

Road Map for the Baldrige Journey

A Guide to Effective Use of the
Criteria for Performance Excellence
and Baldrige-based Award Programs

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1

The Need for a Road Map

MANAGEMENT IS A YOUNG PROFESSION

Have you ever been to Europe? During my first trip there one of my strongest impressions was the age of its most famous sites. Notre-Dame Cathedral in Paris was built in the twelfth century, more than 100 years before Columbus discovered America. The Tower of London was built in 1078. The Roman Colosseum dates to A.D. 70 and the Parthenon in Athens to the fifth century B.C. Though obvious in retrospect, my first experience of Europe made me acutely aware that by comparison, the United States is a very young nation.

I was struck by a similar observation about the profession of management while reading Walter Kiechel's 2012 *Harvard Business Review* article titled "The Management Century." Kiechel states that the management profession essentially came into being in the 1880s and in the century since has had a dramatic impact on the world in which we work.¹ It follows logically that management is a relatively young profession, that the work of leading organizations is in the early stages of development, and that management practices would benefit from clear direction and a means of continual refinement.

Management was to be viewed as a set of practices that could be studied and improved.

– Walter Kiechel III, *HBR* Nov. 2012²

Not only is management a young profession, it is also a very difficult one. My experience working with executives suggests that leading an organization of any size is a complex endeavor. It requires:

- Balancing the needs and expectations of a wide variety of stakeholders,
- Understanding the cause–effect relationship between multiple variables in the organization and its operating environment, and
- Determining optimal courses of action when faced with an uncertain future.

The relative immaturity of the profession combined with its challenging nature may help to explain the difficulties experienced by organizational leaders who are almost universally smart, hardworking, and well-intentioned. Their profession is in its early stages, and to some extent they are the ones defining its practice. It follows that these pioneers in the practice of organizational leadership would benefit from a road map that allows them to navigate the difficulties inherent in leading complex organizations and provides them with a method to refine their own practice for doing so.

To be clear, the intent here is not to provide an instruction manual for leading a complex organization. No such thing exists. Instead, the term *road map* is being used in two senses. One is consistent with its definition, as a detailed plan to guide progress toward a goal. In this case the goal is to become an excellent organization, one that is successful now and will remain so in the future.

The other use of the term is to suggest that the road map serves to guide those who are committed to leading their organization on a journey of some duration and difficulty. When the destination is excellence, we are not talking about a quick trip but rather about a learning journey that takes time and will invariably involve unexpected twists and turns along the way. In that sense, the road map provided here is intended to serve as a guide for those who are committed to leading their organizations on a journey of discovery, where organizational success and sustainability are the intended destination.

HOW WILL YOU LEAD YOUR ORGANIZATION THROUGH THE COMING DECADE?

The need for a road map is even greater when one is navigating unfamiliar or uncertain terrain. Think about your own organization and its operating environment. What will it look like in 2025? Leaders in every sector understand that the next ten years are likely to be extremely

challenging. In the face of this uncertainty, many are seeking effective methods to lead their organizations through the decade ahead:

- Health care in the United States is in the midst of a dramatic change as reimbursement models shift from payment based on the volume of services delivered to improvement of health outcomes, reduction of costs, and effective population management.
- With the adoption of Common Core State Standards, education is facing a challenge similar in magnitude to the one encountered after passage of the No Child Left Behind Act in 2001.
- In the service sector, the internet and web-based technologies have significantly increased competition by making it possible to deliver many types of service from virtually anywhere in the world directly to your phone or mobile device.
- Manufacturing has undergone successive waves of change since the 1960s, with the most recent being the emergence of China as a dominant force. Some think 3D printing will be the next great disruptive innovation to upend the business models and supply chains of manufacturers globally.
- And changing demographics will have a significant impact on every sector in the coming years as the baby boomers retire and hand over responsibility for leadership to the next generation.

Organizations in every sector must be able to change and adapt if they are to thrive in the coming decade. How will your organization manage the changes ahead? Will you react to one challenge after another? Or will you adopt a proven assessment framework and use it as your platform for organizational transformation? The road map described here provides a well-defined approach that will enable leaders to identify and manage the changes needed to become and remain successful. It is based on a time-tested and validated set of requirements for becoming a world class organization, the Criteria for Performance Excellence. And it utilizes Baldrige-based state award programs as an inexpensive means to receive objective feedback and enable mid-course corrections as your operating environment and competitive situation changes.

