



BALDRIGE FOUNDATION

# JOURNAL OF PERFORMANCE EXCELLENCE

2018-2019



**BALDRIGE:  
America's Best Investment!**







# The Year in Review

by Al Faber  
President and CEO, Baldrige Foundation

**A**s President and CEO of the Foundation for the Malcolm Baldrige National Quality Award, it is an honor to present this year's *Journal of Performance Excellence*<sup>®</sup>, celebrating the achievements of the Baldrige community during fiscal year 2018.

To all the dedicated volunteers, examiners, judges, state program leaders and their boards, as well as the Baldrige Program staff, thank you for another successful year filled with achievement and progress in pursuit of performance excellence. And to those in the greater Baldrige community—consultants, members of ASQ, and other Baldrige-based organizations like the American Health Care Association—thanks for your continued support and collaboration.

This has been a historic year for Baldrige! For the first time since 2011, the Baldrige Performance Excellence Program is back in the federal budget. Restoring the government's commitment to our public-private partnership has been the Foundation's number one priority since 2014. Our strategy to engage with members of Congress, coupled with support from influential leaders throughout the Baldrige community who help tell our story, has resulted in a renewed commitment to financially support the Baldrige Program.

“This has been a historic year for Baldrige! For the first time since 2011, the Baldrige Performance Excellence Program is back in the federal budget. Restoring the government's commitment to our public-private partnership has been the Foundation's number one priority since 2014.”

The Baldrige Program's mission is precisely aligned with NIST and the Department of Commerce. This public-private partnership, which improves the performance and competitiveness of U.S. organizations, has an economic impact of more than one billion dollars annually, as noted by Secretary of Commerce Wilbur Ross in his remarks during the 2017 Baldrige Award ceremony.

The Baldrige Program had another successful year in 2018, managing the awards process and delivering exceptional training experiences like the Baldrige Executive Fellows Program and national examiner training. In FY18, the Baldrige Executive Fellows Program was once again recognized as one of the very best by Leadership Excellence and Development Awards (LEAD) in their education categories for emphasis on human resources and leadership/organizational development. The Baldrige Program is the only state or federal government program to be consistently recognized in LEAD Award categories.

“The Baldrige Framework continues to keep our nation on the leading edge of validated management best practices, and competitive in the global economy, returning enormous benefit to all U.S. citizens.”





Foundation President and CEO Al Faber (right) recognizing Larry Potterfield, Founder and CEO of MidwayUSA (second from left) with the E. David Spong Lifetime Achievement Award, with Chair of the Foundation Board of Directors P. George Benson (left) and the award's namesake, E. David Spong.

This year, more than twenty-five high-performing organizations applied for the nation's highest honor for performance excellence and the only award for quality that carries the seal of the President of the United States. After a demanding and thorough analysis, five organizations emerged as national role-model organizations and this year's Malcolm Baldrige National Quality Award Winners:

- Alamo Colleges District, San Antonio, Texas (education)
- Donor Alliance, Denver, Colorado (nonprofit)
- Integrated Project Management Company, Inc., Burr Ridge, Illinois (small business)
- Memorial Hospital and Health Care Center, Jasper, Indiana (health care)
- Tri County Tech, Bartlesville, Oklahoma (education)

Congratulations to each of these stellar organizations.

### ADVOCACY

Throughout 2018, the Foundation continued to champion the Baldrige Program, state-based programs, and Communities of Excellence 2026 with leaders at the national, state, and local levels. Early in the year we had an opportunity to meet with the new

Commerce, Justice, Science and Related Agencies chairman in the U.S. Senate, Senator Jerry Moran of Kansas. It was a true pleasure to meet with this great leader and welcome him into this new position which oversees the budget for the Baldrige Program.

Senator Moran recalled a discussion with his spouse from the evening prior to our meeting where they were discussing Mac Baldrige and the books on manners written by his sister, Letitia Baldrige. He remembers Mac and the impact he made while serving as Secretary of Commerce. The Senator was especially eager to learn about new developments in the Communities of Excellence and cybersecurity areas. We have received strong bipartisan support in the Senate from both Senator Moran as the Chairman, and Senator Jeanne Shaheen, the ranking member of the CJS Subcommittee on Appropriations. In fact, all of the Senators we have engaged with on the CJS Subcommittee have indicated they will continue to support our efforts.

Over this past year, we have invested a great deal of time and effort in helping the Alabama state program to get back up and running after it had been dormant for several years. Linda Vincent, the Executive Director, has been working tirelessly throughout the state, building momentum for new organizational support and



Foundation President and CEO Al Faber served as a panelist at the U.S. Department of Agriculture headquarters in Washington, D.C.



applicants, training examiners and judges, and growing their Board of Directors. I attended their state conference and awards banquet and it was a great event with four initial award recipients! I had the pleasure of meeting with their Board Chair, Charlie Blass, and other board members to discuss how the Foundation could help grow their program.

I also had the opportunity to serve as a judge for the Health Administration Case Competition at the University of Alabama at Birmingham (UAB). Graduate students from colleges and universities across the United States compete in a rigorous process to offer ideas on improving quality and access to a rural health care system. It was exciting to discuss the Baldrige Framework with these future leaders and provide them another tool in their leadership and academic experience.

In the process of working throughout Alabama, it became clear that one person had made a sustained impact on quality and performance excellence in that state, Senator Richard Shelby. He knew Mac Baldrige and supported the program from its inception to include helping to start a state program in Alabama. He also attended previous state conferences and award ceremonies, congratulating recipients and serving as a champion and ambassador for quality and Baldrige throughout the state. This year, the Foundation will recognize Senator Shelby for his life-long commitment to quality with the E. David Spong Lifetime Achievement award, our highest individual honor for performance excellence. Congratulations to Senator Shelby and all the great volunteers, examiners, judges, and staff in the Alabama Performance Excellence Program (ALPEX)!

We also work hard to collaborate with all federal agencies in Washington, D.C. In February, I served as a panelist in the U.S. Department of Agriculture (USDA) Rural Development National Stakeholder Forum. Here, I was promoting Communities of Excellence 2026 (COE2026) initiatives in NW Missouri and the Baldrige Framework to help rural communities come together and strengthen their regions. We continue to work with USDA for potential grant opportunities to help expand and grow the use of Baldrige and the COE2026 frameworks. USDA is one of many agencies we are engaged with as we continue our campaign of strengthening relationships across the federal government.



Al Faber (center) and Ben Sawyer of the SOAR Vision Group, hosting one of the series Leader Dialogue Radio talk shows in Atlanta.

To help build grass roots support for our efforts and align the Baldrige community, the Foundation created a quarterly webinar series in 2018. For years, there has been a need for more communication and coordination across the Baldrige community. The webinars are free and designed to inform, educate, and synchronize our efforts. In addition to Foundation information, the Baldrige Program and the Alliance for Performance Excellence have segments to share key information that keep our stakeholders updated and engaged. Filling a long-overdue gap, they have become an ideal communication tool and attendance has grown steadily each quarter.



Al Faber, Foundation President and CEO (right), assisted in presenting organizational awards during the Quality Texas state conference, along with Rolando Pablos, Texas Secretary of State, and Tommy Gonzalez, Board Chair of Quality Texas.

Excellence recognize leaders in the Business (Manufacturing, Service, Small Business), Nonprofit, Government, Health Care, Education, and Cybersecurity sectors. The award recognizes leaders who provide exceptionally outstanding support to Baldrige and the Foundation's mission. The Dr. Curt Reimann Baldrige Scholarship provides recipients an opportunity to attend the Baldrige Examiner Training Experience, held each spring at NIST in Gaithersburg, MD. The scholarship was created to recognize and honor the important role played by examiners in the Baldrige Award process.

### FUNDRAISING

First and foremost, thanks to all our individual and organizational donors, sponsors, and partners over the past year listed on page 110. During 2018, the Baldrige Foundation continued its transformation into a more successful and sustainable fundraising organization and advocate for the Baldrige Program. We are growing corporate interest in sponsorships for the Quest for Excellence® conference and have increased the number of channel partnerships joining Walden University, Beyond Feedback, The Synergy Organization, SOAR Vision Group, and AmazonSmile. We continue to cultivate major gifts and strengthen corporate and individual giving to include online donations as part of national campaigns like #GivingTuesday. We are also supporting state-based programs throughout the Alliance for Performance Excellence and raised 85 percent of their total sponsorship income for the 2018 Baldrige Fall Conference in Denver!

Last year we expanded our individual awards program to include the Foundation Awards for Leadership Excellence and the Dr. Curt Reimann Baldrige Scholarship. The Baldrige Foundation Awards for Leadership

“First and foremost, thanks to all our individual and organizational donors, sponsors, and partners over the past year listed on page 110.”

A major initiative this past year has been to strengthen and scale up our partnership with SOAR Vision Group as part of a long-term strategy to grow Baldrige in all business verticals. We launched our co-branded leader dialogue website to provide virtual



Al Faber, a former president of The Partnership for Excellence (TPE), with other past presidents and board members, during the TPE state conference. TPE is the state-level Baldrige organization for Indiana, Ohio, and West Virginia.

collaboration and thought-leadership opportunities for leaders throughout the Baldrige community and beyond. Leaderdialogue.com helps leaders deepen their understanding of the Baldrige Framework and what they can do to strengthen organizational deployment and strategy execution, and accelerate their performance excellence journey.

Complementing the online resources is our new radio show, Leader Dialogue Radio, co-hosted by the Baldrige Foundation and SOAR Vision Group. Every leader has a strategy; executing on that strategy is the challenge. If you want to learn how to effectively achieve what you've set out to accomplish, then this show is for you. Gain keen insights and listen in as leaders share their stories and challenges. The show airs live every Friday at 1:00 pm EST, and podcasts are available to download on the Leader Dialogue website. This collaboration has set the stage for our executive roundtable series being held in all business verticals and in all regions of the United States.

Our first, the Health Care CEO Innovation Council Roundtable event in Chicago on October 18-19, 2018, was an overwhelming success. CEOs from major health care systems like Johns Hopkins, the Cleveland Clinic, and CAMC Health System came together to discuss "performance excellence in the age of consumerism" and other critical issues facing the health care industry. The participants collaborated on a white paper, an abstract of which appears later in this Journal. The full paper will soon be released through several outlets.

This CEO Roundtable was the first in a series of events that will take place in 2019 across the United States, in health care, manufacturing and business, education, and for boards

of directors. Our featured keynote for each event is Dr. Morten Hansen, co-author of *Great by Choice* with Jim Collins, and author of *Great at Work: How Top Performers Do Less, Work Better, and Achieve More*. His insights into senior executive high performance have captured the attention of leaders throughout the business community. His dynamic presentation was a big hit with our audience in Chicago and we look forward to more engagements with him in 2019. A special thanks to Tech Mahindra, our corporate sponsor for the CEO Roundtable series!



