

EVOLUTIONARY PROCESS FOR PERFORMANCE EXCELLENCE



Identifying Characteristics	Evolution of Quality in the United States					
	Inspection '50's	Statistical Quality Control '60's	Quality Assurance '70's	Total Quality Management '80's	Strategic Leadership '90's	Value Creation '00's
Primary concern	Detection	Control	Conformance	Employee Involvement	Strategic impact and direction	Delivering Value
View of quality	A defect to correct	A process to be controlled	A process of documentation and standardization	Continuous process improvement and results	Proactive future view of the business	Benefit for customer and business*
Methods	Gauging and measurement	Statistical tools and techniques	Procedural documentation and execution of quality policy	Team problem solving with quality tools and gap analysis	Strategic planning, goal setting, deploying and mobilizing the organization	Focus on core work/business with balanced scorecard
Who has responsibility	Inspection department	QC testing and engineering departments	QA/QC, manufacturing, and engineering departments	All employees and work groups led by senior management	Everyone in the organization, with top management demonstrating strong leadership	All employees accountable for their role in delivering the core business
Orientation and approach	Inspecting for Quality	Controlling for Quality	Building for Quality	Designing for Quality	Aligning for Quality	Quality for Value

Created by René Ewing and Richard Zimmerman (expanded from initial work by David A. Garvin, Harvard Business School 1988)

*Underlying principle is “value” for the customer; which means the business is delivering what the customer really wants AND is getting paid a premium for it.

