such as generally good approaches but poor deployment of those approaches.

At this point the facilitator should point out that the meeting is moving from presentation of the facts to a "what should be done" focus with the presentation of the "vital few." Hutton recommends this approach: (1) present a summary of the team's recommended top priorities for improvement (vital few), (2) show the relationships between these, and (3) provide the leaders with the team's ideas that might be useful for tackling each improvement priority. Hutton (p. 207) shows examples of these three things. For example, one priority for improvement might be: "*Strategic Direction:* Clarify the strategic direction within the leadership team and communicate this to all employees." It is important that the team not present these ideas as some sort of plan of action but only to clarify the vital few item and as input to whoever will be working on that item.

At this point, the meeting is wrapped up by asking the leaders "how they feel about the process thus far" and reminding them about the planning workshop when action plans to address the vital few will be developed. To get the leaders prepared for the workshop they are asked to read and digest the assessment report and write down five things that, in their mind, should be given the highest priority for action.

If the presentation has been successful, the leaders are now motivated and even excited about developing action plans to begin closing the gap between where the organization is and where it could be, maybe even world-class!

Developing improvement plans. To develop improvement plans a planning workshop is held, probably within a few days of the presentation meeting. The participants are the leadership team, so they can take ownership of the action plans, and the assessment team, to both lend their knowledge to the effort and be sure the action plans really do address the vital few. The purpose of this workshop is to get final agreement on the vital few and develop outline action plans for each. Figure 14 is a typical workshop agenda and Figure 15 is a sample template for an outline action plan.

- Review the objectives and agenda.
- Select the vital few priorities for improvement.
- Develop outline improvement plans, one for each of the vital few (small group work).
- Share and review these plans to ensure alignment and avoid overlaps.
- Review the arrangements for monitoring and support of the improvement projects to ensure fail-proof implementation.

Figure 14. A typical planning workshop agenda (Hutton, p. 215)

1. Name of the project (after one of the vital few)
2. Objective
3. Measurement(s) of success
4. Key deliverables, main tasks and milestones
5. Methodology to be used
6. Participants (sponsor, team members, others to be kept informed)
7. Timetable
8. Dependencies (inputs, tools, support . . .)

Figure 15. A sample outline plan template (Hutton, p. 217)

To finalize agreement on the vital few, Hutton suggests posting the assessment team's vital few as headings and having each leader place his/her five top priorities under these. Any of their top priorities that do not fit under any of the assessment team's vital few, should be immediately discussed as a possible additional vital few item.

To develop the outline improvement plans, the leaders are placed in small groups and each group assigned a vital few improvement for which a plan is to be developed. The leaders should be assigned so that the improvement they're working on is one they have some interest in or may even become responsible for. To facilitate the work of the groups, they should be given whatever guidance is needed and a template such as Figure 15. It should be noted that each recommended improvement (vital few item) will results in a plan unique to it; in some cases a simple solution may be obvious whereas in other cases the issue may be so complex the improvement plan will be to study the matter further to develop alternative courses of action.

In developing the improvement plans the leaders will probably need some instruction on what methods might be appropriate. Hutton suggests that, in general, there are three: problem solving, process improvement, and process development. These range from the fairly quick and simple (problem solving) to the longer-term and complex (process development) and are discussed at length in Hutton (pp. 219–224). The leaders will probably also need to understand the difference between a "fix," something temporary that can be accomplished fairly soon, and an "improvement," something that results in a permanent, systemic change.

After the groups have completed their plans they are shared with the group as a whole to check for any "overlaps and dependencies" and get any ideas for their refinement.

At this point the matter of ensuring the plans will be faithfully executed needs to be brought up by asking questions such as "what is the management team record in this area?" and getting agreement on such things as how the leaders will hold themselves responsible for their assigned actions, what sort of reviews will be held, and how will findings and actions be communicated to the employees.

Once all the outline action plans seem to be in order and it appears the leadership team is truly committed to follow through on them, it is time to wrap up the workshop. In doing this the facilitator can ask something like: "How do you feel about what's been accomplished so far?"

Perhaps the greatest reason for organizational underperformance is a *failure to follow through on good plans*. This is often due to supposedly "higher priority" issues coming up but, in reality, is due to a failure on the part of the leaders to make that extra effort to ensure the plans are executed and executed on time. This we address next.

Implementation and follow-through. Hutton looks at this from both a "macro" and "micro" point of view. From the macro point of view the organization needs to consider such things as formalization of objectives and responsibilities, the use of measurements and reviews, having good follow-up to reviews, provision of adequate technical/moral support, and management of change. Hutton discusses each of these things in some detail, especially why review meetings are often ineffective.

The micro point of view is depicted in terms of the life cycle of an improvement team. This begins with consideration of the team's key success factors: (1) measurable objectives, (2) a mandate, (3) an assigned sponsor, (4) suitable team leader and members, (5) adequate resources, and (6) an effective means of monitoring progress.

The first thing in the team's "life cycle" is for the team and sponsor to meet to be clear about the objective and mandate, and for the team to be assured it will get the support needed. Next is the preparation phase where any needed training/facilitation is arranged and a detailed game plan is developed. During execution of the plan the sponsor is kept posted via a standardized reporting system and is available at any time to address any barriers or other problems the team cannot handle itself. Once the project is completed, the leaders need to verify what's been accomplished and then recognize the efforts of the team both immediately and later in terms of the experience they've gained. Finally, to be sure the gains made are not lost, a process owner is assigned responsibility for ongoing performance of the process, and the measurement/reporting of the process's performance is institutionalized.

Closing the loop. The idea in closing the loop is to make assessment a normal part of the way the organization does business. To do this, Hutton recommends annual assessments. He also recommends these three steps:

- Debrief after first assessment. You would probably do this right after the planning workshop to find out what worked/didn't work and, therefore, what we should do differently next time.
- Link the assessment process to the organization's vision. For example do this by incorporating some of the management principles and criteria into the vision—things like fact-based management and ensuring ethical behavior. This will make assessment a true part of the organization's makeup and something its leaders cannot ignore.
- Plan for the second/next assessment. Again this should be discussed right after the first/last assessment. This has several benefits for the organization: (1) to bring out any remaining concerns about the assessment process, (2) to reveal any converts, (3) to send a signal to any "hold-outs" that assessment isn't going away, and—perhaps most important—(4) to give a sense of urgency to those working on current improvement plans (knowing they will be expected to show results by the time of the next assessment).

In planning the next assessment the organization may wish to consider these things:

- To show the importance of the assessment process, the process owner should seek out and use any changes to the process recommended by the assessment participants. This should be done in as visible a way as possible as a model for other process owners.
- Consider making each successive assessment more rigorous to bring the organization to ever higher levels of performance.
- Ensure that action has indeed been taken on the previous assessment's vital few lest management lose credibility.

- Keep the leaders engaged through various learning schemes such as taking an in-depth look at a particular category.
- Use documentation from previous assessments for assessor training and as a check to be sure nothing is overlooked during the forthcoming assessment.

The final issue Hutton addresses is what to do when there is weak follow-through. In this case either (1) get a renewed commitment from the leaders including actions they are willing to take to get things back on track, or (2) simply get them to admit they are not up to the demands of a meaningful self-assessment and forget it.

In conclusion, Hutton mentions some of the indicators of progress:

- New strong systems being established such as for engaging the customer.
- Improvements in the bottom-line.
- Management reviews showing improvements in measurable results.
- Working towards excellence becoming a way of life for the organization.

6. Conclusion

The purpose of this paper is to introduce the reader to the Malcolm Baldrige National Quality Award including how an organization would go about both applying for the Award and preparing itself to possibly win that Award. Since the Award is presented to world-class companies and most companies aren't world-class, the road to the Award can be a long one. To get started on that road an organization needs to begin by conducting a self-assessment of its management system. I can think of no better reference for this than the book by David Hutton: *From Baldrige to the Bottom Line*. The last half of this paper has basically summarized the contents of that book to give the reader a feel for what is involved in conducting a successful self-assessment. However, I would strongly recommend anyone thinking about using assessment as a means for organizational improvement buy this book. The portion extracted for this paper represents only a small part of the valuable information contained in the book. The book is replete with real-world examples to illustrate almost every facet of the assessment process. Furthermore, Hutton's "Companion Website" at www.dhtton.com/roadmap also contains a wealth of useful related information.

I also recommend those interested in assessment avail themselves of the material available thought the National Institute of Standards & Technology (NIST) at their web site: http://baldrige.nist.gov/. I have found this source to be exceptionally user friendly and, should you desire any "hard copies" of the material the NIST people have proven to be highly responsive.

If this paper has done anything to contribute to a better understanding of the Baldrige Program and how organizations can improve their management system it will be considered a success.

References

Note: All Baldrige National Quality Program material is available for ordering at no cost at http://baldrige.nist.gov/ under "Materials Available." Most, if not all, material can also be downloaded in PDF format.