Foundation President and CEO Al Faber was keynote speaker at the Business Transformation & Operational Excellence World Summit (BTOES18), discussing the role of the Baldrige Framework in operational excellence.

These types of partnerships help us to achieve our mission in several ways, creating a financially sustainable organization, and promoting performance excellence throughout the United States, leading to more interest and applicants for state-based programs and the national program.

### **PROMOTING PERFORMANCE EXCELLENCE**

An important part of the Foundation's mission is promoting performance excellence in the United States and throughout the world. In addition







At the Charter School of San Diego, 2015 recipient of the Malcolm Baldrige National Quality Award, Al Faber meets with students.

to our very successful online initiatives throughout social media, and our weekly radio talk show, I have had the opportunity to attend and speak at several state-program conferences in 2018. Early in the year I attended the Quality New Mexico conference and had the opportunity to recognize their retiring CEO, Julia Gabaldon. Her service over 24 years truly helped to make New Mexico a “state of excellence.”

From there, I paid a visit to Texas where Dr. Mac McGuire, his wife Lin, and his Board Chair, Tommy Gonzalez, are driving one of the largest and best state-based programs in the country, helping to make Texas a “quality state.” I had the honor of speaking at their board meeting on Sunday, then with their volunteers and conferees at the welcome ceremony on Monday morning. I also assisted in presenting their state awards to 11 outstanding organizations. Texas Secretary of State Rolando Pablos gave an outstanding keynote presentation on the many initiatives Texas has undertaken to become an economic and quality-of-life role model. He personally congratulated each award recipient and thanked them for their contributions to the Texas economy.

I was also extremely proud of the team here at the Baldrige Foundation for completing our Organizational Profile in 2018 and starting our own Baldrige journey with an Alliance state-based program, The Partnership for Excellence (TPE). In September, we were recognized with TPE’s “Spirit Award” for achieving the first step in their process. I also had an opportunity to address their general session and give an update on Foundation advocacy and fundraising. Congratulations to Margot Hoffman, CEO of TPE, and her team for another successful annual awards cycle and great conference!

We also had the opportunity to network with quality and operations leaders within the business and manufacturing community. I was asked to serve as the keynote for the Business Transformation & Operational Excellence World Summit (BTOES18). This is the largest premier cross-industry gathering of business transformation and operational excellence industry leaders and senior executives. The presentation has resulted in numerous relationships with many of the attendees who are considering Baldrige with a state-based program.

“We are also supporting state-based programs throughout the Alliance for Performance Excellence and raised 85 percent of their total sponsorship income for the 2018 Baldrige Fall Conference in Denver!”

My travels also took me to national award recipient locations to thank them for their role-model performance and willingness to share best practices and help others. In October, I met with the leadership and great teachers and staff at the Charter School of San

Diego, a 2015 Malcolm Baldrige National Quality Award Recipient. Mary Searcy Bixby and her stellar organization are delivering unprecedented results and transforming the lives of more than 8,000 students annually, across 42 resource centers throughout San Diego. Their highly personalized approach, coupled with a safe, secure learning environment, is producing extraordinary levels of student and parent satisfaction, student achievement results, and low dropout rates.

My last event of 2018 was the Baldrige Program's Board of Overseers meeting in Gaithersburg, Maryland. Deborah Bowen, CEO of the American College of Healthcare Executives, is the Board Chair and along with all of the Board members is working to guide the program and serve as ambassadors for Baldrige throughout every sector of the economy.



On the occasion of her retirement from the Baldrige Performance Excellence Program, after over four decades of government service, Jackie Calhoun was honored by the Board of Overseers and is seen here receiving a glass memento from Foundation President and CEO Al Faber.

On a personal note, I had the opportunity during the meeting to recognize Jackie Calhoun, a stellar NIST employee, for her selfless service spanning more than four decades! Jackie embodies all of the great qualities that George H.W. Bush often said "make government service such a noble profession." Thank you, Jackie, for all you have done for the Baldrige Program and the nation. We wish you the very best in retirement.

In summary, fiscal year 2018 proved to be very successful for the Baldrige Program, Foundation, Alliance programs, and ASQ. With a clear sense of purpose, mission, and strategy, we continue to grow fundraising operations and increase awareness through advocacy. The Foundation's operating costs remained under budget, demonstrating our responsible stewardship of the Foundation's endowment and commitment to sustainability.

On behalf of the Foundation's Board of Directors and staff, I wish to once again thank all the dedicated men and women across America who volunteer and support this great program. The Baldrige Framework continues to keep our nation on the leading edge of validated management best practices, and competitive in the global economy, returning enormous benefit to all U.S. citizens.

After three decades, Baldrige continues to be America's Best Investment!

Sincerely,

Al Faber  
President and CEO







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The Foundation would like thank the staff at the Baldrige Performance Excellence Program for their assistance in creating and curating much of the content of this collection. Thanks to the Alliance for Performance Excellence and Communities of Excellence 2026 for their important contributions to this work. We also want to acknowledge the fine photographic work of Mark Hamilton and Hamilton Studios who provided the bulk of the images used here. Thanks also to Rebecca McQuigg of Encompass Media Group for her great skill and vision that guided the design and layout of the Journal.



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“Boards of directors of publicly traded companies don’t run their companies or make day-to-day decisions. Management does that. But the Board has overall responsibility for the actions management takes and the resulting performance of the company.”

# Baldrige for Boards of Directors: Oversight of Organizational Performance Management

by P. George Benson, Ph.D.  
College of Charleston

*This article is an excerpt from a longer paper that will be appearing later this year in the Baldrige Foundation’s new White Paper Series.*

I have studied, taught, and written about quality management since the late 1970s. I have been heavily involved with the Baldrige Program since the mid-1990s. And since 1998, I have served on a total of seven corporate boards of directors, three of which I’m still on. I have participated in many national and regional conferences for directors and have taught in director executive education programs. I have learned through experience and from current and former directors of dozens of U.S. corporations about the complexities and resulting shortfalls in the oversight processes of boards. In this paper, I describe those shortfalls and suggest several ways that the systems approach to performance management presented in the Baldrige Excellence Framework can be used to overcome them.

## Organizational Performance Management (OPM)

In general, we can identify three different levels or types of activity required to achieve and sustain excellence in the management of organizational performance: (1) Oversight, (2) Leadership, and (3) Execution. Oversight of OPM is the responsibility of the organization’s board of directors; Leadership of OPM is the responsibility of the organization’s senior executives; and day-to-day Execution of OPM is carried out by mid-level and below managers and the workforces they lead.

In practice, the Baldrige Excellence Framework is primarily used by those charged with level (3) responsibilities—the Execution of OPM. Their work includes the regular assessment and improvement of the day-to-day performance of the organizational system and its many subsystems, processes, and their linkages.

Senior executives and especially boards of directors tend to be discouraged from using the Baldrige Excellence Framework due to its level of detail. The 2017-2018 Framework is 58 pages long and its Criteria for Performance Excellence includes about 370 questions.

The closest some boards get to Baldrige is when a senior executive tells the board that there are different possible tools that can be used to improve OPM. The executive then flashes a list on the boardroom screen that might include Lean, Six Sigma, Agile, TQM, ISO, Kaizen, and Baldrige. What such a list



*Foundation Board Chair P. George Benson, Ph.D., here serving as master of ceremonies for the annual Malcolm Baldrige National Quality Award ceremony.*

reveals is that the senior executive doesn't understand that Baldrige is a framework within which the other approaches or tools can be successfully applied. The other approaches generally focus on specific variables like waste or quality and are often applied on subsystems, not the entire organization. But it's the entire organization for which the board of directors has oversight responsibility, not particular subsystems.

### **Board Oversight**

Boards of directors of publicly traded companies in the United States don't run their companies or make day-to-day decisions. Management does that. But the board has overall responsibility for the actions management takes and the resulting performance of the company. The board both monitors and advises management. In doing so, the board acts for and on behalf of the company's shareholders and other stakeholders that are impacted by the decisions made by the executive team and the board. Generally speaking, management executes; the board oversees.

The board's primary duties are; (1) hiring and evaluating the CEO and maintaining a succession process for developing or finding the next CEO; (2) ensuring an appropriate strategic plan is in place and being implemented; (3) monitoring the company's risk management processes; and (4) overseeing the company's performance in a wide variety of areas including financial, marketplace, product and service quality, corporate culture, talent management, cybersecurity, etc.



All four primary responsibilities either contribute directly to the company's management of organizational performance or support the board's oversight of performance management. And together those responsibilities illustrate the level of complexity the board must deal with in fulfilling its fiduciary duty to shareholders and other stakeholders.

### Dealing with Complexity in OPM

Organizations are complex human activity systems and their oversight requires both "reductionist thinking"—also called analytical or scientific thinking—and "systems thinking" (Chapman, 2015; Checkland, 1981). The former reduces or simplifies complexity; the latter takes the complexity into consideration and keeps the big picture in focus. Because it's natural for humans to simplify complex situations and because analytical thinking is a powerful approach to problem-solving that we've all been taught in school, people readily apply analytical thinking even to the point of overuse and to the exclusion of systems thinking, which most people have not been taught to use.

Reductionist thinking presumes that an organization can be understood and improved by analyzing the components of the organization. It simplifies organizational complexity by breaking down the problem of interest into progressively smaller parts that can be more easily evaluated and understood.

But this approach tends to ignore the linkages and relationships between components. It also focuses attention away from the system as a whole and the behaviors and problems that only emerge at the system level, not at lower levels of the system. A system is more than a collection of its parts.

Systems thinking—also called holistic thinking—retains and exploits the complexity of the system in seeking answers to questions. It recognizes that different behaviors and issues emerge at different levels of a system. And it encourages movement between system levels in looking for solutions, particularly upward movement. Upward movement both changes the perspective and the nature of the existing complexity in ways that reductionist thinking avoids. Upward movement introduces new relationships; downward movement tends to dismiss relationships.

Overreliance on purely reductionist approaches in the oversight of an organization's performance is clearly a mistake. It's well known that if you focus on the optimization of the performance of each subsystem in isolation, you won't optimize the performance of the overall system.

Systems thinking and reductionist thinking are complementary. One is not better than the other. Each can provide insights that don't follow from the other.

For a number of reasons, it's a constant challenge for boards to regularly apply both reductionist and systems thinking:

(1) Much of the board's work is required to be done in committees that are focused on particular subsystems.