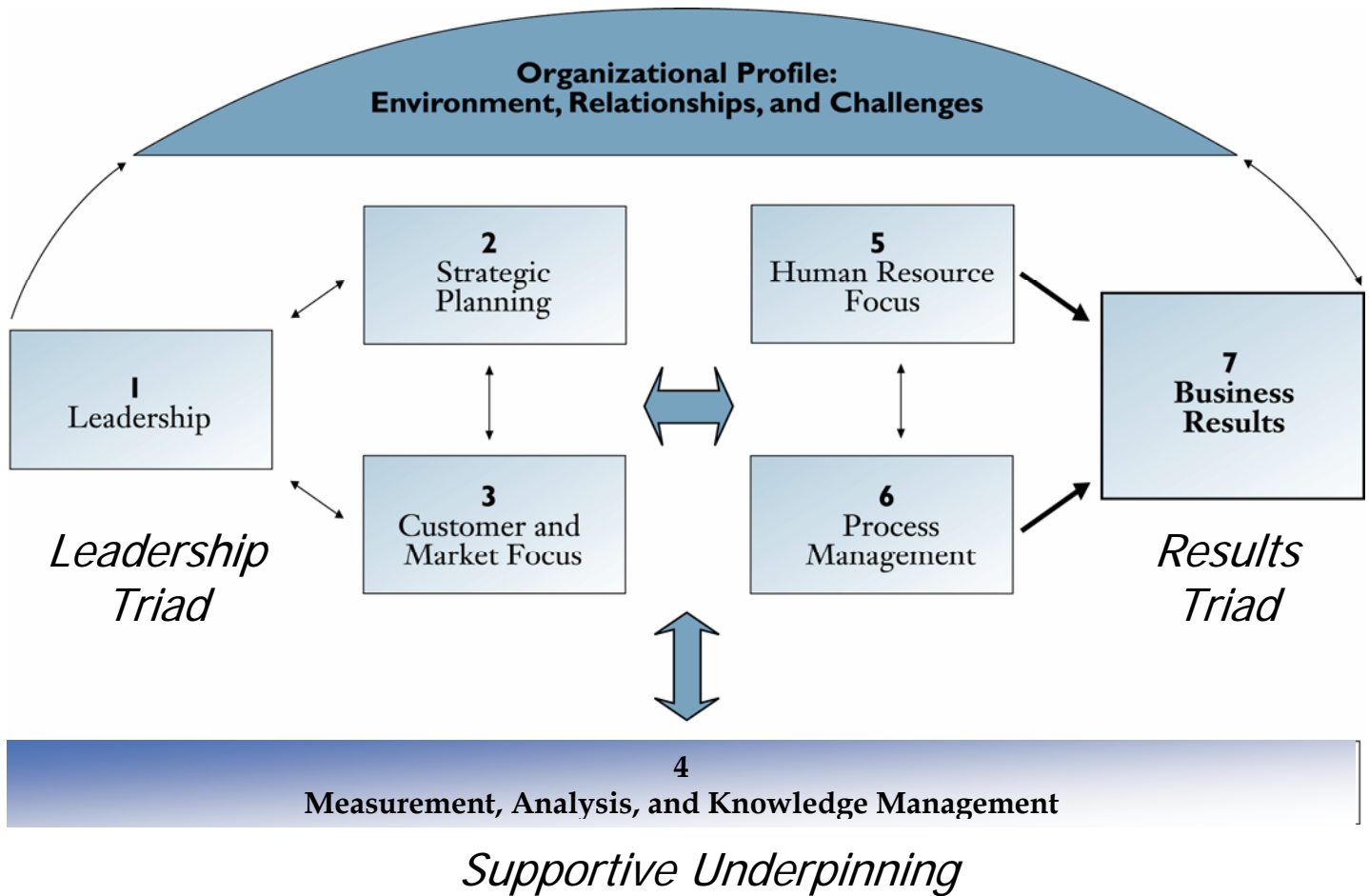
BALDRIGE HISTORY



- Created in 1987, Public Law 100-107
- Named for the late Malcolm Baldrige, Reagan's Secretary of Commerce
- Designed for Manufacturing, Service and Small Business
- Added Health Care and Education in 1998
- Government & Non-profit added in 2006

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- In the early and mid-1980s, many industry and government leaders saw that an emphasis on quality was a necessity for survival in the U.S. marketplace and for doing business in an ever expanding, more demanding, highly competitive global market. Since its creation in 1987, the Baldrige National Quality Program has played an important role in helping thousands of U.S. organizations improve their products and services, their customers' satisfaction, their bottom line, and their overall performance.
 - Congress passed the Malcolm Baldrige National Quality Improvement Act in 1987. The award was named for Malcolm Baldrige, who was the Reagan administration's Secretary of Commerce from 1981 until his death in a rodeo accident in July 1987. He took a personal interest in the quality improvement act that was eventually named after him and helped draft one of the early versions. In recognition of his contributions, Congress named the award in his honor.
 - The goal of the original act was to enhance U.S. competitiveness by improving quality. In the early and mid-1980s, many industry and government leaders saw that a renewed emphasis on quality was no longer an option for American companies but a necessity for doing business in an ever expanding, and more demanding, competitive world market.
 - First award in 1988; Motorola Inc., Commercial Nuclear Fuel Division of Westinghouse Electric Corp., and Globe Metallurgical Inc.
 - Criteria continues to change, evolve; improving in content, structure, readability, application
 - Purpose and Goals
 - Establish a management model
 - Stimulate global competitiveness
 - Encourage sharing
 - Create a public/private partnership
 - Establish criteria for excellence
 - Provide recognition for performance

BALDRIGE SYSTEMS MODEL



The system (in the middle of the diagram) itself is comprised of two triads that are linked.

- The leadership triad—Leadership, Strategic Planning, and Customer and Market Focus—emphasizes the importance of a focus on strategy and customers by the organization’s leaders.
- Human Resource Focus, Process Management, and Business Results represent the results triad. Its focus is on the employees and key processes that accomplish the work of the organization.
- ALL actions point toward organizational performance results.
- The large arrow in the center of the figure connects the leadership and results triads - and shows the role leaders must play in driving results improvement.
- The foundation for the performance management system (at the bottom of the diagram) is Measurement, Analysis and Knowledge Management, which is critical to a fact-based system for improving performance and competitiveness.

