



A BLUEPRINT FOR EXCELLENCE

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Is “Good” Good Enough?

Many organizations are doing fine; their performance is good, customers seem satisfied, employees are generally content. And for some leaders “good” is good enough. But others want more. Some leaders have an appetite for excellence. They want their organization to be great and they want to do it in a way that ensures their success is not short-lived but lasting. This paper is written for those leaders – the ones who want their legacy to be an organization capable of delivering excellent results that are sustainable over time.

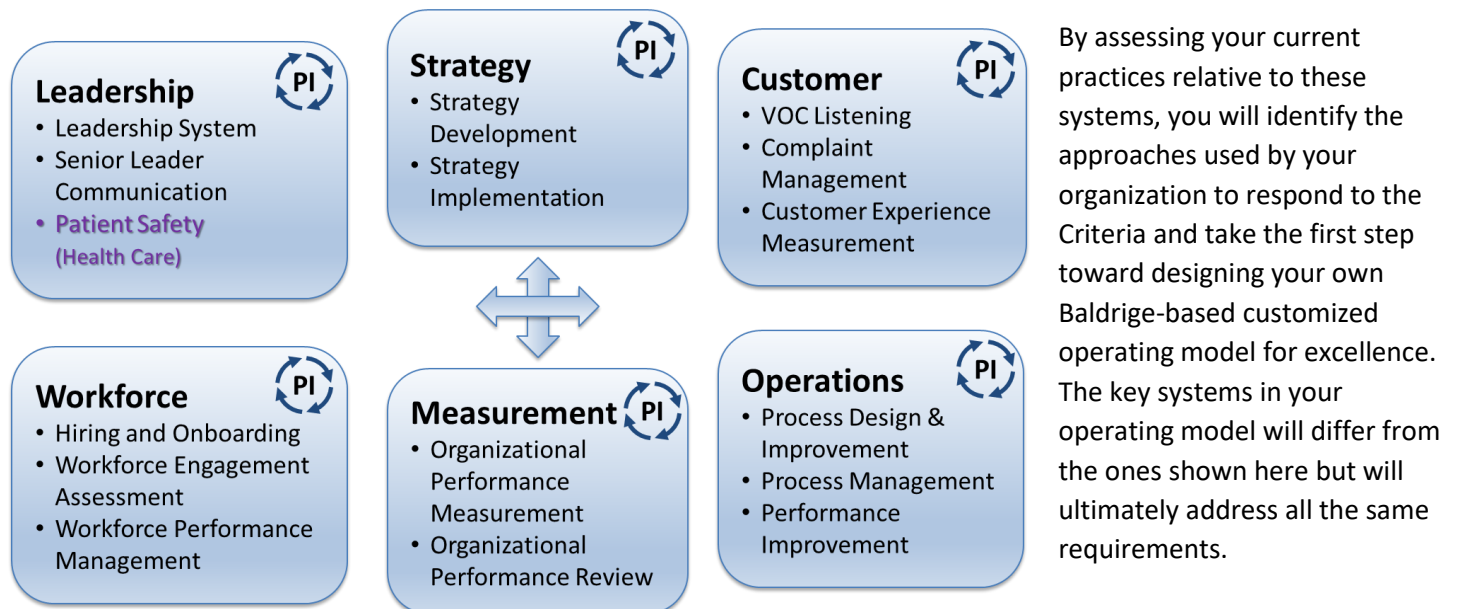


If you are one of these leaders you have likely searched for a means to this end, a framework to help you achieve and sustain success. In doing so you may have come across the Malcolm Baldrige National Quality Award. You may already know it is our nation’s highest presidential award for performance excellence, that almost every state offers a Baldrige-based award program, and that it has been replicated by Award programs throughout the world. It is much less likely that you recognize Baldrige as a blueprint for organizational design. The Criteria provide leaders with a proven framework that has been tested and validated over the past 30 years. It is used by high performing organizations worldwide to design a system of leadership and management processes that are matched to their unique vision, culture, strategy, customer and market requirements.