(2) The length and the complexity of the materials management provides for directors to use in preparing for each board meeting, the “Board Book,” often runs into the hundreds of pages. Including committee materials, 400 to 500 pages is not unusual. Thus, in preparing for meetings, directors are effectively encouraged to simplify and reduce the content and complexity of the materials.

(3) The Board Books are generally organized by division or subunit and, thus, directors are encouraged to focus on the material subunit by subunit rather than on the system as a whole. Further, the linkages between subsystems often aren’t featured.

(4) Oral presentations by senior executives during board meetings are generally also presented by division or subunit with the financial impact on the entire corporation featured, but probably not its effects on other corporate-wide results such as workforce culture or customer satisfaction or how best practices are shared between subunits. Nor is there likely to be a routine description of the subunits’ impacts on other subunits.

All four points tend to encourage reductionist thinking on the part of the Board. And points (2), (3), and (4) suggest that management can have a significant impact on whether the Board routinely does or does not apply systems thinking.

Of course, the information lacking in points (3) and (4) may well be presented at subsequent Board meetings. In fact, it probably will be. But by presenting the information sequentially over time, the Board’s ability to assess the performance of the entire system and the firm’s OPM at any one point in time is difficult or even impossible. In general, the routine sequential presentation of partial results and partial performance management issues—unless carefully coordinated over time, kept available to the board, and reviewed as needed—can make systems thinking quite challenging.

### Using the Baldrige Excellence Framework to Improve Oversight

Despite the length and level of detail of the Baldrige Excellence Framework, it can be easily used to improve any board’s oversight functions. It’s not necessary to understand the overall implementation of the Framework. Instead, use your reductionist thinking instincts and just look at individual pieces of the Criteria for Performance Excellence and consider how they might be used to assist the board. Here are a few examples:



*Foundation Board Chair P. George Benson, Ph.D., returned to Rutgers to participate in a recognition event for Dr. Brent Ruben, Distinguished Professor of Communication, and Executive Director of the Center for Organizational Leadership, for his winning the 2018 Baldrige Foundation Award for Leadership Excellence in Education.*



(1) The Criteria for Performance Excellence lays out hundreds of questions across the Organizational Profile and Seven Categories:

1. Leadership
2. Strategy
3. Customers
4. Measurement, Analysis, and Knowledge Management
5. Workforce
6. Operations
7. Results

Pick a category that you'd like to know more about in the organization that you oversee and scan the questions posed in that category. You will either find questions that you can ask management directly, or the existing questions can be used to trigger your own personalized questions.

(2) Use the list of questions in each category to help you identify gaps in the management of organizational performance or in the board's oversight of OPM.

(3) Excellence in oversight of OPM requires a relatively deep knowledge of the organization that may take a new director a year or more to acquire. To this end the Baldrige Excellence Framework's Organizational Profile can be very helpful in the process of onboarding new directors. Have management complete the Organizational Profile and use it in the orientation process for new directors. Be sure to put the Organizational Profile on the board's portal for future reference.

(4) The organization's overall performance is a function of the activities in the first six categories of the Criteria. Thus, many of the questions in the seventh category—results—redirect your attention back to the first six categories and their impact on the overall results. So if you're looking for explanations for reported organizational performance or ways to improve performance, scan the questions in the results category and the notes below the questions.

(5) Use the chains of related questions that flow from the Organizational Profile to the six categories and on to the results category to develop systems-level questions for management.

(6) For reasons previously noted, other than through financial and market results, most boards spend relatively little time discussing and learning about the systems-level view of their company and the impacts of the company's subsystems on each other and on the overall performance of the corporate system. Similarly, little time is spent thinking about and discussing the board's overall system of oversight and how it should evolve and improve. One simple approach to encourage and stimulate the board's attention to both of those systems is to develop and use systems charts, that is, charts that provide a systems view of the organization. One such chart appears in the Baldrige Excellence Framework. It summarizes the Criteria for Performance Excellence and can serve as a generic representation of a corporation's performance management system.

The board should encourage management to use systems charts in board books and in their board meeting presentations. Systems charts establish context, help directors better understand and visualize system complexity, and prompt relevant system-oriented questions that rarely arise during reductionist presentations. And those charts should be organized and maintained in the Resource Section of the board's portal for future reference. Further, boards should regularly use systems charts in their committee meetings and executive sessions and individual directors should consult them when preparing for board meetings.

### Conclusion

The primary message of this paper is that boards need more support in the recognition, characterization, and exploitation of organizational complexity. Boards need to be able to both reduce the complexity they face and to exploit that complexity. They do well with the former, the latter is problematic. The Baldrige Excellence Framework is helpful in this regard. It provides a systems approach for understanding and exploiting the complexity of organizations. In organizations in over 120 countries worldwide, it is used to facilitate systems thinking.

Since the quality revolution that swept the Western World in the 1980s and 1990s, executives have been encouraged to use systems theory and systems thinking in managing organizational performance. It's time for boards to rethink their duties and responsibilities in light of the increasing complexity they face and to formally increase their reliance on systems approaches to corporate oversight.

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*Foundation leadership conferring at the 30th Quest Conference, P. George Benson, (right) Chair of the Board of Directors, and Al Faber, Foundation President and CEO.*





# 2017 Malcolm Baldrige National Quality Award Recipients

The 2017 Malcolm Baldrige National Quality Awards were presented on April 8, 2018, in Baltimore, Maryland, to five exemplar organizations. It was the 30<sup>th</sup> awards presentation since Congress established the Baldrige Award in 1988. A total of 118 Baldrige Awards have been presented over these 30 years to 110 organizations (including eight repeat recipients).

Originally, Congress authorized the awards to be presented in three sectors, Manufacturing, Service, and Small Business. Eligibility for the award was expanded in 1998 to include education and health care, and again in 2007 to include nonprofit or government organizations. The manufacturing sector has the largest number of award recipients all time with over 26 percent of the awards, but

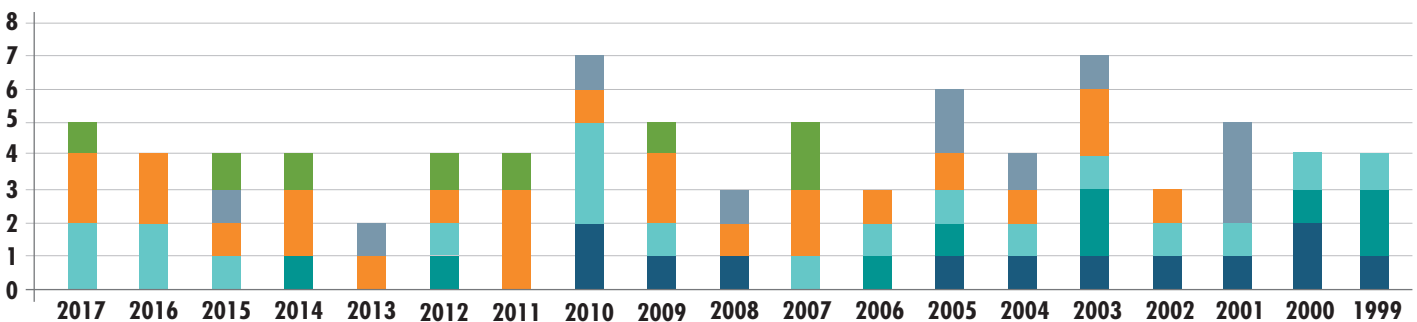
since Congress added the new sectors in 1998, Health Care has dominated all recipients, with small business second.

There were five recipients in 2017 that continued that trend. Two of the 2017 Baldrige Award recipients are from the Health Care sector and two are from the Small Business sector.

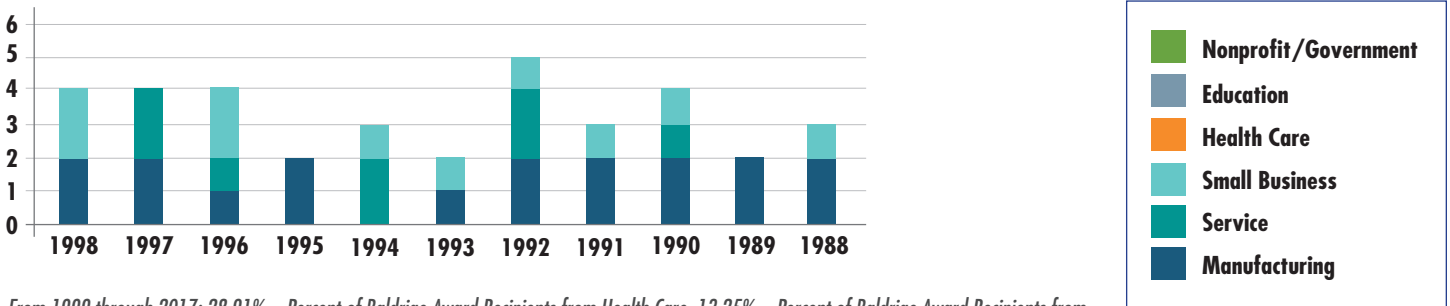
The 2017 Baldrige Award recipients are:

- Adventist Health Castle, Kailua, Hawaii (health care)
- Bristol Tennessee Essential Services, Bristol, Tennessee (small business)
- City of Fort Collins, Fort Collins, Colorado (nonprofit)

## BALDRIGE NATIONAL QUALITY AWARD RECIPIENTS BY SECTOR



## CONGRESS AUTHORIZES THE HEALTH CARE AND EDUCATION SECTORS IN 1998, NONPROFIT/GOVERNMENT IN 2007



From 1999 through 2017: 28.91% – Percent of Baldrige Award Recipients from Health Care, 13.25% – Percent of Baldrige Award Recipients from Education, 9.63% – Percentage of Baldrige Award Recipients from Nonprofit/Government



- Southcentral Foundation, Anchorage, Alaska (health care)
- Stellar Solutions, Palo Alto, California (small business)

The Baldrige Award ceremony is a celebration. Hundreds of people attended, paying tribute to the accomplishments of these fine organizations. The organizations themselves were each represented by dozens of raucous staff members, brandishing noisemakers and decorations from their local areas.

Dr. Walter G. Copan, Under Secretary of Commerce for Standards and Technology and Director of the National Institute of Standards and Technology (NIST), represented President Trump and presented the awards, praising the award-winning organizations and saying that he and Secretary Ross “both deeply appreciate the Baldrige Program and all that it means for the country.”



Representatives of the five award-winning organization on stage at the Baldrige Award ceremony, representing (from left) Bristol Tennessee Essential Services, Stellar Solutions, Adventist Health Castle, Southcentral Foundation, and the City of Fort Collins.



Dr. Walter G. Copan, Under Secretary of Commerce for Standards and Technology and Director of the National Institute of Standards and Technology, presenting the 2017 Malcolm Baldrige National Quality Awards.