CRITERIA FOR PERFORMANCE EXCELLENCE



- Framework for a systems view of performance management created in consensus-building process
 - Set of expectations or requirements that characterize good management practices
 - A common language for diagnosis and improvement
 - Reviewed and modified regularly for improvement
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- Process – Categories 1-6
 - Approach – refers to:
 - the methods used to accomplish the process
 - the appropriateness of the methods to the Item requirements
 - the effectiveness of use of the methods
 - the degree to which the approach is repeatable and based on reliable data and information
 - Deployment – refers to the extent to which
 - your approach is applied in addressing Item requirements relevant and important to your organization
 - your approach is used by all appropriate work units
 - Learning – refers to
 - refining your approach through cycles of evaluation and improvement
 - encouraging breakthrough change to your approach through innovation
 - sharing of refinements and innovations with other relevant work units and process in your organization
 - Integration – refers to the extent to which
 - your approach is aligned with your organizational needs identified in other Criteria Item requirements
 - your measures, information, and improvement systems are complementary across processes and work units
 - your plans, processes, results, analysis, learning and actions are harmonized across processes and work units to support organization-wide goals
- Results – Category 7
 - Refers to your organization's outputs and outcomes in achieving the requirements in Category 7. 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

2006 CATEGORIES AND POINT VALUES



1. Leadership		(120)
1.1. Senior Leadership	(70)	
1.2. Governance and 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, Analysis and Review 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	(45)	
6.2. Support Processes and Operational Planning	(40)	
7. Business Results		(450)
7.1. Product and Service Outcomes	(100)	
7.2. Customer –Focused Outcomes	(70)	
7.3. Financial and Market Outcomes	(70)	
7.4. Human Resource Outcomes	(70)	
7.5. Organizational Effectiveness Outcomes	(70)	
7.6. Leadership and Social Responsibility Outcomes	(70)	
Total Points		(1000)

WSQA BACKGROUND



- Established in 1994 by Senate Bill 6220
 - Patterned after the Baldrige Award.
 - Awarded to organizations that have implemented and achieved exceptional quality performance
 - *Open to any organization in the state*
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Calendar

- August Eligibility determination due
 - August (first Friday) Examiner applications due
 - September Pre-case study training
 - October Case study training
 - November Award applications due
 - December-February Applications reviewed
 - May-June Award recipient announced
 - May-June Award ceremony
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- Fall PSQC (Public Sector Quality Conference)
- May WSQA Symposium

- The Baldrige Award process itself has become a role model, emulated by many state, local, and international programs, as well as by the U.S. Government's President's Quality Award. These programs, in 47 states vastly extend the reach and success of the Baldrige mission.
- WSQA is Baldrige based. We use the same criteria, but allow government and non-profits to apply. Many organizations apply and win at the state level, before moving on to the Baldrige.
- The Governor traditionally presents the Awards at a special ceremony. The specific date depends on the Governor's availability. Award recipients often participate in the Symposium and the PSQC.

RESOURCES:

- www.wsqa.net
- www.quality.nist.gov
- Criteria for Performance Excellence
- Baldrige & WSQA Examiners & Award Recipients
- Conferences
 - Public Sector Quality Conference
 - Spring Symposium
 - Others (ASQ, Quest for Excellence)

WORKSHOPS:

Introduction to Performance Excellence - 1 Day

This workshop presents an overview of the Malcolm Baldrige/Washington State Quality Award system and criteria. Become familiar with the criteria purpose, uses, and content. Also, gain a greater understanding of Baldrige core values, concepts, and framework. This workshop is designed for people who have had no previous training about the criteria, or who need a quick refresher course. In addition to the general version that uses non-specific examples, industry-related versions also are offered for public sector organizations, health care and educational institutions.

Baldrige Case Study - 2 Days

(Pre-requisite: Introduction to Performance Excellence or prior exposure to Baldrige Criteria)

The Washington State Quality Award Program has created a special version of our standard examiners' training course. This workshop provides an in-depth review of the criteria for performance excellence, including analyzing a case study that simulates an award application. Participants learn how to apply the scoring guidelines, conduct consensus reviews, and prepare written comments. This workshop is designed as a follow-up to the "Introduction to Performance Excellence" course. This course is based on a case study. Participants are expected to read the case study prior to coming to the class. Typically it will take 4 to 6 hours to complete the reading assignment.

Baldrige Based Self-Assessments - 1 Day

Designed for those with a basic understanding of Baldrige concepts, this workshop covers self-assessment tools and how to apply them within your organization. The session will outline the value of self-assessments and describe the entire process - from leadership commitment to action planning. A number of basic, intermediate, and advanced self-assessment tools will be introduced and you will have the opportunity to use and critique them. You will also receive helpful samples that can be used to customize your own self-assessment program. While this workshop is worthwhile to anyone seeking more knowledge about applying Baldrige, it is most valuable to teams seriously considering or already planning a self-assessment.