2004 Baldrige Award Application Forms (booklet for eligibility certification and application forms).

2004 Examiner Application (Baldrige National Quality Program booklet, November 2003).

Barry, D. (1992). *Dave Barry Does Japan.* New York: Ballantine Books.

Criteria for Performance Excellence (for business), 2004.

Getting Started. (Baldrige National Quality Program booklet, revised March 2003).

Hutton, D. W. (2000). *From Baldrige to the Bottom Line: A Roadmap for Organizational Change and Improvement.* Milwaukee: ASQ Quality Press.

Malcolm Baldrige National Quality Improvement Act of 1987 (approved by the President [Ronald Reagan] August 20, 1987).

Why Apply? (Baldrige National Quality Program booklet, undated).

Appendix 1 (page 1 of 6)

The Eligibility Certification Form

(Source: Baldrige National Quality Program's 2004 Baldrige Award Application Forms booklet, pp 10–15)

2004 Eligibility Certification Form

Page 1 of 6

Malcolm Baldrige National Quality Award

1. Applicant

Official Name ______________________

Other Name ______________________

Prior Name ______________________

Headquarters Address ______________________

____

____

2. Highest-Ranking Official

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Name ______________________

Title ______________________

Telephone No. ______________________

E-mail ______________________

Address ______________________

____

____

Fax No. ______________________

3. Eligibility Contact Point

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Name ______________________

Title ______________________

Telephone No. ______________________

Fax No. ______________________

E-mail ______________________

Address ______________________

____

Overnight Mailing Address (Do not use a P.O. Box number.)

____

____

4. Alternate Eligibility Contact Point

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Name ______________________

Telephone No. ______________________

Fax No. ______________________

5. Applicant Status *(Check one.)*

Has the applicant officially or legally existed for at least one year, or prior to April 13, 2003?

❑ Yes ❑ No

OMB Clearance #0693-0006—Expiration Date: January 31, 2007

This form may be copied and attached to, or bound with, other application materials.

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 1 (page 2 of 6)

The Eligibility Certification Form

2004 Eligibility Certification Form *Page 2 of 6*

Malcolm Baldrige National Quality Award

6. Award Category and For-Profit/Not-For-Profit Designation *(Check as appropriate.)*

❑ Manufacturing (For-Profit Only)
❑ Service (For-Profit Only)
❑ Small Business (For-Profit Only)

❑ Education
- ❑ For-Profit
- ❑ Not-For-Profit

❑ Health Care
- ❑ For-Profit
- ❑ Not-For-Profit

Criteria being used: *(Check one.)*

❑ Business ❑ Education ❑ Health Care

(For-profit education and health care organizations may choose to use the Business Criteria and apply in the service or small business categories.)

7. Industrial Classification

List up to three of the most descriptive three- or four-digit NAICS codes. (*See page 21 of this booklet or the PDF version of the* Baldrige Award Application Forms *at www.baldrige.nist.gov/Award_Application.htm.*)

a. ____________ b. ____________ c. ____________

8. Size and Location of Applicant

a. Total number of
- employees (business) ________
- faculty/staff (education) ________
- staff (health care) ________

b. For the preceding fiscal year,
- check one financial descriptor: ❑ Sales ❑ Revenues ❑ Budgets
- check amount: ❑ 0–$1M ❑ $1M–$10M ❑ $10M–$100M ❑ $100M–$500M ❑ $500M–$1B ❑ More than $1B

c. Number of sites: U.S./Territories ______ Overseas ________

d. Percentage of employees: U.S./Territories ______ Overseas ________

e. Percentage of physical assets: U.S./Territories ______ Overseas ________

f. If some activities are performed outside the applicant's organization (e.g., by an overseas component of the applicant, the parent organization, or its other subunits), will the applicant, if selected for a site visit, make available in the United States sufficient personnel, documentation, and facilities to allow full examination of its operational practices for all major functions of its worldwide operations?

❑ Yes ❑ No ❑ Not Applicable

g. In the event the applicant receives an Award, can the applicant make available sufficient personnel and documentation to share its practices at The Quest for Excellence Conference and at its U.S. facilities?

❑ Yes ❑ No ❑ Not Applicable

h. Attach a line and box organization chart for the applicant. In each box, include the name of the unit/division and its head.

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

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Appendix 1 (page 3 of 6)

The Eligibility Certification Form

2004 Eligibility Certification Form

Malcolm Baldrige National Quality Award

9. Subunits *(If the applicant is not a subunit as defined on pages 6–7, please proceed to question 10.)*

a. Is the applicant _____ a larger parent or system? *(Check all that apply.)*

❑ a subsidiary of ❑ a unit of ❑ a school of
❑ a division of ❑ a like organization of ❑ owned by
❑ controlled by ❑ administered by

b. Parent Organization

Name ______________________

Address ______________________

____

Number of worldwide employees of the parent _____

Highest-Ranking Official

Name ______________________

Title ______________________

c. Is the applicant the only subunit of the parent organization intending to apply? *(Check one.)*

❑ Yes ❑ No *(Briefly explain.)* ❑ Do Not Know

d. Briefly describe the major functions provided to the applicant by the parent or by other subunits of the parent. Examples of such functions include but are not limited to strategic planning, business acquisition, research and development, data gathering and analysis, human resources, legal services, finance or accounting, sales/marketing, supply chain management, global expansion, information and knowledge management, education/training programs, information systems and technology services, curriculum and instruction, and academic program coordination/development.

e. Is the applicant self-sufficient enough to respond to all seven Baldrige Criteria Categories?

❑ Yes ❑ No *(Briefly explain.)*

f. Provide the name and date of the official document (e.g., annual report, organization literature, press release) supporting the subunit designation. Attach relevant portions of the document showing clear definition of the applicant as a discrete entity.

Name of the Document ______________________ Date ______________________

g. Briefly describe the organizational structure and relationship to the parent.

Attach a line and box organization chart(s) showing the relationship of the applicant to the highest management level of the parent, including all intervening levels. In each box, include the name of the unit/division and its head.

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 1 (page 4 of 6)

The Eligibility Certification Form

Malcolm Baldrige National Quality Award

9. Subunits—continued

h. Is the applicant's product or service unique within the parent organization? *(Check one.)*

❑ Yes ❑ No

If "No," do other units within the parent provide the same products or services to a different customer base? *(Check one.)*

❑ Yes ❑ No

If neither of the boxes in "h" is checked "Yes," complete 1, 2, and 3 below.

(1) Provide a brief description of how the market and product(s) or service(s) are similar.

(2) Indicate the organizational relationships of all units that provide similar or identical products or services, including the approximate sales, revenues, or budgets for each.

(3) Describe how the applicant is different from its parent and the other subunits of the organization (e.g., market, location, name).

i. **Manufacturing and service subunits of parents with >500 employees, only.** Are more than 50 percent of the applicant's products or services sold or provided directly to customers outside the applicant's organization, the parent organization, and organizations controlled by the applicant or the parent?

❑ Yes ❑ No

j. **Manufacturing and service subunits of parents with >500 employees, only.**

- Does the applicant have more than 500 employees? *(Check the appropriate box.)*

❑ Yes ❑ No

- Do the applicant's employees make up more than 25 percent of the worldwide employees of the parent? *(Check the appropriate box.)*

❑ Yes ❑ No

k. **All business subunits, regardless of parent size.** Was the applicant independent prior to being acquired, and does it continue to operate independently under its own identity?

❑ Yes ❑ No

Note: If self-certification is based on the subunit being independent prior to being acquired and continuing to operate independently under its own identity, provide a copy of an official document to support this response.

Note: If all answers to "j" and "k" are "No," contact the Baldrige Program Office at (800) 898-4506.

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 1 (page 5 of 6)

The Eligibility Certification Form

2004 Eligibility Certification Form

Malcolm Baldrige National Quality Award

10. Supplemental Sections *(Check one.)*

❑ The applicant has (a) a single performance system that supports all of its product and/or service lines and (b) products or services that are essentially similar in terms of customers/users, technology, types of employees, and planning.

❑ The applicant has (a) multiple performance systems that support all of its product and/or service lines and (b) products or services that are essentially similar in terms of customers/users, technology, types of employees, and planning.

If you checked this box, please describe briefly the differences among the multiple performance systems of your organization in terms of customers, types of employees, technology, planning, and quality systems.

Note: The applicant's Eligibility Contact Point will be contacted if the second option is checked. Applicants may have two or more diverse product and/or service lines (i.e., in different NAICS codes) with customers, types of employees, technology, planning, and quality systems that are so different that the application report alone does not allow sufficient detail for a fair examination. Such applicants may submit one or more supplemental sections in addition to the application report. The use of supplemental sections must be approved during the eligibility certification process and is mandatory once approved.