Supporters of Adventist Health Castle from Kailua, Hawaii, sporting leis and blowing conch shells, which, according to Hawaiian tradition, is a call to the divine announcing the official beginning of a sacred ceremony.





# Adventist Health Castle Kailua, Hawaii

**A**dventist Health Castle (AHC) is a community hospital system that provides inpatient and outpatient care to people who primarily live on the windward side of the Hawaiian island of O'ahu. It is one of 20 hospitals within the nonprofit, faith-based, Adventist Health system headquartered in Roseville, California.

Employing 1,046 people, AHC's main hospital is in Kailua, HI, with two professional centers and a rural health clinic also located on the windward side of the island. The Center's services include 24-hour emergency care, inpatient acute care, the Vera Zilber Birth Center, a Joint Care Center, inpatient behavioral health services, multi-specialty surgical services, cardiovascular services, neurological services, the Hawaii Center for Metabolic and Bariatric Surgery, outpatient services, chemotherapy clinic, imaging services, and the Wellness and Lifestyle Medicine Center.

- AHC boasts rates from below one percent to zero for common hospital-acquired infections, as well as patient falls. AHC has been a top performer nationally for having had zero catheter-associated urinary tract infections (CAUTI) in its inpatient units for the last three years and 5 months. AHC's intensive care unit (ICU) is performing in the top decile of ICUs nationwide, having maintained a central-line-associated blood stream infection (CLABSI) rate of zero for four of the last five years.
- AHC has met or surpassed top-quartile levels—improving its performance by 12 percent from 2014 to 2016—on composite measures of patient safety, evidence-based care, and mortality related to its clinical care processes. AHC's rates of compliance for evidence-based practices to improve outcomes for venous thromboembolism, stroke, and sepsis, as well as elective delivery guidelines for AHC Birth Center patients, have achieved or surpassed top 10 percent performance levels in national comparisons in recent years.
- For the past three years, AHC has performed in the top three percent of the nation's health care organizations for inpatient care results reported to

the Centers for Medicare and Medicaid Services (CMS) for Value-Based Purchasing.

- AHC's levels of physician engagement are also in the top 10 percent of national results. For three Gallup survey questions that are considered key dimensions of physician engagement—in which respondents are asked about the health care organization for safety, as a place to practice medicine, and for quality of care—AHC is currently in the 95th, 97th, and 97th percentiles, respectively, on these measures.



2017 Baldrige Award Winner: Adventist Health Castle. From left-to-right: Baldrige Performance Excellence Program Director Bob Fangmeyer, Chairman of the Board of the Foundation for the Malcolm Baldrige National Quality Award Dr. P. George Benson, Adventist Health Castle President Kathy Raethel, Adventist Health Castle Quality Improvement Coordinator Steve Bovey, and Under Secretary of Commerce for Standards and Technology and NIST Director Dr. Walter Copan.



Adventist Health Castle President Kathy Raethel accepts the 2017 Malcolm Baldrige National Quality Award.

# Bristol Tennessee Essential Services

## Bristol, Tennessee

**B**ristol Tennessee Essential Services (BTES) is an electricity and fiber services utility company that serves 33,000 customers with only 68 employees. It offers the fastest Internet available in the United States at 10 Gigabits per second.

BTES has implemented efficiencies that saved its customers approximately \$70 million over the last 40 years and has customer satisfaction levels approaching 100 percent on many products and performance measures.

- Reliability is a key performance measure and a key success factor for BTES. With new technologies and innovations, BTES continues to decrease outage minutes with a strenuous goal of less than 60 minutes per customer per year, which it has exceeded for the past three years. This benchmark far outperforms the industry, regional, and best-in-class averages (all 90-100 minutes). With the use of its innovative Automated Switching System, BTES saved its customers an additional 46 minutes per customer of outage time in 2016.
- Results for the Average Service Availability Index (ASAI), a key measure of BTES's preparedness, have outperformed all utility, region, and class comparisons, achieving a rate of 99.99 percent from 2014 through 2016.
- BTES has continuously saved money for its customers, enabling them to keep approximately \$70 million in their pockets over the last 40 years. The organization considers this measure a key financial success factor.
- The company's employee retention rate has increased to 100 percent, while the industry benchmark is 91 percent and the national industry average is 82 percent.
- Service reliability, as measured by reducing electrical outages and by the national System Average Interruption Duration Index (SAIDI)—or the total number of minutes in which a customer's service is interrupted divided by the total number of customers served by the utility company over the same period of time—has continuously improved and

has outperformed the annual goal of less than 60 minutes, far outperforming industry, regional, and best-in-class averages (all 90-100 minutes).



2017 Baldrige Award Winner: Bristol Tennessee Essential Services. From left-to-right: Baldrige Performance Excellence Program Director Bob Fangmeyer, Chairman of the Board of the Foundation for the Malcolm Baldrige National Quality Award Dr. P. George Benson, Bristol Tennessee Essential Services CEO R. Michael Browder, Bristol Tennessee Essential Services Chairman of the Board of Directors Larry Clarke, and Under Secretary of Commerce for Standards and Technology and NIST Director Dr. Walter Copan.



Bristol Tennessee Essential Services CEO R. Michael Browder accepts the 2017 Malcolm Baldrige National Quality Award.





## City of Fort Collins Fort Collins, Colorado

**C**ity of Fort Collins, Colorado, is a full-service municipal corporation operating under a home rule Council-Manager form of government. Main product offerings are housing, nuisance abatement, planning, fleet, and neighborhood services; recreation programs and facilities; parks, natural areas, and trails; water, electric, and storm water utilities; natural resource programs; municipal government; police; and public transportation program and resources. The City has 2,408 employees and 2,190 volunteers.

- The City ranks in the top 10 percent of cities nationally for the following measures: best place to live, best place to work, quality of culture and recreation, availability of job opportunities, air quality, and visual attractiveness. It ranks in the top one percent in quality of drinking water and emergency preparedness.
- The City of Fort Collins' credit rating is "AAA" by Moody's Investors Service, a rating maintained by only four percent of governments. This allows the City to pay less interest on its debt issuances.
- To ensure transparent governance, the City's boards and commissions, City Council, and the executive leadership team interact directly with community members on identifying issues, short- and long-term planning, and decision making on behalf of residents. Service requests and frequently asked questions are available to the community via the "Access Fort Collins" application, and the City's social media sites (Twitter or Facebook) are followed by over one-third of the City's population. Elected officials also provide annual financial disclosures regarding their personal income sources, real estate ownership, creditors, and business interests.
- Fort Collins is a national leader for environmental goals. Community energy use has decreased by approximately 12 percent annually for the past three years, while the City's population has grown by roughly seven percent during the same period. This has been accomplished through award-winning programs such as the City's Climate Action Plan. In 2014, Fort Collins won an award for "outstanding



2017 Baldrige Award Winner: The City of Fort Collins. From left-to-right: Baldrige Performance Excellence Program Director Bob Fangmeyer, Chairman of the Board of the Foundation for the Malcolm Baldrige National Quality Award Dr. P. George Benson, City of Fort Collins City Manager Darin Atteberry, City of Fort Collins Mayor Wade Troxell, and Under Secretary of Commerce for Standards and Technology and NIST Director Dr. Walter Copan.



Fort Collins City Manager Darin Atteberry accepts the 2017 Malcolm Baldrige National Quality Award.

- service to environmental education by an organization at the local level" from the North American Association for Environmental Education.
- The City adopts its financial plans based on the Budgeting for Outcomes process that involves City staff members at all levels as well as citizens. The process allows the City to adjust financial forecasts to project a realistic expectation of sufficient funds.
- Community energy use has decreased approximately 12 percent annually for the past three years, while the City's population has grown by roughly 7 percent during the same period.

# Southcentral Foundation Anchorage, Alaska

Southcentral Foundation (SCF) is an Alaska Native nonprofit 501c(3) health care system which provides health care and related services to Alaska Native and American Indian people. SCF operates the Nuka System of Care, a customer-driven, relationship-based health care system. SCF provides a wide range of programs to address the physical, mental, emotional, and spiritual wellness for about 65,000 Alaska Native and American Indian people.

SCF collaborates with its partner Alaska Native Tribal Health Consortium to ensure a seamless continuum of care by providing consultation and specialty services at the Alaska Native Medical Center. SCF uses a wide range of delivery mechanisms to provide health care service offerings, including ambulatory office visits, home visits, learning circles, email and telephone visits, health information and education, outpatient services, behavioral services, and day and residential treatment. Clinical teams regularly travel to rural villages to deliver family medicine, dentistry, pediatrics, obstetrics/gynecology (OB/GYN), audiology, and behavioral services.

Southcentral Foundation, with 33 facilities in and around Anchorage, also provides care to 55 remote village sites, many of which are accessible only by plane. It employs 2,200 employees, of whom 54 percent are Alaska Native or American Indian people.

This is the second Baldrige Award for Southcentral Foundation, having previously won in 2011.

- SCF's unique health care delivery system, the Nuka System of Care, brings together organizational strategies and processes; medical, behavioral, dental, and traditional practices; and an infrastructure that supports wellness.
- Multiple indicators of performance show SCF exceeding 90th percentile rankings in the Healthcare Effectiveness Data and Information Set (HEDIS), a widely used industry performance measures maintained by the National Committee for Quality Assurance.

- Since its founding, SCF has sustained a dominant market position, representing nearly 100 percent of the Alaska Native and American Indian population in its 107,400-square-mile service area.
- Demonstrating that SCF values its commitment to its customer-owners, the organization has adopted optimized access as one of its operational principles, resulting in 70 percent of behavioral health patients receiving same-day consultations.
- SCF's unique health care delivery system, the Nuka System of Care, brings together organizational strategies and processes; medical, behavioral, dental, and traditional practices; and an infrastructure that supports wellness. Nuka is an Alaska Native name given to strong, giant structures and living things. The system is owned, managed, directed, designed, and driven by Alaska Native people, referred to as "customer-owners."



Southcentral Foundation President and CEO Katherine Gottlieb accepts the 2017 Malcolm Baldrige National Quality Award.



2017 Baldrige Award Winner: Southcentral Foundation. From left-to-right: Baldrige Performance Excellence Program Director Bob Fangmeyer, Chairman of the Board of the Foundation for the Malcolm Baldrige National Quality Award Dr. P. George Benson, Southcentral Foundation President and CEO Katherine Gottlieb, Southcentral Foundation Chairman of the Board of Directors James Segura, and Under Secretary of Commerce for Standards and Technology and NIST Director Dr. Walter Copan.



