Baldrige Performance Excellence Program

Criteria for Performance Excellence

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What is the Baldrige Program?

- Operates as a unique public-private partnership
- Educates organizations on performance excellence management
- Manages the Malcolm Baldrige National Quality Award

*Baldrige is Performance Excellence: Organizations Achieve and the U.S. Succeeds*
Program History

The Malcolm Baldrige National Quality Improvement Act of 1987, Public Law 100-107

- Created Award Program to
  - identify/recognize role-model businesses
  - establish criteria for evaluating improvement efforts
  - disseminate/share best practices
- Expanded to health care and education (1998)
- Expanded to nonprofit (+ Government) sector – (2005)
Performance Excellence

An integrated approach to organizational performance management that results in:

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

- 86 Award recipients (91 Awards)
- 1,458 Baldrige Award applications
- More than 5,800 trained Examiners
- Widespread participation
- Private-sector contributions provide over 90 percent of Program support
Award Recipients’ Contributions

- Increase competitiveness of U.S. organizations
- Give presentations to all sectors
- Give presentations at The Quest for Excellence® and the regional conferences
- Influence customers/suppliers
- Host seminars and workshops
- Write articles
Applying for the Baldrige Award

- Manufacturing
- Service
- Small business (manufacturing or service)
- Education (for-profit and nonprofit)
- Health care (for-profit and nonprofit)
- Nonprofit, including charities and government agencies
The Baldrige Criteria

- Are considered a validated organizational performance assessment tool
- Define performance excellence
- Are used to identify Award recipients
- Are used by diverse organizations in all sectors of the U.S. economy
- Comprise an Organizational Profile and seven Categories—an integrated management framework
- Are updated regularly (currently every two years)
Seven Categories of the Business/Nonprofit Criteria

- Leadership
- Strategic Planning
- Customer Focus
- Measurement, Analysis, and Knowledge Management
- Workforce Focus
- Operations Focus
- Results
The Role of Core Values and Concepts

The Criteria build on Core Values and Concepts ...

which are embedded in systematic processes ...
(Criteria Categories 1–6)

yielding performance results.
(Criteria Category 7)
Core Values and Concepts

- Visionary Leadership
- Customer-Driven Excellence
- Organizational and Personal Learning
Core Values and Concepts

- Valuing Workforce Members and Partners
- Agility
- Focus on the Future
- Managing for Innovation
Core Values and Concepts

- Management by Fact
- Societal Responsibility
- Focus on Results and Creating Value
- Systems Perspective
Baldrige Criteria Framework: A Systems Perspective

Organizational Profile: Environment, Relationships, and Challenges

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

(1) Reacting to Problems (0–25%)

Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

(2) Early Systematic Approaches (30–45%)

The organization is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organizational units. Strategy and quantitative goals are being defined.

(3) Aligned Approaches (50–65%)

Operations are characterized by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with coordination among organizational units. Processes address key strategies and goals of the organization.

(4) Integrated Approaches (70–100%)

Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.
An Analogy for Learning: From Fighting Fires to Innovation

1. Reacting to the problem:
   Run with the hose and put out the fire.
   (0–5%)

2. General improvement orientation:
   Install more fire hoses to get to the fires quickly and reduce their impact.
   (10–25%)

3. Systematic evaluation and improvement:
   Evaluate which locations are most susceptible to fire.
   Install heat sensors and sprinklers in those locations.
   (30–45%)

4. Learning and strategic improvement:
   Install systemwide heat sensors and a sprinkler system that is activated by the heat preceding fires.
   (50–65%)

5. Organizational analysis and innovation:
   Use fireproof and fire-retardant materials.
   Replace combustible liquids with water-based liquids.
   Sensors and sprinklers become the secondary line of protection with prevention the primary approach for protection.
   (70–100%)
Organizational Profile

P.1 Organizational Description
P.2 Organizational Situation

- Starting point for self-assessment and application preparation
- Basis for early action planning
# Category Point Values

<table>
<thead>
<tr>
<th></th>
<th>Category</th>
<th>Points</th>
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<tbody>
<tr>
<td>1</td>
<td>Leadership</td>
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<tr>
<td>2</td>
<td>Strategic Planning</td>
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<tr>
<td>3</td>
<td>Customer Focus</td>
<td>85</td>
</tr>
<tr>
<td>4</td>
<td>Measurement, Analysis, and Knowledge Management</td>
<td>90</td>
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<tr>
<td>5</td>
<td>Workforce Focus</td>
<td>85</td>
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<tr>
<td>6</td>
<td>Operations Focus</td>
<td>85</td>
</tr>
<tr>
<td>7</td>
<td>Results</td>
<td>450</td>
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</tbody>
</table>

**TOTAL POINTS** 1,000
1. Leadership (120 pts.)

Addresses Senior Leaders’ Actions, Governance, and Societal Responsibilities

1.1 Senior Leadership (70 pts.)

1.2 Governance and Societal Responsibilities (50 pts.)
Key Excellence Indicators: Leadership

- Effective, systematic, and fully deployed setting and communication of organization’s direction and values
- Demonstrated personal commitment and role modeling by all senior leaders of organizational values
- Systematic actions to creating a sustainable organization
- Personal involvement by all senior leaders in organizational learning and in developing future
- Strong focus on learning at all levels of the organization
Key Excellence Indicators: Leadership

• Sustained, demonstrated accountability and transparency of operations in governance system
• Effective and fully deployed leadership performance evaluation and improvement system
• Legal and ethical behavior that exceeds industry standards and regulatory compliance
• Active support of key communities that is integrated with organizational strategy and core competencies
2. Strategic Planning (85 pts.)