11. Application Format

If your organization applies for the 2004 Award, in which format would you submit the Application Package? *(Check one.)*

❑ 25 paper copies (due date May 27, 2004) ❑ CD (due date May 13, 2004)

12. Self-Certification Statement, Signature of the Highest-Ranking Official

I state and attest that

(1) I have reviewed the information provided by my organization in this Eligibility Certification Package.

(2) To the best of my knowledge,

- no untrue statement of a material fact is contained in this Eligibility Certification Package, and
- no omission of a material fact has been made in this package.

(3) Based on the information herein and the current eligibility requirements for the Malcolm Baldrige National Quality Award, my organization is eligible to apply.

(4) I understand that at any time during the 2004 Award Process cycle, if the information is found not to support eligibility, my organization will no longer receive consideration for the Award and will receive only a feedback report.

Date

Signature of Highest-Ranking Official

Printed Name

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 1 (page 6 of 6)

The Eligibility Certification Form

2004 Eligibility Certification Form

Malcolm Baldrige National Quality Award

13. Eligibility Certification Filing Fee

Enclose a $150 nonrefundable fee to cover the cost of the eligibility certification filing process. Make the check or money order payable to

Malcolm Baldrige National Quality Award.

You also may pay by VISA, MasterCard, or American Express. Please indicate the method of payment below:

❑ Check or money order (enclosed)

❑ VISA ❑ MasterCard ❑ American Express

Card Number ______________________ Signature ______________________

Expiration Date ______________________ Today's Date ______________________

14. Nomination to the Board of Examiners

One senior member from each organization whose Eligibility Certification Package is **postmarked on or before March 12, 2004,** may become a member of the 2004 Board of Examiners. The opportunity to learn and the required commitment of time are substantial. The time commitment is a minimum of 110 hours between April and December (including approximately 40 hours in April/May to complete prework for the Examiner preparation course, 4 days in May to attend the Examiner preparation course, and another 35–50 hours in June to complete a Stage 1: Independent Review). If requested by the Program, Examiners also are expected to participate in the Stage 2: Consensus Review (approximately 25 hours) and Stage 3: Site Visit Review (approximately 9 days).

Nominees must be citizens or permanent residents of the United States and be located in the United States or its territories.

❑ ______________________ from our organization will serve on the 2004 Board of Examiners.
Name of Senior Member Nominee*

*Please, no substitutions after April 13, 2004.

Nominee's contact information:

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Title ______________________

Applicant Name ______________________ Home Address ______________________

Work Address ______________________ ______________________

______________________ Home Phone ______________________

Work Phone ______________________ Home Fax ______________________

Work Fax ______________________

E-mail Address ______________________

If you are unable to answer any question or answer any question "No,"
please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 2 (page 1 of 2)

The Additional Information Needed Form

(Source: Baldrige National Quality Program's 2004 Baldrige Award Application Forms booklet, pp 17–18)

2004 Additional Information Needed Form *Page 1 of 2*

Malcolm Baldrige National Quality Award

The following information is needed by the Malcolm Baldrige National Quality Award Program Office to avoid conflicts of interest when assigning Examiners to evaluate your application and by Examiners in performing their evaluations.

1. Site Listing and Descriptors

Please refer to the instructions on page 16 of this booklet or the PDF version of the *Baldrige Award Application Forms* booklet at www.baldrige.nist.gov/Award_Application.htm to complete this Site Listing and Descriptors form. It is important that the totals for the number of employees, faculty, and/or staff; percentage of sales, revenues, or budgets; and sites on this form match the totals provided in response to questions 8a, 8b, and 8c on page 2 of the 2004 Eligibility Certification Form. For example, if you report 600 employees in response to question 8a, the total number of employees provided in the Site Listing and Descriptors form should be 600. Duplicate the Site Listing and Descriptors page if all sites cannot be listed on a single page.

Address of Site(s)	Number Employees, Faculty, and/or Staff	Percentage ❑ Sales ❑ Revenues ❑ Budgets	For each site, describe the relevant products, services, and/or technologies.

Provide all the information for each site, except where multiple sites produce similar products or services. For multiple site cases, refer to "c" under item 8, Size and Location of Applicant, on page 2 of the Eligibility Certification Form. Also, see 2004 Eligibility Certification Form—Instructions on page 8 of this booklet or the PDF version of *Baldrige Award Application Forms* at www.baldrige.nist.gov/Award_Application.htm.

Use as many additional copies of this form as needed to include all sites.

If you are unable to answer any question or answer any question "No," please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

Appendix 2 (page 2 of 2)

The Additional Information Needed Form

2004 Additional Information Needed Form Page 2 of 2

Malcolm Baldrige National Quality Award

2. Key Business/Organization Factors

List, briefly describe, or identify the following key organization factors. Be as specific as possible to help us avoid real or perceived conflicts of interest when assigning Examiners to evaluate your application. "Key" means those organizations that constitute 5 percent or greater of the applicant's competitors, customers/users, or suppliers.

A. List of key competitors

B. List of key customers/users

C. List of key suppliers

D. Description of the applicant's major markets (local, regional, national, and international)

E. The name of the organization's financial auditor

If you are unable to answer any question or answer any question "No," please contact the Baldrige Program Office at (800) 898-4506 before submitting your form.

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Appendix 3 (page 1 of 2)

The Application Form

(Source: Baldrige National Quality Program's 2004 Baldrige Award Application Forms booklet, pp 27–28)

2004 Application Form

Page 1 of 2

Malcolm Baldrige National Quality Award

Provide all information requested. A copy of page 1 of this 2004 Application Form must be included in each of the 25 paper copies of the application report (or, alternatively, in the PDF version on CD), as described on page 25.

1. Applicant

Applicant Name ________________

Mailing Address ________________

____

____

2. Award Category *(Check one.)*

❑ Manufacturing ❑ Service ❑ Small Business
❑ Education ❑ Health Care

For small businesses, indicate whether the larger percentage of sales is in service or manufacturing. *(Check one.)*

❑ Manufacturing ❑ Service

Criteria being used *(Check one.)*

❑ Business ❑ Education ❑ Health Care

3. Official Contact Point

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Name ________________

Title ________________

Mailing Address ________________

____

Overnight Mailing Address
(Do not use P.O. Box number.) ________________

____

Telephone No. ________________

Fax No. ________________

4. Alternate Official Contact Point

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Name ________________

Telephone No. ________________

Fax No. ________________

5. Release and Ethics Statements

a. Release Statement

We understand that this application will be reviewed by members of the Board of Examiners.

Should our organization be selected for a site visit, we agree to host the site visit and to facilitate an open and unbiased examination. We understand that our organization must pay reasonable costs associated with a site visit. The site visit fees range from $1,500–$35,000 depending on the type of applicant. (The fees are shown on page 4.)

If our organization is selected to receive an Award, we agree to share nonproprietary information on our successful performance excellence strategies with other U.S. organizations.

b. Ethics Statement and Signature of the Highest-Ranking Official

I state and attest that

(1) I have reviewed the information provided by my organization in this Application Package.

(2) To the best of my knowledge,

- no untrue statement of a material fact is contained in this Application Package, and
- no omission of a material fact that I am legally permitted to disclose and that affects my organization's ethical and legal practices has been made. This includes but is not limited to sanctions and ethical breaches.

Date ________________

Signature ________________

❑ Mr. ❑ Mrs. ❑ Ms. ❑ Dr.

Printed Name ________________

Title ________________

Mailing Address ________________

____

____

Telephone No. ________________

Fax No. ________________

Appendix 3 (page 2 of 2)

The Application Form

2004 Application Form

Malcolm Baldrige National Quality Award

6. Confidential Information

Please note: To help ensure the confidentiality of the information requested, submission requirements for this page (page 2) of your Application Form differ from those for page 1 of the form and for the application report. Whether you submit 25 paper copies or a CD of your application report, one completed **paper** copy of page 2 may be submitted with your Award Application Package, or the information may be telephoned to ASQ at (414) 298-8789, extension 7205. *Do not include this page in the 25 copies of your application report.*

a. Social Security Number of the Highest-Ranking Official

If your application is selected for Stage 3 review, this information will be used in the process for determining role model organizations (see page 3–4).

Name ______________________________

Social Security Number ______________________________

b. Application Fees (see page 26 for instructions)

Enclosed is $_______ to cover one application report and _______ supplemental sections.

Note: An additional $1,250 is required if you are submitting the application report on CD.

Make check or money order payable to

Malcolm Baldrige National Quality Award.