Preparing and Applying for the WSQA - 1 Day

(Pre-requisite: Introduction to Performance Excellence OR previous Baldrige experience) The Washington State Quality Award criteria are a proven approach to improving customer satisfaction and the effectiveness and efficiency of organizations. This workshop is designed to assist organization that desire to complete an award application. You will receive tips, tools, techniques, samples, and a start to finish processes that will lead to a completed application. At the completion of this workshop you will have a step-by-step method for mobilizing your organization to 1) fully address the criteria requirements, and 2) prepare an award application.

Executive Overview of WSQA and Baldrige - ½ Day

This workshop is based on the Introduction to Performance Excellence workshop and is designed for senior executives to gain a basic understanding of Baldrige core values, concepts, criteria and framework. For Washington State Agency executives, it includes a discussion of HB1970.

Who was Malcolm Baldrige?

Malcolm Baldrige was Secretary of Commerce from 1981 until his death in a rodeo accident in July 1987. Baldrige was a proponent of quality management as a key to this country's prosperity and long-term strength. He took a personal interest in the quality improvement act that was eventually named after him and helped draft one of the early versions. In recognition of his contributions, Congress named the award in his honor.

What is the Malcolm Baldrige National Quality Award?

The Baldrige Award is given by the President of the United States to businesses—manufacturing and service, small and large—and to education and health care organizations that apply and are judged to be outstanding in seven areas: leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results.

Congress established the award program in 1987 to recognize U.S. organizations for their achievements in quality and performance and to raise awareness about the importance of quality and performance excellence as a competitive edge. The award is not given for specific products or services. Three awards may be given annually in each of these categories: manufacturing, service, small business and, starting in 1999, education and health care.

While the Baldrige Award and the Baldrige recipients are the very visible centerpiece of the U.S. quality movement, a broader national quality program has evolved around the award and its criteria. A report, *Building on Baldrige: American Quality for the 21st Century*, by the private Council on Competitiveness, said, "More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the United States."

The U.S. Commerce Department's National Institute of Standards and Technology (NIST) manages the Baldrige National Quality Program in close cooperation with the private sector.

Why was the award established?

In the early and mid-1980s, many industry and government leaders saw that a renewed emphasis on quality was no longer an option for American companies but a necessity for doing business in an ever expanding, and more demanding, competitive world market. But many American businesses either did not believe quality mattered for them or did not know where to begin. The Baldrige Award was envisioned as a standard of excellence that would help U.S. organizations achieve world-class quality.

How is the Baldrige Award achieving its goals?

The criteria for the Baldrige Award have played a major role in achieving the goals established by Congress. They now are accepted widely, not only in the United States but also around the world, as the standard for performance excellence. The criteria are designed to help organizations enhance their competitiveness by focusing on two goals: delivering ever improving value to customers and improving overall organizational performance.

The award program has proven to be a remarkably successful government and private-sector team effort. The annual government investment of about \$5 million is leveraged by a

contribution of over \$100 million from private-sector and state and local organizations, including \$10 million raised by private industry to help launch the program and the time and efforts of hundreds of largely private-sector volunteers.

The cooperative nature of this joint government/private-sector team is perhaps best captured by the award's Board of Examiners. Each year, more than 300 experts from industry, educational institutions, governments at all levels, and non-profit organizations volunteer many hours reviewing applications for the award, conducting site visits, and providing each applicant with an extensive feedback report citing strengths and opportunities to improve. In addition, board members have given thousands of presentations on quality management, performance improvement, and the Baldrige Award.

The Baldrige Award winners also have taken seriously their charge to be quality advocates. Their efforts to educate and inform other companies and organizations on the benefits of using the Baldrige Award framework and criteria have far exceeded expectations. To date, the recipients have given more than 30,000 presentations reaching thousands of organizations.

What are the Baldrige criteria?

The Baldrige performance excellence criteria are a framework that any organization can use to improve overall performance. Seven categories make up the award criteria:

Leadership—Examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship.