# Stellar Solutions Palo Alto, California

**S**tellar Solutions is a global provider of systems engineering, integration, and program management expertise in government and commercial programs related to the aerospace field. A woman-owned, professional engineering services business, with locations in Palo Alto, CA; Chantilly, VA; and Denver, CO, Stellar was founded in 1995 to provide technical expertise and management for national and international aerospace programs.

The firm supports all phases of space systems development and operation, including for defense-related intelligence projects, international telecommunications programs, commercial imagery, and NASA's planetary and earth science missions. The company's vision, from its inception, is to align employees' dream jobs with customers' critical needs. Over 90 percent of the 175 employees work at secure/restricted customer sites.

- Stellar has been named a Great Place to Work by *Fortune* magazine from 2014 to 2017. Among workforce climate measures, Stellar ranks above the 95th percentile compared to Great Place to Work benchmarks for satisfaction with benefits; employee perceptions that facilities are contributing to a good working environment; and employee perceptions of feeling physically, psychologically, and emotionally healthy at work.
- Nearly 100 percent of the 150 engineering employee survey respondents agreed that they receive the right amount of management support, that management keeps them informed, and that management makes their expectations clear.
- From 2013 to 2016, 100 percent of customers surveyed said they would recommend the company to others. Stellar Solutions consistently has scored in the 4.7 range in ratings on its customer survey, in which 4 = Very Satisfied and 5 = Extremely Satisfied.
- Hoping to save lives by forecasting earthquakes, Stellar used its engineering expertise in 2000 to establish QuakeFinder, a humanitarian research and development program. The organization has made significant investments since deploying a network

- of sensors to gather and analyze electromagnetic signals along active fault lines around the world.
- All key stakeholders and employees are invited to contribute input for each strategic planning cycle through "Stellar All" emails and meetings. Senior leadership and off-site employees collect input from customers, partners, and the community throughout the year. Stellar's "crossing the boundaries" collaboration method facilitates leveraging the knowledge base of the entire company to identify potential new business as well as to deliver high impact for both current and future customers.



2017 Baldrige Award Winner: Stellar Solutions. From left-to-right: Baldrige Performance Excellence Program Director Bob Fangmeyer, Chairman of the Board of the Foundation for the Malcolm Baldrige National Quality Award Dr. P. George Benson, Stellar Solutions CEO Celeste Ford, Stellar Solutions President and COO Mike Lencioni, and Under Secretary of Commerce for Standards and Technology and NIST Director Dr. Walter Copan.



Stellar Solutions CEO Celeste Ford accepts the 2017 Malcolm Baldrige National Quality Award.



# The Baldrige Community Can Help Battle the National Opioid Crisis

by Dawn Bailey, Baldrige Performance Excellence Program  
National Institute of Standards and Technology

Sadly, each of us may know an addict or have been impacted by a story of opioid addiction.

Baldrige alumnus examiner Kevin Deats believes in the Baldrige community and thinks this Baldrige article could help accelerate communication and the national response to the opioid crisis by sharing strategies and best-practice approaches across the states within which we advocate excellence.



*“The Centers for Disease Control and Prevention estimates that the total economic burden of prescription opioid misuse alone in the United States is \$78.5 billion a year, including the costs of health care, lost productivity, addiction treatment, and criminal justice involvement.”*

Each day, more than 115 Americans die from overdosing on opioids, which include prescription pain relievers, heroin, and synthetic opioids such as fentanyl, according to the National Institute on Drug Abuse. The Centers for Disease Control and Prevention estimates that the total “economic burden of prescription opioid misuse alone in the United States is \$78.5 billion a year, including the costs of health care, lost productivity, addiction treatment, and

criminal justice involvement” (Florence C.S., Zhou C., Luo F., Xu L., “The Economic Burden of Prescription Opioid Overdose, Abuse, and Dependence in the United States,” *Med Care*, 2013)—not to mention the tragedy of lives lost.

Because Baldrige examiners are experts in accelerating change, process improvement, being systematic and innovative, and measurement, Deats believes that examiners can help gather and share the evidence-based data that communities and lawmakers need to effect change.

“The epidemic hits hard across all demographics, and I think we need innovation to prioritize sharing and outreach,” said Deats. “I validated this with a local candidate for state office. Leaders want to know. They don’t know where to look.”

Deats proposes that Baldrige examiners can help states answer fundamental questions to help leaders accelerate decisions including

1. What your state wants to accomplish.
2. What your state measures in order to make robust decisions in regards to deaths, overdoses, addiction, recidivism, etc.
3. What solutions can be shared from your state to accelerate changes across the nation (including treatment innovations, success stories, outreach, and testimonies lending hope for the future).
4. What your state leaders need to know about other approaches, deployments, learning, and integration of solutions in and across states.
5. What strategic advantages and challenges (economic, political, criminal) your state has in addressing the crisis.
6. How your leaders communicate (Baldrige Criteria, 1.1b), and how leaders can communicate across the country.



# Opening Remarks at the 2017 Malcolm Baldrige National Quality Awards Presentation

by Walter G. Copan, Ph.D.

Under Secretary of Commerce for Standards and Technology  
and Director of the National Institute of Standards and Technology (NIST)

*These remarks were delivered at the ceremony recognizing the recipients of the 2017 Malcolm Baldrige National Quality Award, April 8, 2018.*

**T**hank you for that welcome and thank all of you here tonight. You are indeed part of a movement for the strength of this country, and for the health, the well-being, and the education of our people. You are the ones who keep America at the lead of this world. Thank you for being part of the Baldrige Program.

Thank you also to winners of this year's Malcolm Baldrige National Quality Awards. You're awesome!

I am very happy to be here on behalf of the Department of Commerce. Secretary Ross sends his regards. He is very sorry that he can't be here at the party. He is dealing with a few international trade issues over this weekend. But, I'm glad to stand in because, quite frankly, the Baldrige Program is very close to my heart. It is the 30-year anniversary of Baldrige. It is indeed a celebration and we're also celebrating the fact that after a hiatus the Congress has acknowledged the Baldrige Program and appropriated \$2.2 million in the current fiscal year.

It's an important milestone. It's an ongoing journey as we know, but it's a signal that in our Congress, in our U.S. leadership, there is an understanding of the value of public/private partnerships such as this very special one, the Baldrige Performance Excellence Program.

Secretary Ross and I both deeply appreciate this program and all that it means for the country and for all of you who have worked so hard to bring this country forward.

It's a pinnacle of recognition, and I think there is going to be a lot of celebrating. I heard a few noise makers before. Bring it on! The night is yet young. You'll be hearing that a little bit more.

But you've been able to move your organizations forward, and whether it is in the new conversation that you have with your customers and with your people, understanding how to deliver value in ways that perhaps you haven't thought about before, and in the quality of the conversation with one another as leaders, as the management teams, as the employees, as the communities that you serve. It's a powerful journey and I think the conversations that will be going on over the coming days here will be part of fueling that energy that each of us feel here tonight. It's like a competitive rowing team that you've joined on the Baldrige journey, and it's truly a quest. It is striving for excellence. Everyone in the crew needs to be there, as part of that journey, because unless you fully pull together as a team, you won't achieve what you're looking for and you won't be seated on this stage.

“Malcolm Baldrige passionately believed, as the Secretary of Commerce, that the quality of our products was the key to American prosperity, economic strength, and competitiveness, and history has proven the Baldrige Program correct.”

It is a wonderful celebration for us all. 118 organizations over the last 30 years have achieved this pinnacle of performance. We've just seen the Winter Olympics completed and this is like the Olympics for American excellence, and it's remarkable really



Dr. Walter G. Copan, Under Secretary of Commerce for Standards and Technology and Director of the National Institute of Standards and Technology, officiates at the presentation ceremony for the 2017 Malcolm Baldrige National Quality Awards.

that the business principles that Commerce Secretary Malcolm Baldrige had initially demonstrated, codified in 1988 when this program was kicked off, those principles are equally relevant today. It was looking for quality in America, quality in manufacturing and products, and quality in leadership, and he passionately believed, as the Secretary of Commerce, that the quality of our products was the key to American prosperity, economic strength, and competitiveness, and history has proven the Baldrige Program correct.

It has been shown that not only quality in our products but also in our services are the key to the vitality of the U.S. economy, and to our organizations that deliver value. So, each of you who've been part of this journey know what this means. You know how powerful those questions are. You know how it drives the conversation within your organization, how you even start thinking differently about what it is that you deliver. I would love to continue talking about this, but what I want to do is

spend a little bit of time sharing a bit more about our honorees this evening.

I was on the phone call together with Secretary Ross as there were some pretty nervous people waiting for a call from the 202-area code on that morning, and especially in Hawaii, you were very, very early that morning.

Our first honoree is Bristol Tennessee Essential Services. This is a small business with 68 employees, located on the boundary between Tennessee and Virginia, near the Cherokee National Forest. They may be a small utility company in a smaller region, but they show the rest of us just what the future of quality service delivery looks like. They provide 33,000+ happy customers with the fastest internet service in the United States: 10GB per second. Their customer satisfaction level approaches 100 percent on almost every product and performance measure that they have. They have used innovative technologies in





ensuring that the electricity services and the internet availability rates are at 99.99 percent, amongst the highest in the nation, and we know that certainly for many of us, we wish that our power and internet were that good. And their employees care, their employees love it, they have an employee retention rate of 100 percent. Remarkable. That's what happens in this journey, people love one another, and the power of the organization that they're a part of.

Our next honoree, Stellar Solutions from California, takes employee satisfaction one step further. They're headquartered in Palo Alto, and their vision is to align customer needs with a dream job for every one of their 175 employees. To make the vision real, they embed 90 percent of their employees at their customers work sites. The company also provides extensive health and financial benefits, supports work/life balance, and gives 40 hours of professional development training annually to each employee. And at the same time they are living up to their name, 'Stellar,' by offering aerospace engineering integration and program management services. From 2013 to 2016 fully 100 percent of their customers said that they would recommend this company to others.

Now I'm a Coloradan, I'm a Coloradan, and the city of Fort Collins in Colorado has found their way into the Baldrige Performance Excellence Program through outstanding listening skills. And by the way, there are a couple of other Colorado organizations who are also Baldrige winners, and I know that there is a tremendous community of practice toward organizational excellence in the state of Colorado, the great state.

So, everybody in Colorado loves Fort Collins. They have got their act together, they are doing wonderful things. It is a full-service municipal corporation with 2,000 employees and probably many more volunteers. Because they get it, they engage their community. They have raised the concept of town halls to a fine art, and Fort Collins has 27 advisory boards and commissions. They just get the community together, they engage, they listen, and the city has results to show for it. They rank in the top 10th percentile for the best places to live and work, the quality of culture, recreation, job opportunities, air quality and attractiveness, and in the top 1 percent nationally for water quality and emergency preparedness. So, yay Fort Collins!