You also may pay by VISA, MasterCard, or American Express. Please indicate your method of payment below:

❑ Check or money order (enclosed)

❑ VISA ❑ MasterCard ❑ American Express

Card Number ______________________________

Expiration Date ______________________________

Printed Name ______________________________

Signature ______________________________

Today's Date ______________________________

7. Submission

Complete Award Application Packages must be postmarked or consigned to an overnight delivery service no later than May 27, 2004 (May 13, 2004, if submitting on CD) for delivery to

Malcolm Baldrige National Quality Award
c/o ASQ—Baldrige Award Administration
600 North Plankinton Avenue
Milwaukee, WI 53203
(414) 298-8789, extension 7205

OMB Clearance #0693-0006
Expiration Date: January 31, 2007

Appendix 4 (page 1 of 2)

Organizational Profile

(Source: Baldrige National Quality Program's 2004 Criteria for Performance Excellence [Business], pp 10–12)

Notes:

1. The words in caps are key terms and defined in the Criteria's Glossary of Key Terms.
2. The explanatory notes and descriptions contained in the Criteria have not been included here.

P.1 Organizational Description

Describe your organization's business environment and your KEY relationships with CUSTOMERS, suppliers, and other partners.

Within your response, include answers to the following questions:

a. Organizational Environment

(1) What are your organization's main products and services? What are the delivery mechanisms used to provide your products and services to your CUSTOMERS?

(2) What is your organizational culture? What are your stated PURPOSE, VISION, MISSION, and VALUES?

(3) What is your employee profile? What are their educational levels? What are your organization's workforce and job diversity, organized bargaining units, use of contract employees, and special health and safety requirements?

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

(5) What is the regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; and environmental, financial, and product regulations?

b. Organizational Relationships

(1) What is your organizational structure and GOVERNANCE system? What are the reporting relationships among your board of directors, SENIOR LEADERS, and your parent organization, as appropriate?

(2) What are your KEY CUSTOMER groups and market SEGMENTS, as appropriate? What are their KEY requirements and expectations for your products and services? What are the differences in these requirements and expectations among CUSTOMER groups and market SEGMENTS?

Appendix 4 (page 2 of 2)

Organizational Profile

(3) What role do suppliers and distributors play in your VALUE CREATION PROCESSES? What are your most important types of suppliers and distributors? What are your most important supply chain requirements?

(4) What are your KEY supplier and CUSTOMER partnering relationships and communication mechanisms?

P.2 Organizational Challenges

Describe your organization's competitive environment, your KEY STRATEGIC CHALLENGES, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

a. Competitive Environment

(1) What is your competitive position? What is your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organization?

(2) What are the principal factors that determine your success relative to your competitors? What are any KEY changes taking place that affect your competitive situation?

(3) What are your KEY available sources of comparative and competitive data from within your industry? What are your KEY available sources of comparative data for analogous PROCESSES outside your industry? What limitations, if any, are there in your ability to obtain these data?

b. Strategic Challenges

What are your KEY business, operational, and human resource STRATEGIC CHALLENGES?

c. PERFORMANCE Improvement System

(1) What is the overall APPROACH you use to maintain an organizational focus on PERFORMANCE improvement and to guide SYSTEMATIC evaluation and improvement of KEY PROCESSES?

(2) What is your overall APPROACH to organizational LEARNING and sharing your KNOWLEDGE ASSETS within the organization?

Appendix 5 (page 1 of 5)

Sample Response to the Senior Leadership Direction Area to Address

(Source: 2003 GeoOrb Case Study, pp. 1–4)

Notes:

1. The source document is available at the BNQP home page under "Materials Available," "Quality Reference Archive (Previous Versions)," "GeoOrb Polymers, North America Case Study Packet."
2. The figures cited have been omitted for the sake of brevity.

1.1a Senior Leadership Direction

1.1a(1) GeoOrb Plastics Corporation (GPC) uses Hoshin Kanri as the key method for leaders across the corporation to set long- (five-year) and short-term (one-year) business strategies that support GPC's key principles and policies, as well as position GPC worldwide to delight customers and lead competitively in the plastics industry. GeoOrbPolymers, North America (G-ORB) uses the Hoshin process in its Gyroscope Planning System (GPS) (Figure-1) to align the company and to involve senior management, departments, and associates from top to bottom in setting key targets and means for realizing business objectives. The Gyroscope Semi-Annual Calibration (GSAC) Process uses external and internal inputs and data analysis to establish, monitor, and revise G-ORB's direction and resource allocation to support corporate and Business Group strategies. Hoshin Catchball is a two-way communication process that engages managers and associates in determining target levels and action plans and is central to the GPS. G-ORB believes that successful organizations are created by knowledgeable associates working toward clear, jointly developed goals, focused on the requirements of its key stakeholder groups (Customers, Partners, Communities, Shareholders, and Associates).

Hoshin planning begins with the GPC Vision and Principles from which G-ORB has articulated its Mission, Goal, Values, and key stakeholders (Figure 1.1-1). Initially established in 1996, these key organizational building blocks are revisited at the start of the GSAC Process. They are the underpinnings of decisions made by the President, teams, and shift operators; they are proudly displayed throughout the Baton Rouge site on banners and posters; they are shared with all new associates; and they are what G-ORB strives to be. Liam Berlin, G-ORB President, and his direct reports compose the G-ORB Steering Team, whose key responsibilities are to lead and direct the development of the Strategy Map, to periodically review and guide performance achievement, and to en-

Appendix 5 (page 2 of 5)

Sample Response to the Senior Leadership Direction Area to Address

sure multidirectional communication about targets, means, and outcomes. The Steering Team is central to integrating the company's Values and Principles into all operations. The Steering Team reviews and adapts GPC-level values and directions, as well as those jointly developed by the Polyolefins Business Group Executive Council and GeoOrb Plastics Services USA (GPS-USA), in establishing G-ORB's long and short-term objectives. Liam Berlin is a member of both the Polyolefins Business Group Executive Council and the GPS-USA Board of Directors. Iterative Catchball dialogues across GPC and within G-ORB's departments and work units are vital to shaping objectives and plans. This planning dialogue is the key deployment mechanism for focusing G-ORB's associates on company directions and performance expectations. Other communications mechanisms (the *Compass* newsletter, Gyroscope meetings, unit review meetings, recognition events, the Web page, and closed-circuit television) share progress, achievements, and recognition.

In May and November, after Catchball iterations are complete, the G-ORB Strategy Map is communicated to all departments by the Steering Team and unit management in department-specific Gyroscope meetings. Departmental actions and associate' next steps are identified. The Steering Team then meets monthly to review progress to plan via the Navigation Reviews. Periodic reviews (Figure 1.1-2) provide tracking and focus at various levels within the company. Individual leaders are held accountable for achieving their goals, and overall site performance is the basis for formulating the variable component (20%) of compensation for all associates.

Following the Baton Rouge site acquisition, all G-ORB associates attended G-ORB Directions I Training—with modules on Hoshin Planning, Kaizen Concepts and Tools, Customer Interactions, Team Formation, and U.S./Japanese Cultural Awareness. This training embedded the Kaizen Improvement Process (Figure P.2-1) into G-ORB's way of doing business. Directions I is a modified version of the corporate TQM training deployed worldwide across GPC. Common tools, approaches, and language from the training facilitates partnering within the Baton Rouge site while providing a foundation for communicating with GPC colleagues at Polyolefins Business Group sister plants across the globe. Directions I Training and Liam Berlin's Welcome Lunch are cornerstones of new associate orientation and assimilation (Item 5.2). Both the training and the lunch anchor new associates in the business and G-ORB

Appendix 5 (page 3 of 5)

Sample Response to the Senior Leadership Direction Area to Address

Values and encourage contributions from these new associates.

Directions II Training, introduced in 1999, is a refresher course for experienced associates with an additional module on Fast Knowledge Exchange and Communities of Practice (COPs). These modules are delivered across the Polyolefins Business Group to speed best practices and technology exchange among the group's seven geographically dispersed plants. Directions Training is taught by the Steering Team and G-ORB managers.

In designing the GPS, the Steering Team ensured that all stakeholders and their needs are directly assessed within the GSAC Process and the Global Scan (Item 2.1). Steering Team members lead sponsor teams (see Figure 1.1-3) that are process owners for value creation processes (Figure 6.1-1). G-ORB's Values, reflecting key relationships with each stakeholder group, provide the foundation for a balanced set of strategies and scorecard metrics (Figures 2.1-3 and 2.2-1). Because G-ORB is highly reliant on technology partners, the Right Technology Team, in conjunction with the Polyolefins Business Group Technology Council, has the responsibility to ensure that these key partners are involved in providing technology inputs to the Calibration Process and Global Scan and are aligned with G-ORB's directions (Area 6.1a[3]).

Cross-functional teams (e.g., Business Development Teams, Customer Account Teams) provide forums for defining and addressing the needs of customers. G-ORB's commitment to following regulations is reinforced daily through its environmental activities and implementation of ISO 14000. Personally, Liam Berlin and the Steering Team demonstrate a stakeholder balance through their customer visits (five per month), partnerships with academia and industrial consortia, participation on GPC councils and committees, leadership in the Baton Rouge and polymer communities, and commitment to devote three hours a week to face-to-face interaction with associates (e.g., walkabouts, teaching, communication sessions, luncheons, and recognition events). Each Steering Team member serves as a single point of contact with an external technology partner with which the company leverages polymer development as well as environmental innovation.