Too Many Questions

When first presented with the Baldrige framework, most organizations begin by attempting to understand the 220+ individual Criteria questions. They respond to these questions by developing a written application that is submitted to their state’s award program. After examiners review this application and conduct a site visit, the organization receives a feedback report with 50 or more opportunities for improvement. Organizations often struggle to understand, prioritize, and respond to these opportunities in an efficient and effective manner. This is a time consuming and piecemeal approach that may lead to receipt of a lower level award, but generally results in limited or ad hoc improvement in how the organization operates. Instead, the better approach is to view the Criteria framework as a collection of about 35 organizational systems that should be systematically designed, managed, improved, and integrated over time. Of these 35 systems, 15 are considered foundational and represent the appropriate starting point for most organizations. Below is an illustration of these systems, organized by Categories (1-6) within the Criteria framework. It is likely you are already doing many things aligned with the Criteria, though you are probably not managing them in a systematic manner.

Figure 1 – Illustration of the Foundational Systems in the Baldrige Framework



Designing Your Operating Model for Excellence

When taking the systems approach, leaders view the Criteria as a blueprint and use it as a starting point to design a customized, Baldrige-based, operating model for performance excellence. Your operating model will define a set of leadership and management practices that are customized to match your organization’s unique vision, culture, strategy, and customer requirements. It will include about 30 systems that clarify “How we work” as an organization.


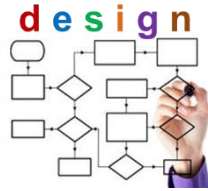
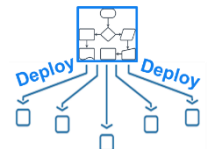

Once you determine the systems that will comprise your operating model for performance excellence, you apply disciplined cycles of improvement to refine and integrate these key processes over time. The payoff comes from the intentional work to design, deploy, and improve these systems. Doing so provides immediate benefit as you reduce variability in system performance, focus the workforce on your key goals, and align leaders to the common approaches used to achieve these goals.



The longer-term benefit is that a well-deployed and integrated system will accelerate your efforts to achieve high performance, and perhaps more importantly, will ensure the leadership and management practices that have enabled you to achieve success are sustainable over time. A well-defined and fully deployed operating model will evolve over time, but is sustainable and can survive transitions in the leadership team. As such it enables senior leaders to leave a tangible legacy for their successors.



What is the work of leaders to design and implement their operating model?

Following is a summary of the leaders’ work to design, deploy, and refine their operating model.

	<p>ASSESSMENT to identify the processes and methods you have in place for each system. This work starts from where you are. Your organization will already have at least some elements of the key processes that align with each system. You then assess whether the system is effective at meeting the organization’s needs and whether it is effective at responding to the Criteria for that system. The final step is to assign a leader to serve as owner for each system. The owner will be responsible to convene an appropriate team for all subsequent work.</p>
	<p>DESIGN to clarify how the system operates. For those processes you have in place, this involves developing a graphical summary of how the system operates, often in the form of a flow diagram, process map, process outline or table of methods. For those process you do not currently have in place, this involves designing a process that will meet your needs and respond to the Criteria.</p>
	<p>DEPLOY each system to ensure it is used by all appropriate groups and that it operates consistently throughout the organization. This often requires a plan for communication, training and observation to ensure processes are fully and effectively used.</p>
	<p>MEASURE the effectiveness of each system by gathering feedback and/or performance data. How well does the system meet the organization’s needs and respond to the Criteria? Based on the findings from evaluation of these measures, identify and prioritize opportunities for improvement.</p>

	<p>IMPROVE each system. Use your organization’s performance improvement process (e.g., PDSA, Six Sigma DMAIC, etc) to develop, plan and implement improvements in the system.</p>
	<p>INTEGRATE systems to build connections between the systems where appropriate, and to ensure the systems, both individually and collectively, are designed meet the organization’s needs.</p>

What are the Foundational Systems?

The Baldrige Criteria are presented in the form of over 220 individual questions, organized by Category and Item. As previously explained, it is recommended to view these questions as the requirements for 35 systems that are common to high performing organizations. Putting these systems in the foreground of the design work accelerates the journey and makes it more relevant and understandable. Following is a summary of the 15 foundational systems that are the starting point. These are organized by Category and include a brief description. Each organization’s operating model will be different, but the work to design them starts with a similar foundation.