Shortly after being confirmed by the U.S. Senate as Under Secretary of Commerce and Director of NIST, Dr. Walter G. Copan (left) attended the meeting of the Baldrige Foundation's Board of Directors and helped mark the Foundation's 30th birthday. Here he and Foundation President and CEO Al Faber are cutting the birthday cake!

Our fourth award winner this evening, the Adventist Health Castle, combines a bit of the strengths of all the other honorees. They are living the dream on the Hawaiian island of Oahu and build strong relationships with their employees and their patients, while achieving impressive quantitative results. This is a faith-based community and it is a hospital system that provides full-service health care with a real difference. This is the Hawaiian spirit of "aloha" and "ohana," meaning "love" and "family." At the same time, they achieve solid business results. They meet or exceed the top 25 percent nationally on important composite measures of health care quality, they are in the top 1 percent or better for metrics on common hospital acquired infections and patient falls. They do all this



while staying focused on patient wellness, saving lives, health screening, and disease prevention. The bottom line is better health physically and financially. They deliver real value to their community, and they do that with a strong, faith-based value system that underpins their great work. Their work has boosted their operating margin and they have all the metrics in the right direction with the great community behind them.

Finally, we have Southcentral Foundation. They have been here before. This is one of the few organizations in the country that has actually been a Baldrige winner not just once, but twice. Only seven other organizations have done that in this country. So, it's not their first rodeo; it's not their first time drumming.

“It has been shown that not only quality in our products but also in our services are the key to the vitality of the U.S. economy, and to our organizations that deliver value.”

What they really focus on is providing outstanding care to about 65,000 Alaska Native American Indian people. They succeed in providing their patients the perspective of being the customer/owners of the service and truly treating the whole person: body, mind and well-being overall. The hospital system achieves the 90th percentile rankings on many important health measures while serving a population with a more than 100,000 square miles service area. It is

amazing what they do! 70 percent of the customer/owners needing behavioral health service receive same day consultation. The service has achieved a Moody's AAA financial rating for the last three years, with dramatically low overhead expenses versus their peer group. In short, this organization has proven themselves, and to just about everybody else, how important it is to measure, and to work together, and to show that spirit of, "We've got this!" and that as an organization, we know what it takes to achieve performance excellence.

Congratulations to each of you. I look forward to shaking your hands and to our conversation this evening and over the coming days.

It is such a tremendous pleasure for me to be here, to be part of this important event. This is really a journey for excellence, not only for each organization and for their stakeholders and their customers, but it is also very important to America. I am pleased that the Department of Commerce and NIST are the partner organizations in this great Baldrige tradition. You are making our nation a better place one organization, one customer, one student, one patient, one employee at a time. We are here to celebrate. We are here to celebrate American excellence. Thank you for your passion, thank you for being on the quest. You are the people who make this country great.

Thank you.





# Organizing for Success: Baldrige as a Framework for Excellence

by Rulon F. Stacey, Ph.D., FACHE

“It did not take long to see the value of the framework of the Malcolm Baldrige National Quality Award. That framework provided the tools we needed to avoid duplication, to get everyone in the organization rowing in the same direction, and to use only one plan pushing for one purpose.”

Early in my career, I was captivated by how organizations had two ways of doing business. They had their strategic plan which would formally tell the board and others what they were going to do, and then they would have their internal working plan, which rarely meshed with the strategic plan. I was always left to wonder what would happen if the two were the same. What if we had a strategic plan that was, in fact, the blue-print for our operations? And, what if everyone in the organization knew about that plan and worked in common to fulfill the plan?

Enter the Malcolm Baldrige National Quality Award into my lexicon.

It did not take long to see the value of the framework of the Malcolm Baldrige National Quality Award. That framework provided the tools we needed to avoid duplication, to get everyone in the organization rowing in the same direction, and to use only one plan pushing for one purpose. I have to thank Sister Mary Jean Ryan for introducing this concept to me. Through me, her leadership has passed onto many others. It is truly the gift that keeps on giving.

I have come to realize that the framework is the only process in the industry that can create a systematic approach to effectively deploy the right strategic tactic at the right time. For example, I am a big believer in LEAN technology. I have used it for more than a decade and it has saved my organizations and the patients we serve millions. But, LEAN is an operational tactic, not a framework. To use a golf analogy, the Baldrige Framework is like a good golf caddy. It can tell you what club to use, when to use it, where to aim, how to arrange your clubs in your bag, everything. But, LEAN is like your 7-iron. It may be your favorite club, and you may use it more than any other, but it will never be a driver, and without a good caddy, it won't even be a good 7-iron.

In health care, the same is true. LEAN (or any other important operational tactic) can help streamline the process in the Emergency Room, and the results can be astounding. But, you would never use LEAN to align the thinking of your board strategy to the vision and deployment to the employees and other stakeholders. When I learned this difference, a world of opportunities opened up. Those who use the appropriate “clubs” at the right time simply play better golf than those who limit themselves to just a 7-iron. Quality is improved, and redundant costs are eliminated.

As I travel around the country now working with senior leadership groups of large and small health systems I often ask myself what would happen if the 10 or 15 executives in the room all had the EXACT same answer to the



*Rulon Stacey (right) with Dr. Walter G. Copan, Under Secretary of Commerce for Standards and Technology and Director of the National Institute of Standards and Technology (NIST).*

following 2 questions: “Why does your organization exist?” and “How does your organization measure success?” If you are in the senior leadership group of any organization, ask yourself how many of your senior leaders, if asked to physically write down answers to these questions, would write down the exact same words? In truth, the answer is most likely zero. Given that, is there any mystery as to why the rank & file in our organizations are confused and often disengaged? What would happen if the 10 or 15 senior leaders were asked to write down the answer to those questions and 80 percent of them wrote the EXACT same words? Then, what would happen if 80 percent of the people in your organization were able to do the same thing? Would the organization be able to offer higher quality at a lower cost? Certainly!

Health care is in a crisis right now. Even with the best economy any of us will likely see for the rest of our lives, costs are increasing faster than revenue. If we, as leaders of those organizations, cannot get our organizations disciplined enough to set a strategy, create a framework, and implement that strategy, we will never be able to simultaneously drive costs out and quality up. I have come to the belief that the framework of the Malcolm Baldrige National Quality Award is the only way to make that happen on an on-going basis.







“The improvements we’ve achieved since starting our Baldrige journey are more than statistics. They represent real lives we were able to save and help heal through the gift of donation.”

# Success Measured in Lives Saved: Reflecting on Mid-America Transplant’s Baldrige Journey

by Diane Brockmeier

At Mid-America Transplant, our work happens at the intersection of death and life. We are an organ and tissue recovery organization, and our mission is to save lives through excellence in organ and tissue donation. For our team, this work comes to life in many ways. We help donor families through moments of grief and loss. We support transplant patients—those on the waiting list and those who have received a lifesaving gift. And we build collaborative relationships with talented medical professionals.

In 2005, we set out on our Baldrige journey with the goal of saving more lives. After 10 years, five site visits, two Missouri Quality Awards, and countless lessons learned from our peers and partners, Mid-America Transplant was awarded the Malcolm Baldrige National Quality Award in 2015.

## **Achieving Lifesaving Results**

Since beginning our Baldrige journey, we have more than doubled the number of organs transplanted from 300 in 2005 to a record-breaking 718 in 2017. In the same timeframe, we also increased our number of bone marrow donors by 88 percent. These improvements are more than statistics. They represent real lives we were able to save and help heal through the gift of donation.

On the long road to becoming a Baldrige recipient, I remember talking with our performance excellence consultant. He said to us, “One day, you’ll have the chance to put organ and tissue donation on the national stage.” And we did just that. What a remarkable moment for our organization and industry!

At the award ceremony, when the room was silent and they were calling out our names, they said, “Ladies and gentlemen, the role-model organizations for the United States of America.” I still get goosebumps. We are honored to be recognized as a role-model organization. More importantly, we are honored to share these stories of life, hope, and incredible generosity.

## **Embracing a Collaborative Spirit**

Early on in our Baldrige experience, we searched high and low for benchmarks with which to compare our progress. How were organizations like ours performing when it came to supporting donor families, assisting transplant patients, and partnering with medical professionals?

What we found was less than promising: A complete lack of stakeholder engagement and satisfaction data within the industry. Few organizations in our field were collecting data, and those that were did not make the numbers



publicly available. In addition, the integrity of the data was flawed without industry reporting standards in this area.

Inspired by the Baldrige methodology, we spearheaded an effort to collect and share data throughout the industry. Today, 32 organizations contribute key performance metrics to the Organ Procurement Organization Research Consortium. This vital industry benchmark empowers organizations like ours to make results-driven decisions about the services we provide to our key stakeholders.

That spirit of transparency also applies to the lessons we learned in our own Baldrige journey. As the first organization in our industry to adopt this framework, we have seen and measured the lifesaving results. We feel a responsibility to share our knowledge with industry peers—from speaking with fellow leaders about lessons learned, to participating in mock site visits with peer organizations to facilitate the learning and sharing of best practices.

Baldrige has helped us embrace collaboration not only within our organization, but across our industry. Together with our colleagues nationwide, we are saving more lives through organ and tissue donation.

### **A Commitment to Performance Excellence**

I am incredibly proud of our team and the work we have done to achieve this recognition. At the end of the day, though, our goal was not to win this award. We set out to save more lives through a focused, proven framework.

Three years after taking the national stage, we continue to follow a Baldrige business model. Every day, these guidelines remind us to raise the bar for our work on behalf of the donor families and transplant patients we serve.

The Baldrige approach has truly changed the way we work, empowering our team to align resources, think and act strategically, and engage colleagues, partners, and stakeholders in our lifesaving mission.

When I began working in this industry, I felt captivated by our mission. Thirty-two years later, I continue to be inspired by the lifesaving impact of organ and tissue donation. With the adoption of the Baldrige framework, our organization found a renewed sense of collaboration, an unwavering commitment to performance excellence, and real success, as measured in the lives we help save through the generosity of heroic donors.



*Diane Brockmeier (center), current President and CEO of Mid-America Transplant and Dean F. Kappel (second from right), then President and CEO of Mid-America Transplant, after accepting the 2015 Malcolm Baldrige National Quality Award. With them are Dr. Willie May (from left), Under Secretary of Commerce for Standards and Technology and NIST Director, Dr. George Benson, Chair of the Baldrige Foundation Board of Directors, and Bruce Andrews, Deputy Secretary of Commerce.*

# Small Business Sees Environmental Excellence as Part of its Own Performance Excellence

by Dawn Bailey, Baldrige Performance Excellence Program  
National Institute of Standards and Technology



For our military defense during World War II, enormous trucks, airplanes, and other heavy equipment rolled out of factories, and they needed durable metal nameplates for identification. To fill that need, in 1946, Texas Nameplate Company was founded in Dallas.