1.1a(2) Creating an organization where all associates feel they are directly contributing and are empowered to shape their performance is the ultimate challenge for senior leadership. The Steering Team has deployed a performance process that involves associates in planning their work

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Sample Response to the Senior Leadership Direction Area to Address

(Hoshin planning), in making collaborative improvements to their work processes (by providing teams with information and Kaizen tools), and in enhancing their skills and competencies (Development and Learning Maps—Item 5.2). G-ORB fosters an environment where learning is respected and reinforced through skills training, skill-based rewards, cross-site networks, and COPs.

Associates participate in setting the expectations for their performance through the GPS, which provides clear direction on how they contribute to G-ORB's success. These expectations are captured in the Team and Individual Development and Learning Maps to ensure acquisition of the necessary skills for performance. Monetary compensation (raises and incentive pay) is based on performance and skill acquisition. Item 5.2 describes the training and educational opportunities available to G-ORB associates.

G-ORB has a team-based culture. At the work unit level, team members set semi-annual performance targets and mutually agree upon means for their achievement. Teams plan their work, analyze their unit performance data, and use information and quality tools (the Kaizen Improvement Process) to drive continuous improvement on the plant floor as well as in support functions. G-ORB uses cross-functional and cross-product teams to integrate data and analysis for strategic planning and reviews. These teams also address problems and improvements requiring the knowledge and cooperation of multiple groups representing designated markets and customers, operating processes, or site locations. All G-ORB associates are on at least one team: a work unit performance team, a study team, an improvement project team, a product development team, an innovation team, or a diagonal slice voluntary team (Figure 1.1-3). The Team Formation module of the Directions I training provides associates with basic skills on being an effective team member, including feedback on personal preferences and style. The Kaizen Quality Tools module provides aids for identifying and solving problems. Teams provide a collaborative structure for identifying problems and developing new approaches and innovative solutions. G-ORB depends on ideas and actions where expertise lies—in teams and individuals.

Organizational learning is key to G-ORB's agility. G-ORB must learn faster than the competition about the needs of customers, speedily transfer world-class business practices, and quickly leverage and apply science and technology. Associates must be skilled and confident in their abilities. G-ORB provides associates with skills

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Sample Response to the Senior Leadership Direction Area to Address

training, easy access to information and analysis, and connectivity around the GPC globe to knowledge resources through a growing, interactive network of cross-location COPs.

Relationships are essential to business success for companies and individuals. Therefore, G-ORB is diligent in its commitment to conduct all its activities in a legal and an ethical manner. The three GPC Principles (including *Achieve Highest Ethical Standards: Conduct all business with transparency and openness, acting with integrity, fairness, and responsibility)* appear on banners throughout the Baton Rouge site. Also, they are incorporated into the G-ORB logo on all Web sites and printed documents. Steering Team members discuss the Principles in associate meetings and walk the talk in day-to-day interactions with associates, customers, partners, and community contacts. Area 1.2b outlines systematic processes that reinforce an environment of trust and integrity.

Appendix 6

Category and Item Point Values

(Source: Baldrige National Quality Program's 2004 Criteria for Performance Excellence [Business], p. 9)

2004 Categories and Items		Point Values
1 Leadership		**120**
1.1 Organizational Leadership	70	
1.2 Social Responsibility	50	
2 Strategic Planning		**85**
2.1 Strategy Development	40	
2.2 Strategy Deployment	45	
3 Customer and Market Focus		**85**
3.1 Customer and Market Knowledge	40	
3.2 Customer Relationships and Satisfaction	45	
4 Measurement, Analysis, and Knowledge Management		**90**
4.1 Measurement and Analysis of Organizational Performance	45	
4.2 Information and Knowledge Management	45	
5 Human Resource Focus		**85**
5.1 Work Systems	35	
5.2 Employee Learning and Motivation	25	
5.3 Employee Well-Being and Satisfaction	25	
6 Process Management		**85**
6.1 Value Creation Processes	50	
6.2 Support Processes	35	
7 Business Results		**450**
7.1 Customer-Focused Results	75	
7.2 Product and Service Results	75	
7.3 Financial and Market Results	75	
7.4 Human Resource Results	75	
7.5 Organizational Effectiveness Results	75	
7.6 Governance and Social Responsibility Results	75	
TOTAL POINTS		**1000**

Appendix 7

Scoring Guidelines for Use With Categories 1–6

(Source: Baldrige National Quality Program's 2004 Criteria for Performance Excellence [Business], p. 56)

Note: Words in caps are key terms and defined in the Criteria's Glossary of Key Terms.

SCORE	PROCESS
0% or 5%	No SYSTEMATIC APPROACH is evident; information is ANECDOTAL. (A) Little or no DEPLOYMENT of an APPROACH is evident. (D) No evidence of an improvement orientation; improvement is achieved through reacting to problems (L) No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. (A) The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting BASIC REQUIREMENTS of the Item. (D) Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
30%, 35% 40% or 45%	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item, is evident. (A) The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L) The APPROACH is in early stages of ALIGNMENT with your basic organizational needs identified in response to the other Criteria Categories. (I)
50%, 55% 60% or 65%	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item, is evident. (A) The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D) A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organizational LEARNING are in place for improving the efficiency and effectiveness of KEY PROCESSES. (L) The APPROACH is ALIGNED with your organizational needs identified in response to the other Criteria Categories. (I)
70%, 75% 80%, or 85%	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) The APPROACH is well DEPLOYED, with no significant gaps. (D) Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING are KEY management tools; there is clear evidence of refinement and INNOVATION as a result of organizational-level ANALYSIS and sharing. (L) The APPROACH is INTEGRATED with your organizational needs identified in response to the other Criteria Categories. (I)
90%, 95% or 100%	An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D) Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING are KEY organization-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organization. (L) The APPROACH is well INTEGRATED with your organizational needs identified in response to the other Criteria Categories. (I)

Appendix 8

Scoring Guidelines for Use With Category 7 (Results)

(Source: Baldrige National Quality Program's 2004 Criteria for Performance Excellence [Business], p. 57)

Note: Text in caps are key terms and defined in the Criteria's Glossary of Key Terms.

SCORE	RESULTS
0% or 5%	There are no business RESULTS or poor RESULTS in areas reported. TREND data are either not reported or show mainly adverse TRENDS Comparative information is not reported. RESULTS are not reported for any areas of importance to your organization's KEY business requirements.
10%, 15%, 20%, or 25%	A few business RESULTS are reported; there are some improvements and/or early good PERFORMANCE LEVELS in a few areas. Little or no TREND data are reported. Little or no comparative information is reported. RESULTS are reported for a few areas of importance to your organization's KEY business requirements.
30%, 35% 40% or 45%	Improvements and/or good PERFORMANCE LEVELS are reported in many areas addressed in the Item Early stages of developing TRENDS are evident. Early stages of obtaining comparative information are evident. RESULTS are reported for many areas of importance to your organization's KEY business requirements.
50%, 55% 60% or 65%	Improvement TRENDS and/or good PERFORMANCE LEVELS are reported for most areas addressed in the requirements. No pattern of adverse TRENDS and no poor PERFORMANCE LEVELS are evident in areas of importance to your organization's KEY business requirements. Some TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of good to very good relative PERFORMANCE. Business RESULTS address most KEY CUSTOMER, market, and PROCESS requirements.
70%, 75% 80%, or 85%	Current PERFORMANCE is good to excellent in most areas of importance to the Item requirements. Most improvement TRENDS and/or current PERFORMANCE LEVELS are sustained. Many to most reported TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant BENCHMARKS—show areas of leadership and very good relative PERFORMANCE. Business RESULTS address most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements.
90%, 95% or 100%	Current PERFORMANCE is excellent in most areas of importance to the Item requirements. Excellent improvement TRENDS and/or sustained excellent PERFORMANCE LEVELS are reported in most areas. Evidence of industry and BENCHMARK leadership is demonstrated in many areas. Business RESULTS fully address KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements.

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Award Winners

(Source: Baldrige National Quality Program's home page [http://baldrige.nist.gov/] under "About BNQP," "Frequently Asked Questions.")

