

LETTER FROM THE PRESIDENT & CEO



Dear Friends & Colleagues:

The Baldrige impact on America is indisputable. Our blueprint for performance excellence is helping to spur world-class productivity, create organizational efficiency, and drive innovation in all sectors of the economy.

The application of Baldrige principles to organizations of all types and sizes has empowered businesses to thrive despite economic challenges; increased access to quality health care for thousands of citizens; and, improved educational outcomes for K-12 and collegiate students alike.

In order for America to sustain its competitiveness in the global marketplace, the reach of the Baldrige Program must be expanded. More organizations, corporations, government entities, and education systems need access to Baldrige resources, research, and tools that will help them address the challenges presented by the ever-changing global economy. Your gift to the Baldrige Foundation helps grow our reach; and, your investment will yield remarkable returns.

The efficiency and outcomes that characterize Baldrige-based organizations are also hallmarks of the Program itself. For every dollar spent on the Baldrige Program, $820 dollars of value is provided to our communities, regions, and the nation.

I hope you will choose to partner with us in this important work. Your support will help ensure that the Baldrige Program has the resources to research, recognize, and share best practices for performance excellence across the country so that we can bolster the competitiveness, prosperity, and well-being of all Americans.

Sincerely,

Al Faber, President & CEO

BALDRIGE FOUNDATION



THE REALITY

America has the world's largest economy, ranks first in military power and leads in scientific and technological advances. But how globally competitive *is* the United States today? We see plenty of signs that the nation has recovered from the devastating recession, but at the same time there are stark reminders that America's economic clout may be waning.

Consider this data from the 2012-2013 World Economic Forum Competitiveness Report. The United States ranks:

- 7th in overall global competitiveness, falling from 1st in 2007
- 12th in prosperity amongst a league of 142 countries representing 96% of the world's population and 99% of global GDP
- 8th in income mobility, falling from 1st place in terms of doing better than our parents



With education, there are even more concerns. The U.S. education infrastructure ranks 23rd, well behind every major developed economy, according to the Organization for Economic Cooperation and Development (OECD). Our 15-year-olds rank 17th in science and 25th in math, while the quality of America's math and science education ranks 48th. Furthermore, the U.S. ranks 12th in college graduation rates, down from being number one for decades.

And Americans don't receive an adequate return on health care spending. The U.S. spends 47% more of its GDP on health care than the next highest ranking country, say studies by the OECD and the World Health Organization. Yet, the U.S. ranks 27th in longer life expectancy and 29th in infant mortality. Since 2008, the cost of private health insurance jumped 59% and one-third of adults are not getting medical care and/or filling prescriptions because of cost, according to the Centers for Medicare and Medicaid Services.

America's global competitiveness relies on the performance of the three engines powering the economy:

- **Business**
- **Education**
- **Healthcare**

Our manufacturing and service industries, as well as government and non-profits, must be efficient and productive. Our education system must prepare the workforce for the jobs of the future. And it's essential that we have a healthy workforce and communities that nurture successful life outcomes. The engines create the critical infrastructure for a globally competitive economy that can deliver GDP growth and lift standards of living. When all three engines are at peak performance, our nation is unbeatable. These engines for economic growth must be strong, operating at their most efficient and effective levels for America to sustain its competitiveness in the global marketplace.



> "The Malcolm Baldrige National Quality Award...offers a vehicle for companies, large and small...to **examine their own approaches to quality.** It offers companies a standard with which to compare their own progress to that of **the country's very best.**"
>
> *President Ronald Reagan*

THE BALDRIGE MOVEMENT

In 1987, Congress established the **Baldrige National Quality Program** as a critical part of a national quest for performance excellence to compete with Japan and Europe by improving the quality of our products and services. Together, the government and private sector created this motivating force for U.S. organizations, a way to collect the best practices, share what worked and encourage private, public and non-profit organizations to adopt guiding practices.

Now called the **Baldrige Performance Excellence Program**, we primarily provide American industry and organizations with blueprints for improving our competitiveness and prosperity. Companies, organizations and governments worldwide have also joined the Baldrige community. Baldrige is the recognized global leader in achieving performance excellence through its research, development and distribution of validated, modern leadership and management approaches, including resources and tools to address the challenges presented by the ever-changing landscape of a global marketplace.

By engaging in the Baldrige process, companies, governments and organizations are evaluated by our examiners who use the Baldrige Criteria for Performance Excellence to assess an organization's strengths, opportunities for improvements and results. Each year, several participants with role model processes and outstanding results are chosen to receive the Malcolm Baldrige National Quality Award. "Using the Baldrige Criteria really got us to concentrate on three basic things: a focus, a framework and discipline," says Sister Mary Jean Ryan, chair of the board at SSM Health Care (SSMHC), which in 2002 was the first health care facility to earn a Baldrige Award. As the Baldrige Criteria were implemented, a series of stunning performance improvements ensued from 1999 to 2002. A clinical collaborative program to improve patient outcomes grew from four to 85 teams; a physician automated information system increased from 3,200 to 7,288; for four consecutive years, SSMHC maintained an "AA" investment rating, a status held by less than one percent of U.S. hospitals; and SSMHC's share of the St. Louis market grew to 18%, while three major competitors lost market share.

The Baldrige approach encourages organizations, corporations and government entities to delve into our library of best operational practices and apply them. As each organization improves its macro indicators, becomes more productive, and increases its efficiency, their workers and community are impacted. With this scenario repeating itself around the country, Baldrige effectively changes the nation, one organization, one community, one municipality, one state at a time.