Fast forward to 1998, when Texas Nameplate Company, Inc. became the smallest company ever to receive the Malcolm Baldrige National Quality Award with just 66 employees. Texas Nameplate manufactures nameplates, custom labels, name tags, identification tags, metallic and nonmetallic nameplates, and Digital Nameplate® that are used in various industries for a range of applications, both in normal and harsh environments.

In 2004, the family-owned business won the Baldrige Award again, outperforming other companies in the industry and exceeding the performance of comparable organizations among *Industry Week's* benchmark companies. It became the first small business to win the award twice.

Now more than 70 years since its founding, Texas Nameplate Company, Inc. is announcing a new milestone: going paperless (with the exception of customer receipts) and encouraging other businesses to do the same.

## **Pursuit of Environmental Excellence**

"Texas Nameplate used to have a paper ticket system for orders, and each ticket had an average

of 16 pages. All the tickets had to be saved for several years—seven years for military contracts. The company had to store between 30,000 and 50,000 tickets at one time. In the old facility, the papers were so heavy that the floor sagged,” reads a press release.

“I hope that we’re able to influence or set the standard a little bit, that things like this are possible,” said Dan Crownover, administrative manager for Texas Nameplate and son of the CEO. “If you want to be paperless, you can do it.”



Texas Nameplate Company billboard in New York City. The caption reads “Texas manufacturer eliminates waste through innovative acid rejuvenation.” Credit: Texas Nameplate Company, Inc.

Dale Crownover, Texas Nameplate’s CEO, added that he hopes the company will “encourage others to pursue the Ps of people, planet, and profit. It bothers me that so many organizations are just focused on profit.”

The company even has new vision and mission statements to underline its values: “We are role models for both performance and environmental excellence” and “Our nameplates are Green® . . . defect free and on time.”

According to the company’s CEO, environmental excellence hasn’t always been an easy pursuit.

“Unfortunately, our industry of chemical etching has always been a huge waste contributor, something we are not proud of,” said Dale Crownover. “Before we even did Baldrige, we were noted as a ‘habitual violator’ of many environmental regulations. I was

told by the City of Dallas that our water would be terminated if we didn’t get in compliance. We had nine citations outstanding at one time. I was told if I got pulled over by the police, I had a good chance of being put in jail. Obviously, they got my attention. These memories have forever been with me. My vision after [using the Baldrige Criteria] was to also try to be a role model for the environment. Thus, the changes in the mission and vision statements.”

Through its green projects, Texas Nameplate has been able to track its environmental impact; for example, it has saved:

- 1,200 gallons of solvent waste
- 6,000 gallons of acid waste
- 450,000 gallons of water
- 25,000 rags, in addition to countless trees

### Still Pursuing Performance Excellence with Baldrige

Dale Crownover said the family-owned company (Dale’s two sons work for the company, with one being groomed to take over as CEO when Dale retires; even the family dog Rowdy is listed as part of the team on the company website as the chief executive dog) is still guided by Baldrige resources.

Dale also proudly accepted the title of “emeritus” from Quality Texas, the state-based Baldrige program and member of the Baldrige-based network of programs, the Alliance for Performance Excellence.

Since Texas Nameplate’s last Baldrige Award win, Dale Crownover said, “We are about triple what we were before Baldrige. What’s very interesting is not only triple in sales, but we have 50% less people doing the work—pretty amazing—and a true testament to Baldrige. We moved into a brand new state-of-the-art facility—another dream I had that Baldrige created for us.”

“I’m still giving speeches about Baldrige but now also giving speeches for the environment. . . . I have the same desire to help others with their performances with the environment as I have had these past 25 years for performance excellence and the [Baldrige] Criteria,” he added.





# PHOTOS FROM THE 30<sup>TH</sup> ANNUAL QUEST FOR EXCELLENCE® CONFERENCE









# The Baldrige Community Celebrates the 30<sup>th</sup> Annual Quest for Excellence®

Baltimore, Maryland | April 8-11, 2018

The 30th annual Baldrige Quest for Excellence® Conference, held from April 8-11, 2018, honored America's role-model organizations for 2017. Nearly a thousand senior leaders, quality professionals, friends, and supporters of Baldrige gathered to celebrate the accomplishments of the 2017 Baldrige Award recipients and to share best practices and to learn from one another.

"For 30 years now," said George Benson, Chair of the Baldrige Foundation Board of Directors and master of ceremonies for the award ceremony, "the Baldrige Program has been developing and recognizing role model organizations like these, and in so doing, has been triggering countless transformative economic and social chain reactions that have strengthened our country. Through your dedication to excellence and the wisdom you share, you are helping to build a more competitive economy and a better quality of life for all of us."



Our 2017 role-model organizations and their leaders gathered to receive the Malcolm Baldrige National Quality Award, April 8, 2018.





On stage at the awards ceremony, these are the 2017 Malcolm Baldrige National Quality Award recipient leaders.

The highlight of the evening was the presentation of the Malcolm Baldrige National Quality Award to the 2017 recipients by Dr. Walter Copan, Under Secretary of Commerce for Standards and Technology and Director of NIST, the National Institute of Standards and Technology.

“We were honored to have Dr. Copan present the awards this year,” said Al Faber, President and CEO of the Baldrige Foundation, the private-sector partner of the Baldrige Program. “As Walt said in his remarks, Baldrige is near and dear to both himself and to Commerce Secretary Wilbur Ross. In his relatively short time as NIST director, Walt has shown himself to be a true champion and ambassador for the Program and the Foundation.”

“You are indeed a part of a movement for the economic strength of this country,” said Dr. Copan, “and for the health, the well-being, and the education of our people. You are the ones who keep America competitive around the world. Thank you for being part of the Baldrige Program.”

Those familiar with Baldrige have long understood its value, including a documented return on investment of \$820 in realized economic activity for each dollar spent on the Baldrige Program.

As Dr. Copan put it, “Malcolm Baldrige passionately believed that the quality of our products was the key to American prosperity, economic strength, and competitiveness, and history has proven him correct.”

It was that recognition that was behind the decision in Congress to appropriate federal funds to support the Baldrige Program in 2018. “Thirty years, it is indeed a celebration!” exclaimed Dr. Copan. “And we are also celebrating the fact that after a hiatus the Congress has acknowledged the Baldrige Program and appropriated \$2.2 million in the current fiscal year.”

The celebration was highlighted by the presentation of the National Quality Awards. The 2017 honorees are:

- Adventist Health Castle, Kailua, HI, health care sector
- Bristol Tennessee Essential Services, Bristol, TN, small business sector
- City of Fort Collins, Fort Collins, CO, nonprofit sector
- Southcentral Foundation, Anchorage, AK, health care sector
- Stellar Solutions, Palo Alto, CA, small business sector

### **BALDRIGE COMMUNITY AGREES TO SEEK OFFICIAL EXPANSION TO SEVEN SECTORS**

For the past several years, there have been active efforts to develop Baldrige-based frameworks for communities and cybersecurity. In meetings during the Quest Conference, representatives of the Baldrige Foundation, the Alliance for Performance Excellence, and Communities of Excellence 2026 agreed to pursue efforts to have “Community” added as the official seventh Baldrige Award sector. In December 2018, the Baldrige Board of Overseers voted to endorse and support those efforts. The last expansion of the sectors was the inclusion of the nonprofit/government sector in 2007.

## **communities of excellence**2026

Communities of Excellence 2026 was founded in 2010 and incorporated in 2013 as a national, independent nonprofit to advance the common good by providing a roadmap to sustainable community performance excellence. The roadmap allows communities to face their challenges with a proven framework, while demanding high performance and a commitment to achieve desired outcomes.

COE2026, the Baldrige Performance Excellence Program and the Baldrige Foundation believe that the systems approach to leadership, management,



and continuous improvement found in the Baldrige Excellence Framework can be adapted to achieve performance excellence in communities. COE2026 supports and recognizes communities as they work together to systematically identify, implement, and sustain improvements that enrich the opportunities, health, and well-being of their people.



COE2026 is continuing to develop its assessment and recognition program for communities. In partnership with the Baldrige Performance Excellence Program and with the help of the Alliance for Performance Excellence, three levels of recognition were developed. The first level of the Communities of Excellence Recognition Program, the “Commitment to Community Excellence,” was announced in Spring of 2017. At this level, communities respond to the questions in the Community Profile section of the COE Framework, describing their mission, vision, and the key factors that lead to success. A second level, “Journey to Excellence,” was announced in 2018, and a third level is under development.

“The agreement at Quest represents the logical evolution of these efforts,” said Foundation President and CEO Al Faber. “Having Community included as an official sector will require significant planning and coordination, and eventually will require Congressional approval. But the benefits to communities throughout America will be worth the effort. We believe that using the Baldrige systems approach can draw together community leaders and focus them on solving their most complex problems.”

## EXPANDING PARTNERSHIPS: ADVOCACY AND FUNDRAISING EFFORTS PAY DIVIDENDS

The focus of the Baldrige Foundation consists of two main efforts: Fundraising to provide operating resources for the Program and to rebuild the Foundation endowment, and second, Advocacy to retain public funding and commitment for the Program while promoting organizational performance excellence throughout the U.S. and the world.

“All of these efforts are about relationships,” says Foundation President and CEO Al Faber. “No private entity is going to write you a check for a quarter- or a half-million dollars just because you ask for it, nor is a member of Congress likely to support a multi-million-dollar appropriation just because you filed the proper request.”

“The key,” says Faber, “is to turn the people who can make these investments into partners and supporters. And that requires time and effort. You have to first become a trusted source of information, then convince them of the value Baldrige delivers.”



“The Foundation is excited to introduce its first professional publication this year that will help us achieve both of these goals,” said Faber, “the Foundation’s Journal of Performance Excellence. This is a detailed collection of new and curated content from around the Baldrige community. You may

contact the Foundation or see our website for bound copies or to download an electronic version.”

In our advocacy efforts, we have been working with members of the House and Senate Commerce, Justice, Science and related Agencies (CJS) Subcommittees, and after more than two years, we are seeing results. As Foundation Board Chair George Benson said during remarks at Quest, “I’m sure most of you are aware, that the Omnibus Appropriations bill signed into law last month included \$2.2 million dollars for the Baldrige



Bob Fangmeyer, Director of the Baldrige Performance Excellence Program, kicks off the Baldrige Examiner Reception at the 30<sup>th</sup> Quest for Excellence conference.