- 2003—Medrad, Inc., Boeing Aerospace Support, Caterpillar Financial Services Corp., Stoner Inc., Community Consolidated School District 15, Baptist Hospital, Inc., and Saint Luke's Hospital of Kansas City
- 2002—Motorola Inc. Commercial, Government and Industrial Solutions Sector, Branch Smith Printing Division, and SSM Health Care
- 2001—Clarke American Checks, Incorporated, Pal's Sudden Service, Chugach School District, Pearl River School District, and University of Wisconsin-Stout
- 2000—Dana Corp.-Spicer Driveshaft Division, KARLEE Company, Inc., Operations Management International, Inc., and Los Alamos National Bank
- 1999—STMicroelectronics, Inc.-Region Americas, BI, The Ritz-Carlton Hotel Co., L.L.C., and Sunny Fresh Foods
- 1998—Boeing Airlift and Tanker Programs, Solar Turbines Inc., and Texas Nameplate Co., Inc.
- 1997—3M Dental Products Division, Solectron Corp., Merrill Lynch Credit Corp., and Xerox Business Services
- 1996—ADAC Laboratories, Dana Commercial Credit Corp., Custom Research Inc., and Trident Precision Manufacturing Inc.
- 1995—Armstrong World Industries Building Products Operation and Corning Telecommunications Products Division
- 1994—AT&T Consumer Communications Services, GTE Directories Corp., and Wainwright Industries Inc.

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Award Winners

- 1993—Eastman Chemical Co. and Ames Rubber Corp.
- 1992—AT&T Network Systems Group/Transmission Systems Business Unit, Texas Instruments Inc. Defense Systems & Electronics Group, AT&T Universal Card Services, The Ritz-Carlton Hotel Co., and Granite Rock Co.
- 1991—Solectron Corp., Zytec Corp., and Marlow Industries
- 1990—Cadillac Motor Car Division, IBM Rochester, Federal Express Corp., and Wallace Co. Inc.
- 1989—Milliken & Co. and Xerox Corp. Business Products and Systems
- 1988—Motorola Inc., Commercial Nuclear Fuel Division of Westinghouse Electric Corp., and Globe Metallurgical Inc.

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The Seven Criteria Categories

(Source: Baldrige National Quality Program's 2004 Criteria for Performance Excellence [Business], pp 13–29)

Notes:

1. The words in caps are key terms and defined in the Criteria's Glossary of Key Terms.
2. The explanatory notes and Category/Item descriptions contained in the Criteria have not been included here.

1 Leadership (120 pts.)

The *Leadership* Category examines HOW your organization's SENIOR LEADERS address VALUES, directions, and PERFORMANCE expectations, as well as a focus on CUSTOMERS and other STAKEHOLDERS, EMPOWERMENT, INNOVATION, and LEARNING. Also examined are your organization's GOVERNANCE and HOW your organization addresses its public and community responsibilities.

1.1 Organizational Leadership (70 pts.) **Process**

Describe HOW SENIOR LEADERS guide your organization. Describe your organization's GOVERNANCE system. Describe HOW SENIOR LEADERS review organizational PERFORMANCE.

Within your response, include answers to the following questions:

a. Senior Leadership Direction

(1) HOW do SENIOR LEADERS set and deploy organizational VALUES, short- and longer-term directions, and PERFORMANCE expectations? HOW do SENIOR LEADERS include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS in their PERFORMANCE expectations? HOW do SENIOR LEADERS communicate organizational VALUES, directions, and expectations through your LEADERSHIP SYSTEM, to all employees, and to KEY suppliers and partners? HOW do SENIOR LEADERS ensure two-way communication on these topics?

(2) HOW do SENIOR LEADERS create an environment for EMPOWERMENT, INNOVATION, and organizational agility? HOW do they create an environment for organizational and employee LEARNING? HOW do they create an environment that fosters and requires legal and ETHICAL BEHAVIOR?

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The Seven Criteria Categories

b. Organizational GOVERNANCE

(1) HOW does your organization address the following KEY factors in your GOVERNANCE system?

- management accountability for the organization's actions
- fiscal accountability
- independence in internal and external audits
- protection of stockholder and STAKEHOLDER interests, as appropriate

c. Organizational PERFORMANCE Review

(1) HOW do SENIOR LEADERS review organizational PERFORMANCE and capabilities? HOW do they use these reviews to assess organizational success, competitive PERFORMANCE, and progress relative to short- and longer-term GOALS? HOW do they use these reviews to assess your organizational ability to address changing organizational needs?

(2) What are the KEY PERFORMANCE MEASURES regularly reviewed by your SENIOR LEADERS? What are your KEY recent PERFORMANCE review findings?

(3) HOW do SENIOR LEADERS translate organizational PERFORMANCE review findings into priorities for continuous and breakthrough improvement of KEY business RESULTS and into opportunities for INNOVATION? HOW are these priorities and opportunities deployed throughout your organization? When appropriate, HOW are they deployed to your suppliers and partners to ensure organizational ALIGNMENT?

(4) HOW do you evaluate the PERFORMANCE of your SENIOR LEADERS, including the chief executive? HOW do you evaluate the PERFORMANCE of members of the board of directors, as appropriate? HOW do SENIOR LEADERS use organizational PERFORMANCE review findings to improve both their own leadership effectiveness and that of your board and LEADERSHIP SYSTEM, as appropriate?

1.2 Social Responsibility (50 pts.) **Process**

Describe HOW your organization addresses its responsibilities to the public, ensures ETHICAL BEHAVIOR, and practices good citizenship. Within your response, include answers to the following questions:

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a. Responsibilities to the Public

(1) HOW do you address the impacts on society of your products, services, and operations? What are your KEY compliance PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory and legal requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your products, services, and operations?

(2) HOW do you anticipate public concerns with current and future products, services, and operations? HOW do you prepare for these concerns in a proactive manner?

b. ETHICAL BEHAVIOR

HOW do you ensure ETHICAL BEHAVIOR in all STAKEHOLDER transactions and interactions? What are your KEY PROCESSES and MEASURES or INDICATORS for monitoring ETHICAL BEHAVIOR throughout your organization, with KEY partners, and in your GOVERNANCE structure?

c. Support of KEY Communities

(1) HOW does your organization actively support and strengthen your KEY communities? HOW do you identify KEY communities and determine areas of emphasis for organizational involvement and support? What are your KEY communities? HOW do your SENIOR LEADERS and your employees contribute to improving these communities?

2 Strategic Planning (85 pts.)

The *Strategic Planning* Category examines HOW your organization develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are HOW your chosen STRATEGIC OBJECTIVES and ACTION PLANS are deployed and HOW progress is measured.

2.1 Strategy Development (40 pts.) **Process**

Describe HOW your organization establishes its STRATEGIC OBJECTIVES, including HOW it enhances its competitive position, overall PERFORMANCE, and future success.

Within your response, include answers to the following questions:

a. Strategy Development PROCESS

(1) What is your overall strategic planning PROCESS? What are the KEY

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steps? Who are the KEY participants? What are your short- and longer-term planning time horizons? HOW are these time horizons set? HOW does your strategic planning PROCESS address these time horizons?

(2) HOW do you ensure that strategic planning addresses the KEY factors listed below? HOW do you collect and analyze relevant data and information to address these factors as they relate to your strategic planning:

- your CUSTOMER and market needs, expectations, and opportunities
- your competitive environment and your capabilities relative to competitors
- technological and other KEY INNOVATIONS or changes that might affect your products and services and HOW you operate
- your strengths and weaknesses, including human and other resources
- your opportunities to redirect resources to higher priority products, services, or areas
- financial, societal and ethical, regulatory, and other potential risks
- changes in the national or global economy
- factors unique to your organization, including partner and supply chain needs, strengths, and weaknesses

b. STRATEGIC OBJECTIVES

(1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?

(2) HOW do your STRATEGIC OBJECTIVES address the challenges identified in response to P.2 in your Organizational Profile? HOW do you ensure that your STRATEGIC OBJECTIVES balance short-and longer-term challenges and opportunities? HOW do you ensure that your STRATEGIC OBJECTIVES balance the needs of all KEY STAKEHOLDERS?

2.2 Strategy Deployment (45 pts.) **Process**

Describe HOW your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization's ACTION PLANS and related KEY PERFORMANCE MEASURES or INDICATORS. Project your organization's future PERFORMANCE on these

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KEY PERFORMANCE MEASURES or INDICATORS.

Within your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

(1) HOW do you develop and deploy ACTION PLANS to achieve your KEY STRATEGIC OBJECTIVES? HOW do you allocate resources to ensure accomplishment of your ACTION PLANS? HOW do you ensure that the KEY changes resulting from ACTION PLANS can be sustained?

(2) What are your KEY short- and longer-term ACTION PLANS? What are the KEY changes, if any, in your products and services, your CUSTOMERS and markets, and HOW you will operate?

(3) What are your KEY human resource plans that derive from your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS for tracking progress on your ACTION PLANS? HOW do you ensure that your overall ACTION PLAN measurement system reinforces organizational ALIGNMENT? HOW do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES or INDICATORS identified in 2.2a(4), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? HOW does your projected PERFORMANCE compare with competitors' projected PERFORMANCE? HOW does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate?