System	Description
Category 1	
Leadership System	Answers the question How do Senior Leaders lead? It clarifies your expectations for all leaders and integrates the processes, methods and behaviors used to lead the organization, create and sustain the culture.
Senior Leader Communication System	The methods used to communicate and engage with the workforce, key partners and customers. It often includes methods to deploy vision and values, communicate key decisions, encourage two-way communication, recognize and motivate the workforce.
Category 2	
Strategy Development System	Process used to develop short and long-term plans for current and future success. This may be stand-alone or integrated with Strategy Implementation. Strategic Planning often uses a framework of 4-6 Pillars or Key Result Areas (KRAs) that represent your value chain of Suppliers, Workforce, Operations, Offerings, Customers, and Financial results.
Strategy Implementation System	Process used to develop and deploy plans, budgets and measures to achieve key goals. Strategy Implementation typically includes processes for action planning and aligns with processes for using scorecards to measure, review and improve organizational performance.
Category 3	
Voice of the Customer (VOC) Listening System	<p>The methods used to listen to, interact with, and observe customers to obtain actionable information, including feedback on the quality of your products, customer support and transactions. Methods should enable you to listen:</p> <ul style="list-style-type: none"> ▪ to current, former or potential customers; ▪ to different customer groups or market segments; and ▪ at each stage in the customers’ relationship with you (e.g., Acquire, Serve, Engage).

System	Description
Complaint Management System	Process used to resolve customer complaints promptly and effectively, recover your customers' confidence, and avoid similar complaints in the future.
Customer Experience Measurement & Improvement	Process used to measure the satisfaction, dissatisfaction and engagement of your customers, to report, segment, and analyze these results, and compare performance to competitors and/or industry benchmarks.
Category 4	
Organizational Performance Measurement System	Process used to select measures, develop "scorecards" of key performance measures, and identify comparisons or benchmarks for use throughout the organization to assess performance. This often aligns with the Strategic Planning Process.
Organizational Performance Review System	Defines the 'rhythm of how, when, and by whom key measures of performance are reviewed, priorities are identified, and actions are initiated to improve. It may be stand-alone or integrated with the Organizational Performance Review system. Because of the focus on improvement it is often closely aligned with other systems such as Strategy Implementation / Action Plans, Process Improvement, etc.
Category 5	
Hiring and Onboarding System	Process and methods used to recruit, hire, onboard, and retain new workforce members.
Performance Management System	Process used for annual appraisal or review of individual employees' performance, and your compensation, reward and recognition processes.
Workforce Engagement Assessment and Improvement System	Process used to measure workforce satisfaction and engagement, segment and analyze the results, determine or confirm the key drivers of engagement, and develop and implement plans to improve engagement. This often involves use of an engagement survey, but may include use of other indicators like employee turnover.
Category 6	
Process Design and Improvement System	Process used to determine key requirements for work / support processes and design products and processes to meet those key requirements. Many organizations will have an improvement approach in place, e.g., PDCA, A3-PDCA, Six Sigma DMAIC, etc.
Process Management System	Measures and methods used to manage the day-to-day operation of the key work processes and support processes to ensure they meet key requirements. This typically involves mapping each key work/support process and reviewing two types of process measures: <ul style="list-style-type: none"> ▪ Key outcome measures (lagging indicators) used to evaluate the outputs, end-product or results of a process ▪ Key in-process measures (leading indicators) used to control the process and ensure you meet both customer and business requirements
Performance Improvement	Methods used to ensure systematic, fact-based evaluation and improvement of all other key systems. This is the system used to monitor and ensure systematic evaluation and improvement of all other systems.

Once the 15 foundational systems are in place, the organization can review the 20 remaining systems and decide which are most important to the continued refinement of the operating model. Those that are critical to the organization will be defined and deployed like the foundational systems; others may be addressed using a less rigorous approach.

Benefits of a Systems Approach

Most organizations start their Baldrige journey by reviewing the Criteria questions and developing an application. And most of them find Baldrige confusing and unhelpful. There are significant benefits that result from taking a systems approach to Baldrige instead.