The Baldrige Criteria is probably the single most influential document in the modern history of American business.

– Gordon Black, Former Chairman and CEO,
Harris/Black International Ltd.³

BALDRIGE PROVIDES A FRAMEWORK FOR THOSE IN PURSUIT OF EXCELLENCE

In 1987 the Malcolm Baldrige National Quality Improvement Act was signed into law with the goal of improving the competitiveness of U.S. businesses. Soon thereafter, the Baldrige Award Program was created as a way to identify and recognize role-model organizations and share best practices, and the Criteria for Performance Excellence were established to evaluate award applicants.

The Criteria are revised every two years to ensure they continue to reflect validated, leading-edge practices for performance excellence. After 25 years of continuous improvement there is a compelling argument that they represent the most comprehensive and rigorous framework available for organizational assessment and improvement, not only in the United States but globally. In fact the Criteria are the model for approximately 100 performance excellence frameworks used by award programs around the world. Baldrige and other award programs are appealing for the recognition they bring to organizations, but many leaders have recognized that the value of the assessment and improvement process is much greater.

I see the Baldrige process as a powerful set of mechanisms for disciplined people engaged in disciplined thought and taking disciplined action to create great organizations that produce exceptional results.

– Jim Collins, author of *Good to Great: Why Some Companies Make the Leap...and Others Don't*.⁴

CRITERIA DESCRIBE THE DESTINATION BUT DO NOT PROVIDE DIRECTIONS FOR THE JOURNEY

While the Baldrige Criteria for Performance Excellence are one of the most widely known assessment frameworks in the world, interest in the Criteria has ebbed and flowed over the years. In part this may be due to the fact that applicants are often on their own when it comes to determining how to use the Criteria and award programs in an efficient and effective manner.

This difficulty is somewhat by design, since the Criteria for Performance Excellence are non-prescriptive.⁵ The requirements are presented as more than 200 questions written in a generic manner to

enable their application by all types of organizations. They do not tell leaders what to do to meet the requirements, which is both good and bad. While this allows organizations to develop processes to respond to the Criteria in ways that meet their unique needs, it has created a barrier for some leaders. This is particularly true in smaller organizations or those sectors that are less mature in the development of their management systems. Many leaders accept that the Criteria offer a proven and practical framework but are unclear how to use them most effectively. The typical answer given is to invest in training, serve as examiners, and begin the challenging learning process required to understand, translate, and apply the Criteria in their own organization. All this is helpful but does not provide a clear road map for effective use of the Criteria.

A DETAILED ROAD MAP FOR THE JOURNEY

This book adds to the typical answer and provides a detailed road map and systematic process to design and implement a customized operating model for performance excellence based on the Criteria. The road map includes regular use of state award programs for external feedback to enable mid-course correction. Though recognition is not its primary purpose, following this road map also increases the likelihood of being recognized by these award programs. The approach presented here will not guarantee an award, but it will help an organization's leaders use the Criteria and award programs more efficiently and effectively as an aid to organizational transformation and improvement.

This road map is the product of my work since 1995 as a consultant, examiner, judge, and trainer of new examiners for Illinois' state award program. It synthesizes the best practices learned from applicants, clients, and many others over the years. In fact, it was from working closely with effective leaders in successful organizations that I became aware of the need for a well-defined and structured approach.

Many leaders of successful organizations are seeking a way to move their organization from good to great in the near-term and to ensure the organization's sustainability for the long-term. Effective leaders often reach a point when they begin to reflect upon their legacy and become concerned that the organization's current success is too dependent on the insights and actions of its key leaders. They recognize that an organization capable of producing excellent results for the long-term must shift away from being person-dependent and instead weave the approaches that are producing their current results into the very fabric of the organization's processes and culture. It is not surprising that these leaders find the Criteria offer a valuable blueprint for building an integrated system for performance excellence. It is also not surprising that they become frustrated to find there is not a well-defined method for doing so. This book attempts to meet that need and provide a systematic process to

guide organizational transformation. It is written specifically for those leaders who are committed to using the Criteria and their state award program to design and implement a Baldrige-based operating model that will enable their organization to achieve and sustain excellence.