3 Customer and Market Focus (85 pts.)

The *Customer and Market Focus* Category examines HOW your organization determines requirements, expectations, and preferences of CUSTOMERS and markets. Also examined is HOW your organization builds relationships with CUSTOMERS and determines the KEY factors that lead to CUSTOMER acquisition, satisfaction, loyalty and retention, and to business expansion.

3.1 Customer and Market Knowledge (40 pts.) **Process**

Describe HOW your organization determines requirements, expectations,

and preferences of CUSTOMERS and markets to ensure the continuing relevance of your products and services and to develop new opportunities.
Within your response, include answers to the following questions:

a. CUSTOMER and Market Knowledge

(1) HOW do you determine or target CUSTOMERS, CUSTOMER groups, and market SEGMENTS? HOW do you include CUSTOMERS of competitors and other potential CUSTOMERS and markets in this determination?

(2) HOW do you listen and learn to determine KEY CUSTOMER requirements and expectations (including product and service features) and their relative importance to CUSTOMERS' purchasing decisions? HOW do determination methods vary for different CUSTOMERS or CUSTOMER groups? HOW do you use relevant information from current and former CUSTOMERS, including marketing and sales information, CUSTOMER loyalty and retention data, win/loss ANALYSIS, and complaints? HOW do you use this information for PURPOSES of product and service planning, marketing, PROCESS improvements, and other business development?

(3) HOW do you keep your listening and LEARNING methods current with business needs and directions?

3.2 Customer Relationships and Satisfaction (45 pts.) Process

Describe HOW your organization builds relationships to acquire, satisfy, and retain CUSTOMERS, to increase CUSTOMER loyalty, and to develop new opportunities. Describe also HOW your organization determines CUSTOMER satisfaction.

Within your response, include answers to the following questions:

a. CUSTOMER Relationship Building

(1) HOW do you build relationships to acquire CUSTOMERS, to meet and exceed their expectations, to increase loyalty and repeat business, and to gain positive referrals?

(2) What are your KEY access mechanisms for CUSTOMERS to seek information, conduct business, and make complaints? HOW do you determine KEY CUSTOMER contact requirements for each mode of CUSTOMER access? HOW do you ensure that these contact requirements are deployed to all people and PROCESSES involved in the

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CUSTOMER response chain?

(3) What is your complaint management PROCESS? HOW do you ensure that complaints are resolved effectively and promptly? HOW are complaints aggregated and analyzed for use in improvement throughout your organization and by your partners?

(4) HOW do you keep your APPROACHES to building relationships and providing CUSTOMER access current with business needs and directions?

b. CUSTOMER Satisfaction Determination

(1) HOW do you determine CUSTOMER satisfaction and dissatisfaction? HOW do these determination methods differ among CUSTOMER groups? HOW do you ensure that your measurements capture actionable information for use in exceeding your CUSTOMERS' expectations, securing their future business, and gaining positive referrals? HOW do you use CUSTOMER satisfaction and dissatisfaction information for improvement?

(2) HOW do you follow up with CUSTOMERS on products, services, and transaction quality to receive prompt and actionable feedback?

(3) HOW do you obtain and use information on your CUSTOMERS' satisfaction relative to CUSTOMERS' satisfaction with your competitors and/or industry BENCHMARKS?

(4) HOW do you keep your APPROACHES to determining satisfaction current with business needs and directions?

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

The *Measurement, Analysis, and Knowledge Management* Category examines HOW your organization selects, gathers, analyzes, manages, and improves its data, information, and KNOWLEDGE ASSETS.

4.1 Measurement and Analysis of Organizational Performance (45 pts.) Process
Describe HOW your organization measures, analyzes, aligns, and improves its PERFORMANCE data and information at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

a. PERFORMANCE Measurement

(1) HOW do you select, collect, align, and integrate data and information

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for tracking daily operations and for tracking overall organizational PERFORMANCE? HOW do you use these data and information to support organizational decision making and INNOVATION?

(2) HOW do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision making and INNOVATION?

(3) HOW do you keep your PERFORMANCE measurement system current with business needs and directions? HOW do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organizational or external changes?

b. PERFORMANCE ANALYSIS

(1) What ANALYSES do you perform to support your SENIOR LEADERS' organizational PERFORMANCE review? What ANALYSES do you perform to support your organization's strategic planning?

(2) HOW do you communicate the RESULTS of organizational-level ANALYSES to work group and functional-level operations to enable EFFECTIVE support for their decision making?

4.2 Information and Knowledge Management (45 pts.) Process

Describe HOW your organization ensures the quality and availability of needed data and information for employees, suppliers and partners, and CUSTOMERS. Describe HOW your organization builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Data and Information Availability

(1) HOW do you make needed data and information available? HOW do you make them accessible to employees, suppliers and partners, and CUSTOMERS, as appropriate?

(2) HOW do you ensure that hardware and software are reliable, secure, and user friendly?

(3) HOW do you keep your data and information availability mechanisms, including your software and hardware systems, current with business needs and directions?

b. Organizational Knowledge

(1) HOW do you manage organizational knowledge to accomplish

- the collection and transfer of employee knowledge

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- the transfer of relevant knowledge from CUSTOMERS, suppliers, and partners
- the identification and sharing of best practices

(2) HOW do you ensure the following properties of your data, information, and organizational knowledge:

- integrity
- timeliness
- reliability
- security
- accuracy
- confidentiality

5 Human Resource Focus (85 pts.)

The *Human Resource Focus* Category examines HOW your organization's WORK SYSTEMS and employee LEARNING and motivation enable employees to develop and utilize their full potential in ALIGNMENT with your organization's overall objectives and ACTION PLANS. Also examined are your organization's efforts to build and maintain a work environment and employee support climate conducive to PERFORMANCE EXCELLENCE and to personal and organizational growth.

5.1 Work Systems (35 pts.) **Process**

Describe HOW your organization's work and jobs enable employees and the organization to achieve HIGH PERFORMANCE. Describe HOW compensation, career progression, and related workforce practices enable employees and the organization to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. Organization and Management of Work

(1) HOW do you organize and manage work and jobs to promote cooperation, initiative, EMPOWERMENT, INNOVATION, and your organizational culture? HOW do you organize and manage work and jobs to achieve the agility to keep current with business needs?

(2) HOW do your WORK SYSTEMS capitalize on the diverse ideas, cultures, and thinking of your employees and the communities with which you interact (your employee hiring and your CUSTOMER communities)?

(3) HOW do you achieve EFFECTIVE communication and skill sharing

across work units, jobs, and locations?

b. Employee PERFORMANCE Management System

HOW does your employee PERFORMANCE management system, including feedback to employees, support HIGH PERFORMANCE WORK? HOW does your employee PERFORMANCE management system support a CUSTOMER and business focus? HOW do your compensation, recognition, and related reward and incentive practices reinforce HIGH-PERFORMANCE WORK and a CUSTOMER and business focus?

c. Hiring and Career Progression

(1) HOW do you identify characteristics and skills needed by potential employees?

(2) HOW do you recruit, hire, and retain new employees? HOW do you ensure that the employees represent the diverse ideas, cultures, and thinking of your employee hiring community?

(3) HOW do you accomplish EFFECTIVE succession planning for leadership and management positions, including senior leadership? HOW do you manage EFFECTIVE career progression for all employees throughout the organization?

5.2 Employee Learning and Motivation (25 pts.) **Process**

Describe HOW your organization's employee education, training, and career development support the achievement of your overall objectives and contribute to HIGH PERFORMANCE. Describe HOW your organization's education, training, and career development build employee knowledge, skills, and capabilities.

Within your response, include answers to the following questions:

a. Employee Education, Training, and Development

(1) HOW do employee education and training contribute to the achievement of your ACTION PLANS? HOW do your employee education, training, and development address your KEY needs associated with organizational PERFORMANCE measurement, PERFORMANCE improvement, and technological change? HOW does your education and training APPROACH balance short- and longer-term organizational objectives with employee needs for development, LEARNING, and career progression?

(2) HOW do employee education, training, and development address your

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KEY organizational needs associated with new employee orientation, diversity, ethical business practices, and management and leadership development? HOW do employee education, training, and development address your KEY organizational needs associated with employee, workplace, and environmental safety?

(3) HOW do you seek and use input from employees and their supervisors and managers on education and training needs? HOW do you incorporate your organizational LEARNING and KNOWLEDGE ASSETS into your education and training?

(4) HOW do you deliver education and training? HOW do you seek and use input from employees and their supervisors and managers on options for the delivery of education and training? HOW do you use both formal and informal delivery APPROACHES, including mentoring and other APPROACHES, as appropriate?

(5) HOW do you reinforce the use of new knowledge and skills on the job?

(6) HOW do you evaluate the effectiveness of education and training, taking into account individual and organizational PERFORMANCE?

b. Motivation and Career Development

HOW do you motivate employees to develop and utilize their full potential? HOW does your organization use formal and informal mechanisms to help employees attain job- and career-related development and LEARNING objectives? HOW do managers and supervisors help employees attain job- and career-related development and LEARNING objectives?