Focus on Improving Organizational Performance Not on Improving Your Application. A common approach is for organizations to create “Category Teams”, each one responsible to develop application information for a different section of the Criteria. But when an organization launches Category teams, the focus is to develop an application. It is therefore not surprising that leaders subsequently think of this work in terms of applications and awards rather than improvement. By putting Baldrige-based systems in the foreground and the application in the background, the leaders and staff involved in the work will recognize from the outset that the primary objective is to improve how the organization operates. The application is not the focus, it is secondary and a by-product of the effort. When the organization subsequently submits an application describing its organizational systems and receives feedback on those systems, leaders will be more inclined to focus on making improvements in those systems, rather than making improvements in the application.

Potential Short-Term Improvements in Outcomes/Efficiency. By focusing on the improvement of key systems, organizations should realize near-term improvements in the effectiveness of key systems and/or outcomes produced by the systems. From a change management perspective, the tangible improvements achieved early in the process are “wins” that can demonstrate the value of the process and provide motivation to continue the journey. In contrast, writing an application will not typically lead to meaningful improvement, which may be why many organizations apply one time and then discontinue their Baldrige journey.

More Manageable Application Writing. If you eventually do apply, the systems approach makes writing the application more manageable. When key systems are well defined, developing an award application can be accomplished by a small application writing team that reviews key system documentation and summarizes this information within the application. Because this reduces the workload required to develop an application, it makes annual submissions possible, thereby maintaining momentum and accelerating progress on the journey to excellence.

Site Visit Preparation. The documentation of key systems enhances the approach to prepare for and host site visits when they occur. During site visit preparation, the review of key systems documentation with leaders and front-line staff serves to both prepare them for site visit and to enhance the deployment of these systems. During the site visit, when examiners ask questions about key systems, staff can present and review system documentation with examiners. This minimizes the need for staff to “memorize” how systems operate, and provides de facto evidence that these systems are systematic, i.e., well-defined and repeatable. If the documentation of systems includes a history of improvements that have been implemented, this provides de facto evidence that cycles of evaluation and improvement have been completed. While not the purpose of documenting key systems, doing so enhances the likelihood of an organization achieving higher level awards early in the journey. This success can foster momentum for continuing the performance excellence journey.

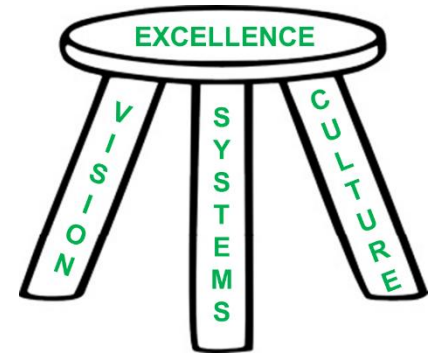
Sustainability. One of the key benefits of the systems approach is to ensure the process is sustainable over time. The systems approach creates an accountability mechanism for continual improvement of the organization’s key systems and embeds this into the work of leaders and staff. It is not something extra, but how we work. With the systems approach, you will assign leaders to serve as owners of each system, integrate this responsibility into their performance appraisals, create a schedule for them to evaluate and improve each system and for senior leaders to review progress on systems deployment and improvement. Establishing clear expectations and an organizational rhythm builds effective change management directly into the organization’s operating routines.

A Final Thought... More than Systems Are Needed to Achieve Excellence

The systems approach described here provides a clear road map for creating and refining the operating model that makes it possible for an organization to achieve and sustain excellence. While systems are essential to this effort, systems alone are not enough. Excellent systems cannot overcome a poor company culture or ineffective leadership.

Without a leadership-driven vision for performance excellence and an intentional focus on creating culture, the systems work becomes mechanical. The Leadership System can aid Senior Leaders in addressing vision and culture, and it is essential to the success of the systems approach. Simply put, Senior Leaders must:

- Set an inspiring “vision” for excellence,
- Enroll the broader leadership team to go beyond genuine compliance to ownership of this vision,
- Role model their commitment to the vision, and
- Intentionally create a culture characterized by high performance, engagement, and continual learning and improvement.



In short, well-defined systems are necessary but not sufficient. They provide the systematic processes that are used to operationalize the vision throughout the organization. However, they must be installed within a culture that embraces the vision, and is passionate about continually raising the bar. Leadership, culture and systems are the three-legged stool for achieving and sustaining excellence and the Criteria framework provides the blueprint to build this stool for your organization.

For a guide on your Baldrige journey, email Joe@KilbrideConsulting.com

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