THE BALDRIGE FRAMEWORK

For those who are relatively new to the Baldrige framework, Figure 1.1 provides an overview of the Criteria for Performance Excellence. The system consists of six process categories (1-6) that define the key approaches required to consistently deliver excellent results (7).

Categories 1, 2, and 3 are often referred to as the leadership triad. In simplest terms, senior leaders (Category 1) must set direction and establish clear performance expectations for the organization. Strategic plans are developed (Category 2) to define the strategies, goals, and plans needed to meet these expectations. To be effective these strategies must enable the organization to meet the needs of its customers (Category 3) better than others within the markets it serves.

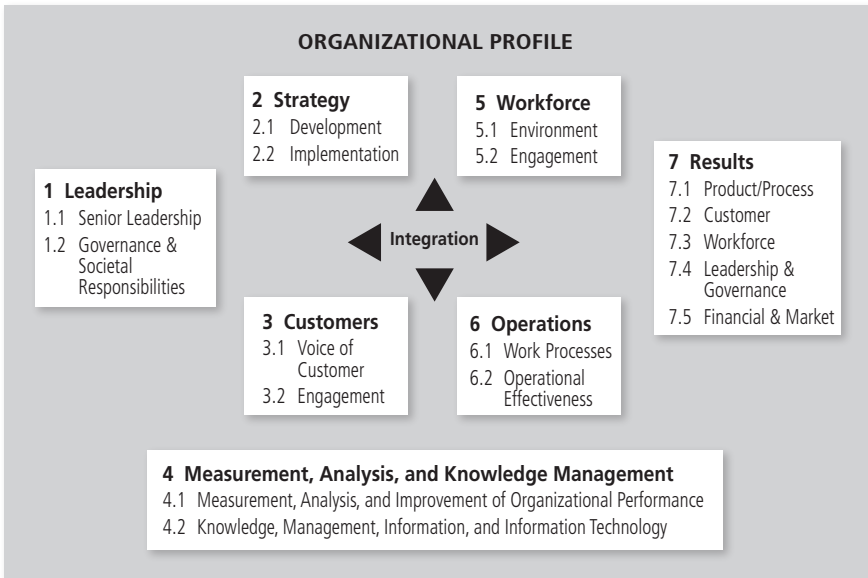


Figure 1.1 Criteria overview – seven categories provide a comprehensive, integrated framework.

Organizations in every sector implement strategy through the efforts of skilled and motivated staff (Category 5) who operate efficient and effective processes (Category 6). The systems foundation (Category 4) is used to report the performance results achieved (Category 7) and provide feedback to senior leaders (in Category 1) on the performance of the key processes (in Categories 2, 3, 5, and 6) that are producing those results.

The word *integration* at the center of the figure shows that all elements of the system are interrelated. The Organizational Profile at the top of the diagram sets the context for evaluation of an organization. The Criteria requirements in Categories 1–7 are intentionally generic so as to apply to any organization in any sector. The Organizational Profile allows the applicant to describe its unique operating environment so that examiners can determine the key factors to consider when evaluating its key processes and results.

The seven Categories have been summarized but the assessment process operates at the Item level. Note that Categories 1–6 each include two Items. For example, Category 1 Leadership consists of Item 1.1 Senior Leadership and Item 1.2 Governance and Societal Responsibilities. Applicants define their processes and results at the Item level. Examiners develop feedback comments and scores at the Item level. The 12 process and five results items provide a comprehensive, integrated framework for leaders to design their organization’s Baldrige-based operating model for performance excellence. Other elements of the Baldrige Excellence Framework include the core values and concepts and the scoring guidelines. The latter are described in Chapter 2.

OVERVIEW OF THE BOOK

Design Your Organization’s Operating Model for Excellence

Chapter 2 explains the rationale for the road map that is provided in subsequent chapters. This requires diving into the details of the Baldrige scoring guidelines that define the journey to organizational excellence. It introduces the ADLI (Approach, Deployment, Learning, and Integration) evaluation factors used by examiners to evaluate the processes presented by applicants in response to the requirements in Categories 1–6 of the Criteria. The approach dimension is further divided into basic, overall, and multiple (BOM) requirements. An understanding of ADLI, BOM, and the 28 areas to address within Categories 1–6 of the Criteria are the basis for the road map that will be used to stage an organization’s journey over time. The recommended approach is to use the 28 areas to address and the overall requirements as the starting point to define and deploy the key approaches required by the Criteria. These key approaches become your organization’s operating model for performance excellence.