Each year, the Baldrige movement is energized by thousands of volunteers from every state in the nation, mostly state and national examiners who are critical to the process. The value of volunteer services by national and state examiners in 2013 was more than $37 million.



"The road to greatness in America has been, and always will be, traveled by those who embrace change and work hard every day to be the best. Baldrige organizations show how **quality, innovation, and an unending quest for excellence** help strengthen our nation and **brighten the future for all Americans.**"

President Barack Obama

THE BALDRIGE IMPACT

For over a quarter-century, companies, governments and non-profits following the Baldrige Criteria have achieved performance excellence, results that have made these entities leaders in their field.

The Baldrige impact is recognized and respected by leaders in the domestic and multinational manufacturing, service, government, non-profit, education and health care fields, as well as in corporate board rooms; at the C-suite level of organizations; with mayors, governors and congressmen here at home; and with foreign leaders and international companies around the globe.

One gauge of the Baldrige impact is the dramatic results experienced by organizations that won Baldrige Awards, and then later won the Award a second time. There was a stunning 92.6% increase in median revenue growth for these companies in the time period between winning their awards; and median growth in jobs for these companies was nearly 20 times greater than matched industries and time periods (6% versus 3.2% based on data from the Bureau of Economic Analysis and Bureau of Labor Statistics).

Baldrige is a simple formula. Yet, it works wonders!

Learn – Improve – Share.



Our success is told through many stories.

The Baldrige impact on government and the private sector is boosting revenues and increasing efficiency:

- The Bureaus of Economic Analysis and Labor Statistics report that organizations that have twice won the Baldrige award show job growth at 2.5%, nearly 20 times greater than matched industries and time periods; revenue growth at 92.5%; and growth in the number of business sites at 84%
- PRO-TEC, a steel-coating manufacturer, more than doubled in size over six years, creating revenue growth of more than $26 million annually
- The City of Irving in Texas saved more than $40 million and 50,000 staff hours over six years
- ARDEC, a U.S. government agency, achieved $3.22 billion in cost avoidance over five years

"The Malcolm Baldrige National Quality Award plays a major role in revitalizing our nation's **economy**, **competitiveness** and **quality of life**...Baldrige Award recipients are models for any organization that wants to **improve performance and competitiveness.**"

President Bill Clinton



The Baldrige impact on K-12 schools and colleges is increasing student performance:

- Pewaukee Schools, a K-12 system, increased the percentage of students attending a two- or four-year college from 78.8% to 91.9% over five years
- Richland College, a two-year community college, more than tripled the number of students who completed the core curriculum in preparation for transfer to a four-year institution
- Kenneth W. Monfort College of Business improved student academic performance to rank in the top 10% nationally over five years, while reducing tuition and fees by 39%

"I believe the Baldrige Criteria for Performance Excellence can **strategically position colleges and universities** to be the very best in educating students to lead **world-class innovation** and advancement in science, technology, engineering and mathematics."

Dr. Kathryn Eggleston, Richland College President



"In my heart I believe that because we applied the Baldrige Criteria, **there are people who are alive today who wouldn't have been** had we not been so committed to the Baldrige process."

Rulon Stacey, Former CEO, Poudre Valley Health System

The Baldrige impact on health care is reducing costs and improving patient outcomes:

- Advocate Good Samaritan hospital decreased its risk-adjusted mortality rate by 24% over five years—a rate better than the top-decile level in its six-county region
- Sutter Davis Hospital performs in the top 10 percent nationally for post-operative orthopedic surgical infection rates, with no infections for five years
- The Henry Ford Health System maintained a positive net operating income of more than $25 million per year, while increasing uncompensated care from $130 million to $200 million



THE FUTURE

The Baldrige impact on America is indisputable. Revenues are increased, more jobs are created, students receive quality education, and patients get better care when the Baldrige Criteria are guiding companies, government agencies and non-profits towards performance excellence. Clearly, the three engines of our economy are more potent when organizations are engaged with Baldrige. For the U.S. economy to expand and be competitive in the global marketplace Baldrige must also be strong; it must be a viable partner providing the blueprint for world-class productivity, efficiency and results.

But frankly, the Baldrige Program is at a crossroads.

The small government appropriation that had been available to the Baldrige Program was zeroed-out. In turn, offering free products and services was no longer viable. Thus, Baldrige is utilizing a fee-based system to help finance the Baldrige programs. It is not nearly enough revenue.

The Baldrige Foundation is aggressively developing partnerships across public and private sectors to ensure the long-term financial viability and growth of Baldrige. Building this endowment will ensure that the Baldrige Program continues to maintain world-class talent, expertise, and financial resources to research, recognize, and share guidelines for performance excellence across the country, as well as throughout the world. We need your help. Your gift can ensure that America leads the way.

As our nation faces new challenges, Baldrige needs to expand access and reach, not contract. More business, education, health care, non-profit, and government organizations need access to Baldrige. When they perform efficiently, it impacts your family, your organization, your community and your nation. The Baldrige Program has a benefit-to-cost ratio of 820-to-1. For every dollar spent on the program, $820 dollars of value is provided to our communities, regions and nation.

We must enlist more partners in this work – companies and individuals willing to invest in the growth of Baldrige and the future of America. Be one of them.

This is an opportunity for you to lay a mark on the future, to be part of the Baldrige legacy. Make it your legacy, too. Join us in the Campaign for the Growth of Baldrige.