Strategic planning—Examines how the organization sets strategic directions and how it determines key action plans.

Customer and market focus—Examines how the organization determines requirements and expectations of customers and markets; builds relationships with customers; and acquires, satisfies, and retains customers.

Measurement, analysis, and knowledge management—Examines the management, effective use, analysis, and improvement of data and information to support key organization processes and the organization's performance management system.

Human resource focus—Examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.

Process management—Examines aspects of how key production/delivery and support processes are designed, managed, and improved.

Business results—Examines the organization's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, operational performance, and governance and social responsibility. The category also examines how the organization performs relative to competitors.

The criteria are used by thousands of organizations of all kinds for self-assessment and training and as a tool to develop performance and business processes. Several million copies have been distributed since the first edition in 1988, and heavy reproduction and electronic access multiply that number many times.

For many organizations, using the criteria results in better employee relations, higher productivity, greater customer satisfaction, increased market share, and improved profitability. According to a report by the Conference Board, a business membership organization, “A majority of large U.S. firms have used the criteria of the Malcolm Baldrige National Quality Award for self-improvement, and the evidence suggests a long-term link between use of the Baldrige criteria and improved business performance.”

How are recipients selected?

Organizations that are headquartered in the United States may apply for the award. Applications for the award are evaluated by an independent Board of Examiners composed of primarily private-sector experts in quality and business. Examiners look for achievements and improvements in all seven categories. Organizations that pass an initial screening are visited by teams of examiners to verify information in the application and to clarify questions that come up during the review. Each applicant receives a written summary of strengths and areas for improvement in each area addressed by the criteria.

“The application and review process for the Baldrige Award is the best, most cost-effective and comprehensive business health audit you can get,” says Arnold Weimerskirch, former chair of the Baldrige Award panel of judges and vice president of quality, Honeywell, Inc.

Does quality pay?

Studies by NIST, universities, business organizations, and the U.S. General Accounting Office have found that investing in quality principles and performance excellence pays off in increased productivity, satisfied employees and customers, and improved profitability—both for customers and investors. For example, NIST has tracked a hypothetical stock investment in Baldrige Award winners and applicants receiving site visits. The studies have shown that these companies soundly outperform the Standard & Poor’s 500.

Do the award criteria take into account an organization’s financial performance?

Yes. The criteria include many factors that contribute to financial performance, including business decisions and strategies that lead to better market performance, gains in market share, and customer retention and satisfaction. Organizations are urged to use financial information, including profit trends, in analyzing and reporting on improved overall performance and to look for the connection between the two.

Why are the Baldrige Award recipients asked to share their successful strategies?

One of the main purposes of the award is to pass on information about the recipient’s performance excellence strategies that other organizations can tailor for their own needs. Representatives from the award recipients willingly have shared their organizations’ performance strategies and methods with thousands.

1 Leadership (120 pts.)

The **Leadership** Category examines HOW your organization's SENIOR LEADERS guide and sustain your organization. Also examined are your organization's GOVERNANCE and HOW your organization addresses its ethical, legal, and co responsibilities.

1.1 Senior Leadership: How do your senior leaders lead? (70 pts.)

Process

Describe HOW SENIOR LEADERS guide and sustain your organization. **Describe** HOW SENIOR LEADERS communicate with EMPLOYEES and encourage high PERFORMANCE.

Within your response, include answers to the following questions:

a. VISION and VALUES

- (1) How do SENIOR LEADERS set organizational VISION and VALUES? How do SENIOR LEADERS deploy your organization's VISION and VALUES through your LEADERSHIP SYSTEM, to all EMPLOYEES, to KEY SUPPLIERS and PARTNERS, and to CUSTOMERS and other STAKEHOLDERS, as appropriate? How do their personal actions reflect a commitment to the organization's VALUES?
- (2) How do SENIOR LEADERS promote an environment that fosters and requires legal and ETHICAL BEHAVIOR?
- (3) How do SENIOR LEADERS create a SUSTAINABLE organization? How do SENIOR LEADERS create an environment for PERFORMANCE improvement, accomplishment of your MISSION and STRATEGIC OBJECTIVES, INNOVATION, and organizational agility? How do they create an environment for organizational and EMPLOYEE LEARNING? How do they personally participate in succession planning and the development of future organizational leaders?