Addresses Strategic and Action Planning and Deployment of Plans

2.1 Strategy Development (40 pts.)

2.2 Strategy Implementation (45 pts.)
Key Excellence Indicators: Strategic Planning

- Planning that effectively balances short- and long-term views
- Aggressive goal setting
- Strong work system alignment with strategy
- Proactively addressing all sources of risk
Key Excellence Indicators: Strategic Planning

• Critical targets and goals systematically address customer requirements and market directions
• Strong involvement of key suppliers, partners, and customers
• Clear focus on long-term sustainability, including needed core competencies
• Strong focus on plan execution and agility
3. Customer Focus (85 pts.)

Addresses How an Organization Engages its Customers and Listens to the Voice of the Customer

3.1 Voice of the Customer (45 pts.)

3.2 Customer Engagement (40 pts.)
Key Excellence Indicators: Customer Focus

- In-depth market knowledge and forecasts
- Systematic consideration of needs and requirements of current and potential customers
- Multiple mechanisms to support customers
- Customer-focused culture that is well integrated with workforce management and development systems
Key Excellence Indicators: Customer Focus

- Multiple, effective listening methods to obtain customer feedback
- Effective and prompt resolution of complaints
- High levels of customer engagement and satisfaction
- Effective and systematic analysis and use of customer data
4. Measurement, Analysis, and Knowledge Management (90 pts.)

Addresses Analysis, Review, and Improvement of Organizational Performance and Management of Data, Knowledge, and Information Resources

4.1 Measurement, Analysis, and Improvement of Organizational Performance (45 pts.)

4.2 Management of Information, Knowledge, and Information Technology (45 pts.)
Key Excellence Indicators: Measurement, Analysis, and Knowledge Management

- Consistent use of fact-based decision making
- Collection of actionable data
- Consistent use of multiple aligned and interlinking measures (internal and external)
- Wide deployment and accessibility of data and information
Key Excellence Indicators: Measurement, Analysis, and Knowledge Management

• Strong analysis capability
• Systematic benchmarking of “best-in-class” processes and results
• Reliable, secure, and user-friendly information systems
• Organizational knowledge systematically captured and shared internally and with key partners and suppliers
5. Workforce Focus (85 pts.)

Addresses How an Organization Engages, Develops, and Manages Its Workforce and Builds an Effective Workforce Environment

5.1 Workforce Environment (40 pts.)

5.2 Workforce Engagement (45 pts.)
Key Excellence Indicators: Workforce Focus

- Effective management of workforce capability and capacity
- Safe, secure, and supportive workforce climate
Key Excellence Indicators: Workforce Focus

• Strong commitment to workforce engagement and satisfaction
• Fully deployed reward system for high performance related to key organizational challenges and organizational performance
• Strong commitment to workforce and leader training, education, and development
• Clear links between individual and organizational learning
6. Operations Focus (85 pts.)

Addresses How an Organization Designs Its Work Systems; Prepares for Emergencies; and Designs, Manages, and Improves Its Work Processes

6.1 Work Systems (45 pts.)

6.2 Work Processes (40 pts.)
Key Excellence Indicators: Operations Focus

- Well-designed work systems and key business and support processes
- Strong focus on work systems and key processes that deliver customer value and organizational success and sustainability
- High levels of quality designed into products and key processes
- Effective partnering with suppliers and customers
Key Excellence Indicators: Operations Focus

• Strong focus on continuous improvement, cycle time reduction, innovation, and productivity enhancement
• Strong integration of prevention and improvement into daily operations
• Sustained focus on prevention as well as preparation for emergencies
7. Results (450 pts.)

Addresses an Organization’s Performance Improvement in Key Areas and Includes Current Performance Levels, Trends, and Comparative Data

7.1 Product and Process Outcomes (100 pts.)
7.2 Customer-Focused Outcomes (90 pts.)
7.3 Workforce-Focused Outcomes (80 pts.)
7.4 Leadership and Governance Outcomes (80 pts.)
7.5 Financial and Market Outcomes (80 pts.)
Key Excellence Indicators: Results

- Excellent results that fully address customer requirements, key processes, product performance, strategy and action plans, workforce needs, financial and marketplace measures, and governance and societal responsibilities
- Beneficial performance levels and trends
Key Excellence Indicators: Results

• Excellent results that are well integrated with organization-level information and analyses
• Demonstrated use of comparisons/benchmarks/projections that have improved organizational performance
• Results that are actionable to improve organizational performance and promote sustainability
Program Achievements

- Created a national and international standard for performance excellence
- Produced role models
- Shared best management practices
- Generated award programs
- Raised U.S. competitiveness
- Established outreach and education systems
2010 Baldrige Award Recipients

- MEDRAD (manufacturing)
- Nestle Purina PetCare Co. (manufacturing)
- Freese and Nichols Inc. (small business)
- K&N Management (small business)
2010 Baldrige Award Recipients (continued)

- Studer Group (small business)
- Advocate Good Samaritan Hospital (health care)
- Montgomery County Public Schools (education)
How to Learn More

- Maryland Quality Awards
  [http://www.marylandexcellence.org/](http://www.marylandexcellence.org/)
- US Senate Productivity and Quality Award for Virginia
  [www.spqa-va.org](http://www.spqa-va.org)
- Attend a Baldrige regional or national conference
- Participate in an Award recipient sharing day/workshop
- Become a state/local or national Examiner
Resources for More Information

- Most Baldrige National Quality Program (BNQP) documents are available both in printed form and on the NIST BNQP Web site.

- To obtain these documents, call (301) 975-2036; send an e-mail to baldrige@nist.gov; or visit www.nist.gov/baldrige.