5.3 Employee Well-Being and Satisfaction (25 pts.) **Process**

Describe HOW your organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees.

Within your response, include answers to the following questions:

a. Work Environment

(1) HOW do you improve workplace health, safety, security, and ergonomics? HOW do employees take part improving them? What are your PERFORMANCE MEASURES or targets for each of these KEY workplace factors? What are the significant differences in workplace factors and PERFORMANCE MEASURES or targets if different em-

ployee groups and work units have different work environments?

(2) HOW do you ensure workplace preparedness for emergencies or disasters? HOW do you seek to ensure business continuity for the benefit of your employees and CUSTOMERS?

b. Employee Support and Satisfaction

(1) HOW do you determine the KEY factors that affect employee well-being, satisfaction, and motivation? HOW are these factors SEGMENTED for a diverse workforce and for different categories and types of employees?

(2) HOW do you support your employees via services, benefits, and policies? HOW are these tailored to the needs of a diverse workforce and different categories and types of employees?

(3) What formal and informal assessment methods and MEASURES do you use to determine employee well-being, satisfaction, and motivation? HOW do these methods and MEASURES differ across a diverse workforce and different categories and types of employees? HOW do you use other INDICATORS, such as employee retention, absenteeism, grievances, safety, and PRODUCTIVITY, to assess and improve employee well-being, satisfaction, and motivation?

(4) HOW do you relate assessment findings to KEY business RESULTS to identify priorities for improving the work environment and employee support climate?

6 Process Management (85 pts.)

The *Process Management* Category examines the KEY aspects of your organization's PROCESS management, including KEY product, service, and business PROCESSES for creating CUSTOMER and organizational VALUE and KEY support PROCESSES. This Category encompasses all KEY PROCESSES and all work units.

6.1 Value Creation Processes (50 pts.) **Process**

Describe HOW your organization identifies and manages its KEY PROCESSES for creating CUSTOMER VALUE and achieving business success and growth.

Within your response, include answers to the following questions:

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The Seven Criteria Categories

a. VALUE CREATION PROCESSES

(1) HOW does your organization determine its KEY VALUE CREATION PROCESSES? What are your organization's KEY product, service, and business PROCESSES for creating or adding VALUE? HOW do these PROCESSES create VALUE for the organization, your CUSTOMERS, and your other KEY STAKEHOLDERS? HOW do they contribute to profitability and business success?

(2) HOW do you determine KEY VALUE CREATION PROCESS requirements, incorporating input from CUSTOMERS, suppliers, and partners, as appropriate? What are the KEY requirements for these PROCESSES?

(3) HOW do you design these PROCESSES to meet all the KEY requirements? HOW do you incorporate new technology and organizational knowledge into the design of these PROCESSES? HOW do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and effectiveness factors into the design of these PROCESSES? HOW do you implement these PROCESSES to ensure they meet design requirements?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS used for the control and improvement of your VALUE CREATION PROCESSES? HOW does your day-to-day operation of these PROCESSES ensure meeting KEY PROCESS requirements? HOW are in-process MEASURES used in managing these PROCESSES? HOW is CUSTOMER, supplier, and partner input used in managing these PROCESSES, as appropriate?

(5) HOW do you minimize overall costs associated with inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate? HOW do you prevent defects and rework, and minimize warranty costs, as appropriate?

(6) HOW do you improve your VALUE CREATION PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve products and services, and to keep the PROCESSES current with business needs and directions? HOW are improvements shared with other organizational units and PROCESSES?

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The Seven Criteria Categories

6.2 Support Processes (35 pts.) **Process**

Describe HOW your organization manages its KEY PROCESSES that support your VALUE CREATION PROCESSES.

Within your response, include answers to the following questions:

a. Support PROCESSES

(1) HOW does your organization determine its KEY support PROCESSES? What are your KEY PROCESSES for supporting your VALUE CREATION PROCESSES?

(2) HOW do you determine KEY support PROCESS requirements, incorporating input from internal and external CUSTOMERS, and suppliers and partners, as appropriate? What are the KEY requirements for these PROCESSES?

(3) HOW do you design these PROCESSES to meet all the KEY requirements? HOW do you incorporate new technology and organizational knowledge into the design of these PROCESSES? HOW do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and effectiveness factors into the design of the PROCESSES? HOW do you implement these PROCESSES to ensure they meet design requirements?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS used for the control and improvement of your support PROCESSES? HOW does your day-to-day operation of KEY support PROCESSES ensure meeting KEY PERFORMANCE requirements? HOW are in-process MEASURES used in managing these PROCESSES? HOW is CUSTOMER, supplier, and partner input used in managing these PROCESSES, as appropriate?

(5) HOW do you minimize overall costs associated with inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate? HOW do you prevent defects and rework?

(6) HOW do you improve your support PROCESSES to achieve better PERFORMANCE, to reduce variability, and to keep the PROCESSES current with business needs and directions? HOW are improvements shared with other organizational units and PROCESSES?

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The Seven Criteria Categories

7 Business Results (450 pts.)

The *Business Results* Category examines your organization's PERFORMANCE and improvement in KEY business areas—CUSTOMER satisfaction, product and service PERFORMANCE, financial and marketplace PERFORMANCE, human resource RESULTS, operational PERFORMANCE, and GOVERNANCE and social responsibility. Also examined are PERFORMANCE LEVELS relative to those of competitors.

7.1 Customer-Focused Results (75 pts.) **Results**

Summarize your organization's KEY customer-focused RESULTS, including CUSTOMER satisfaction and customer perceived VALUE. SEGMENT your RESULTS by CUSTOMER groups and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Customer-Focused RESULTS

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of CUSTOMER satisfaction and dissatisfaction? HOW do these compare with competitors' LEVELS of CUSTOMER satisfaction?

(2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of customer-perceived VALUE, including CUSTOMER loyalty and retention, positive referral, and other aspects of building relationships with CUSTOMERS, as appropriate?

7.2 Product and Service Results (75 pts.) **Results**

Summarize your organization's KEY product and service PERFORMANCE RESULTS. SEGMENT your RESULTS by product groups, CUSTOMER groups, and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following question:

a. Product and Service RESULTS

What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of product and service PERFORMANCE that are important to your CUSTOMERS? HOW do these RESULTS compare with your competitors' PERFORMANCE?

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The Seven Criteria Categories

7.3 Financial and Market Results (75 pts.) **Results**

Summarize your organization's KEY financial and marketplace PERFORMANCE RESULTS by market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial and Market RESULTS

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return and economic VALUE, as appropriate?

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

7.4 Human Resource Results (75 pts.) **Results**

Summarize your organization's KEY human resource RESULTS, including WORK SYSTEM PERFORMANCE and employee LEARNING, development, well-being, and satisfaction. SEGMENT your RESULTS to address the diversity of your workforce and the different types and categories of employees, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Human Resource RESULTS

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of WORK SYSTEM PERFORMANCE and effectiveness?

(2) What are your current LEVELS and TRENDS in KEY MEASURES of employee LEARNING and development?

(3) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of employee well-being, satisfaction, and dissatisfaction?

7.5 Organizational Effectiveness Results (75 pts.) **Results**

Summarize your organization's KEY operational PERFORMANCE RESULTS that contribute to the achievement of organizational effectiveness. SEGMENT your RESULTS by product groups and market SEG-

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The Seven Criteria Categories

MENTS, as appropriate. Include appropriate comparative data.
Provide data and information to answer the following questions:

a. Organizational Effectiveness RESULTS

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY VALUE CREATION PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier and partner PERFORMANCE, and other appropriate MEASURES of effectiveness and efficiency.

(2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY support PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier and partner PERFORMANCE, and other appropriate MEASURES of effectiveness and efficiency.

(3) What are your RESULTS for KEY MEASURES or INDICATORS of accomplishment of organizational strategy and ACTION PLANS?

7.6 Governance and Social Responsibility Results (75 pts.) **Results**

Summarize your organization's KEY GOVERNANCE and social responsibility RESULTS, including evidence of fiscal accountability, ETHICAL BEHAVIOR, legal compliance, and organizational citizenship. SEGMENT your RESULTS by business units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. GOVERNANCE and Social Responsibility RESULTS

(1) What are your KEY current findings and TRENDS in KEY MEASURES or INDICATORS of fiscal accountability, both internal and external, as appropriate?

(2) What are your RESULTS for KEY MEASURES or INDICATORS of ETHICAL BEHAVIOR and of STAKEHOLDER trust in the GOVERNANCE of your organization?

(3) What are your RESULTS for KEY MEASURES or INDICATORS of regulatory and legal compliance?

(4) What are your RESULTS for KEY MEASURES or INDICATORS of organizational citizenship in support of your KEY communities?