b. Communication and Organizational PERFORMANCE

- (1) How do SENIOR LEADERS communicate with, empower, and motivate all EMPLOYEES throughout the organization? How do SENIOR LEADERS encourage frank, two-way communication throughout the organization? How do SENIOR LEADERS take an active role in EMPLOYEE reward and recognition to reinforce high PERFORMANCE and a CUSTOMER and business focus?
- (2) How do SENIOR LEADERS create a focus on action to accomplish the organization's objectives, improve PERFORMANCE, and attain your VISION? How do SENIOR LEADERS include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS in their organizational PERFORMANCE expectations?

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

N2. A sustainable organization (1.1a[3]) is capable of addressing current business needs and possesses the agility and strategic management to prepare successfully for its future business and market environment. In this context, the concept of innovation includes both technological and organizational innovation to succeed in the future.

N3. A focus on action (1.1b[2]) considers both the people and the hard assets of the organization. It

includes ongoing improvements in productivity that may be achieved through eliminating waste or reducing cycle time, and it might use techniques such as Six Sigma and Lean Production. It also includes the actions to accomplish the organization's strategic objectives. **N4.** Your organizational performance results should be reported in Items 7.1–7.6.

N5. For nonprofit organizations that rely on volunteers to supplement the work of their employees, responses to 1.1b(1) also should discuss your efforts to communicate with, empower, and motivate the volunteer workforce.

Item responses are assessed by considering the Criteria Item requirements; your key business factors presented in your Organizational Profile; and the maturity of your approaches, breadth of their deployment, and strength of your improvement process and results relative to the Scoring System. Refer to the Scoring System information on pages 51–54.

For additional description of this Item, see page 38.

1.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities? (50 pts.)

Process

Describe your organization's GOVERNANCE system. 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:

a. Organizational GOVERNANCE

(1) How does your organization address the following KEY factors in your GOVERNANCE system:

- accountability for management's actions
- fiscal accountability
- transparency in operations and selection and disclosure policies for GOVERNANCE board members, as appropriate
- independence in internal and external audits
- protection of STAKEHOLDER and stockholder interests, as appropriate

(2) How do you evaluate the PERFORMANCE of your SENIOR LEADERS, including the chief executive? How do you evaluate the PERFORMANCE of members of the GOVERNANCE board, as appropriate? How do SENIOR LEADERS and the GOVERNANCE board use these PERFORMANCE reviews to improve both their personal leadership EFFECTIVENESS and that of your board and LEADERSHIP SYSTEM, as appropriate?

b. Legal and ETHICAL BEHAVIOR

(1) How do you address any adverse impacts on society of your products, services, and operations? 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, including using resource-sustaining PROCESSES, as appropriate? What are your KEY compliance PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory and legal requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your products, services, and operations?

(2) How does your organization promote and ensure ETHICAL BEHAVIOR in all your interactions? What are your KEY PROCESSES and MEASURES or INDICATORS for enabling and monitoring ETHICAL BEHAVIOR in your GOVERNANCE structure, throughout your organization, and in interactions with CUSTOMERS, PARTNERS, and other STAKEHOLDERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOR?

c. Support of Key Communities

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?

N1. Societal responsibilities in areas critical to your organization's ongoing success also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance (including the results of mandated financial audits) or environmental improvements through use of "green" technology or other means, should be reported as Leadership and Social Responsibility Results (Item 7.6).

N2. Transparency in operations (1.2a[1]) should include your internal controls on governance processes. *For those nonprofit organizations that serve as stewards of public funds, stewardship of those funds and transparency in operations are areas of emphasis.*

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance

management reviews (5.1b), and formal or informal employee and other stakeholder feedback and surveys. *For some businesses and governmental organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.*

N4. Measures or indicators of ethical behavior (1.2b[2]) might include the percentage of independent board members, measures of relationships with stockholder and nonstockholder constituencies, instances of ethical conduct breaches and responses, survey results on employee perceptions of organizational ethics, ethics hotline use, and results of ethics reviews and audits. They also might include evidence that policies, staff training, and monitoring systems are in place with respect to conflicts of interest and proper use of funds.