Use a Baldrige-Based Award Program to Course Correct

Once the operating model is defined, the organization uses its state Baldrige-based award program as a source of external feedback to evaluate and improve its key approaches so that over time they evolve to meet the multiple requirements of most importance to your organization.

A system cannot understand itself. The transformation requires a view from the outside.

– W. Edwards Deming, *The New Economics for Industry, Government, and Education.*⁶

The external feedback you receive from award programs is often frustrating but can also be invaluable. The benefits of regular participation in an application and feedback process are the following:

- By applying every year you create an urgency and accountability for continual improvement.
- Preparing the workforce for site visits creates interest among employees that can be used to enhance their understanding and the deployment of key approaches.
- Site visits provide managers opportunities for reflection and learning during interviews with examiners. The “outside eyes” offered by examiners from various sectors can be a key factor in stimulating the organizational transformation required for the journey to excellence.
- Because the feedback you receive is Criteria-based, it requires the organization’s leaders to develop a deeper understanding of the requirements and to think critically about how to improve and align the organization’s key approaches in ways that respond most effectively to the key challenges of your unique operating environment.
- The opportunity for your leaders to participate as examiners allows them to develop expertise in the Criteria and to benchmark the approaches to excellence used by other organizations.
- The desire to improve with each successive application will cause the leadership team to prioritize its key approaches, key customers, key requirements, key goals, and key results. For most organizations the third application is very different from the first and this is primarily a result of senior leaders clarifying their focus and the organization’s priorities over time.

- The awards received from a state program at each stage of the journey provide leaders the opportunity to recognize the workforce for their accomplishments and to build momentum for continual change.

Chapter 3 provides turn-by-turn directions for the journey to excellence. It is detailed and specific by design. Most readers who set out on their own journey will find this a useful starting point as they chart a course for their organization. The directions include identifying approximately 30 key approaches that correspond to the areas to address within Categories 1–6. The organization assigns an owner with responsibility to document each key approach. Key approach documentation is then used as the basis for award applications, as an aid to deploy the key approaches, and as the means to record the history of learning that results from scheduled, semi-annual cycles of evaluation and improvement of each key approach. They are also used by managers as an aid during site visits to provide the evidence required by examiners, and they enable you to make improvements based on opportunities identified in the feedback reports received at the conclusion of each award cycle.

Chapter 4 summarizes the key approaches that are recommended as an initial operating model to meet the overall requirements for 28 areas to address in Categories 1-6. Each organization's operating model will differ from this recommendation, but beginning with these key approaches can make the early stages of your journey more efficient. Without this guidance, organizations that do not understand the Criteria may take a number of wrong turns early in the process. Clients of Kilbride Consulting, Inc. are provided detailed templates to further accelerate the effort to design their organization's operating model.

Chapter 5 explains the requirements of Category 7 and recommends that you design some key approaches to ensure they are aligned with and produce the results required in Category 7. In the first few years of the journey, many organizations resist making the changes in their planning, measurement, and reporting systems that are required to meet the requirements for Category 7. Instead they try to force fit their current measurements to these requirements. For organizations that are committed long-term to the journey for excellence, it is recommended that they spend time early on to understand and adapt their approaches for planning and performance measurement in order meet the requirements for Category 7 results.

Chapter 6 provides guidance on how the planning processes in Category 2 and the measurement and review processes in Category 4 should be integrated and aligned to meet the requirements for results in Category 7. This builds on the discussion of results in Chapter 5 and

provides guidance on possible alignment of key approaches that can help an organization:

- Meet the requirements for Category 7 results
- Focus the organization on achievement of its key goals and objectives
- Ensure an effective, fact-based system for review and improvement of performance

Before proceeding, it is recommended that you obtain a copy of the Baldrige Criteria for Performance Excellence for your sector. You can purchase the Criteria as PDF downloads on the Baldrige website or as printed booklets from ASQ.

Let your journey to organizational excellence begin.