Performance Excellence Program. That’s the first time the Program has been included in the Federal Budget since funding was suddenly eliminated in 2012.”

Foundation President and CEO Al Faber warned, however, that there is still much work to be done. “Maintaining these relationships going forward is an ongoing process. That is why George Benson and I took every opportunity at Quest to thank legislators, and in particular, Senators Richard Shelby of Alabama and Jeanne Shaheen of New Hampshire and the professional staff members of the CJS subcommittee for their support in the Senate.”

The Foundation also thanked private supporters of the Baldrige community, including returning Quest Platinum Sponsor Ford Motor Company, new Foundation channel partner and Gold Quest Sponsor SOAR Vision Group, Foundation Leadership Award Luncheon Sponsor Navigant, Harry S. Hertz

Leadership Award Founding Sponsor Ken Cohen, President and CEO of long-time Foundation supporter the Synergy Organization, and Mid-America Transplant, sole sponsor of the 2017 Baldrige Award Ceremony and 30th Anniversary Celebration Dinner.

### EXAMINER RECOGNITION RECEPTION

Each year more than 400 professionals from across all sectors of the economy serve the Baldrige Performance Excellence Program as examiners. Hundreds more serve in state and regional Baldrige-based programs. They are, according to Foundation Board Chair George Benson, “the heart and soul of our Baldrige community.” Dr. Benson goes on to remind us, “All of these people are patriotic volunteers!”

Examiners provide the expertise to evaluate award applicants, and without them, there could be no Baldrige Award. The examiners also develop the feedback that provides the basis for process improvement, and without them, the benefits derived from the Baldrige Framework would be lost. When Baldrige advocates talk about the 820-1 return on investment in the Baldrige Program, the vast majority of that ROI is generated through the efforts of the examiners and judges.

There is a more direct measure of the value contributed by these volunteers. Dr. E. David Spong, leader of two Baldrige award-winning organizations in different sectors testified, “the awards are only





the culmination of the evaluation process that scores of organizations undertake each year, both at the national level through the Baldrige Performance Excellence Program and through many parallel state and local programs. These evaluations are supported by the efforts of thousands of volunteer experts who help these organizations improve their performance and competitiveness. It is estimated that these volunteers, from all sectors of our economy, each contribute over 120 hours annually, collectively 149,000 hours, at a conservative estimated value of \$8.8 million to improving U.S. organizations, as an act of patriotic service to their country.”

Time is set aside every year at Quest to recognize these great volunteers for their work. Each of the current examiners is recognized by name and invited to the stage where a cast of Baldrige luminaries present them with a certificate of appreciation for their work.

The examiner recognition reception has deep meaning for the volunteer examiners. Liz Menzer, Vice Chair of the Alliance for Performance Excellence and a long-time Baldrige examiner, put it this way.

“After any significant endeavor, I believe it is always worthwhile to reflect on what was learned and accomplished. Serving on the Baldrige Board of

Examiners is a significant accomplishment, and the examiner recognition reception is an important culminating event. Whether we served on teams together or not, my fellow Baldrige examiners are kindred spirits, and I appreciate the opportunity to celebrate their service. The special recognition of Dr. Reimann was especially meaningful, and the tribute to him and the early examiners was a thoughtful and important reminder of this aspect of the Baldrige legacy.”

“The 30th annual Quest conference, the awards ceremony, recognition events, and work sessions were all experienced in an atmosphere of celebration because of the great news that Congress had re-established funding for the Program for 2018,” Faber concluded. “It gave the entire Baldrige community hope for the future that has been absent for the last several years.”

“That hope is well-justified,” he went on, “but we cannot be complacent. We are already working on the Congressional funding for 2020 and laying the foundation for 2021. And we continue to build relationships in boardrooms and C-suites across America, because that is the path toward long-term sustainability.”



Harry S. Hertz (from left) former Director of the Baldrige Performance Excellence Program (BPEP), Bob Fangmeyer, current Director of BPEP, Curt Reimann, first BPEP Director, and George Benson, Baldrige Foundation Board Chair, presenting certificates of recognition during the Examiner Recognition Reception at the 30<sup>th</sup> Quest for Excellence Conference.





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On behalf of the Baldridge Foundation and the Baldridge community, thank you to our 2018 Quest Sponsors!



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Thirty years of experience with Baldridge has generated substantial data to show that Baldridge-based manufacturers make fewer faulty products. Baldridge hospitals provide better care to more people and are saving lives. In Baldridge schools our students perform better, stay in school longer, and teachers are happier. Baldridge offers the ability to revitalize our communities and protect our critical cyber infrastructure. The evidence also shows that Baldridge organizations achieve these outcomes at lower cost.

We give our most heartfelt thanks to these Quest sponsors who are helping the Baldridge Enterprise change our world. – Al Faber, President and CEO, Baldridge Foundation.



# ORGANIZATIONS ALIGN THEIR BRANDS WITH BALDRIGE







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Interested in becoming a Quest sponsor for our 31st conference? For more information, stop by the Baldrige Foundation Display Table or contact: Terri Owens (614) 286-1577

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# The Baldrige Commitment

Kathy Raethel, RN, MPH, MHA, FACHE  
President, Adventist Health Castle

Some of you reading this will be familiar with that mix of excitement, fear, anxiety, and eagerness I was feeling one particular November day. It was a day that I had been anticipating for weeks; it was marked in my calendar in double bold letters. I woke up early in the morning and kept my phone within reach and every time it let out a ring, a ding, or buzz (and many false buzzes), I felt my adrenaline spike.

After years of approaching our weaknesses from different angles, deploying improved processes, learning from those processes to make further improvements, and integrating those newly developed best practices organization-wide, we were hoping we had reached the culmination of a long journey. Our Key Performance Indicators were moving in the right direction, we were among the top in the nation on several measures, and during our site visit, our examiners had been moved to tears on several occasions—one of them even said, “I wish I could work here.” So, our expectations were high. Finally, my caller ID showed a 202 area code. This was what I had been waiting for. This is what so many of the Adventist Health Castle team had been waiting for. I answered nervously. The voice on the other end of the line informed me that we had not won the 2015 Malcolm Baldrige National Quality Award.



*Kathy Raethel, President of Adventist Health Castle, shares the sense of pride felt throughout the organization as she accepts the 2017 Baldrige National Quality Award.*

I sat in my office for a while that afternoon, alone. Disappointed. But then I thought back to the state of our organization before we first embarked on our Baldrige journey. And what I found was that rather than allow me to wallow, those memories gave me a renewed sense of purpose. I remembered the days when I’d come into the office and see pieces of mail with handwritten addresses on them—usually foretelling that the contents were from an unhappy patient or the family member of one. Just a few years prior, in 2010, about half of our Physician Satisfaction survey results were in the top quartile, according to the Professional Research Corporation (PRC), but healthcare providers’ ratings of our hospitalist services were in the 48th percentile. We were doing well, but there were opportunities for improvement. And the Baldrige process was helping us move from good to great.

Over the years, our incorporation of the Baldrige Framework and our partnerships with Navigant Consulting and Studer Group guided us to develop a systematic approach to process improvement across the board, helping ameliorate our outliers and maintain and learn from top performers.

One of our foci had been on raising our hospitalists PRC score. After several cycles of ADLI (Approach, Deployment, Learning, Integration), we were able to improve the culture among and towards hospitalists. Where specialists and consultants may once have viewed them more as residents or house officers, they are now recognized as full-fledged peers. Our hospitalists are more engaged with those specialists, with nurses, and with committees. There is more transparency and accountability for patient satisfaction, infection control, and mortality rates. They worked with the Emergency Department to decrease wait times for transfers to inpatient rooms. These practices not only increased trust and collaboration. They also increased the hospitalist services PRC rating to the 96<sup>th</sup> percentile in 2015. Our most recent PRC survey put them in the 98<sup>th</sup>. They moved from below the median to the top ventile in five years! As one of

our hospitalists put it, “I remember how it used to be and I like it better now.”

There is a warmth in the Baldrige program. Some may look at words like “process,” “systematic,” and “framework” and interpret the Baldrige journey as being rather cool and mechanical. But at Adventist Health Castle, it helped us put an intangible purpose into words; through that journey we were able to increase the tactility of our highest ideal. Love Matters. That motto was directly birthed from the core competencies criterion. It was something we had always felt, but the required succinctness of the Baldrige application forced us to come up with a phrase that has reverberated beyond our hospital. It strikes a deep chord because “Love Matters” is not just something we say. It’s what associates feel. It’s what patients feel. And they tell us so.

“We continue to look for ways to seize our opportunities for improvement. We continue these things because this journey has been more than fruitful. It’s been life-saving. Though a vast majority of our patients will never realize it, the care they receive is more effective, more efficient, more empathic because of the Baldrige Framework.”

Nowadays, I look forward to receiving those handwritten letters. As we have progressed in our Baldrige journey, they have become increasingly positive. A recent patient wrote about her care team at Castle, “They were lovely, making me feel comforted and comfortable rather than fearful and uncertain. Past experiences in an emergency room were cool, mechanical, and uninformative.” She went on to say, “Today might have been a terrible experience, but was a pleasant adventure; so, I thank Adventist Health Castle.” Another patient writes that upon entering our hospital, he found “a devoted team that immediately jumped to work as if I was their mother or father in stress. From triage to sign out, I was treated with love and respect—and felt a very real part of their decision-making process.” He closed with, “Lucky me! On vacation with a potentially serious medical problem and I just happened to walk into one of the finest Emergency Rooms in the United States!”



*Some of the dozens of Adventist Health Castle team members that made the trek from Hawaii to Baltimore to celebrate the receipt of the Malcolm Baldrige National Quality Award.*

One would hesitate to consider that phrases like “a pleasant adventure” and “Lucky me!” could apply to hospitals. Yet much through the growth fostered by our Baldrige journey, our team of 1100 associates, 300 physicians, and 250 volunteers have made it commonplace at Adventist Health Castle. That’s why on that November afternoon in 2015, my depressed state dissolved into deeper dedication to our cycles of improvement. Since then, our organization remains committed to performance excellence. We continue to refine our initiatives. We continue to look for ways to seize our opportunities for improvement. We continue these things because this journey has been more than fruitful. It’s been life-saving. Though a vast majority of our patients will never realize it, the care they receive is more effective, more efficient, more empathic because of the Baldrige Framework. For that, unknowing multitudes of our Windward `Oahu community are grateful.

In November 2017, after our second national application and second site visit, the United States Secretary of Commerce phoned to inform us that we had won the Malcolm Baldrige National Quality Award. I fondly recall seeing one of our housekeepers in the hall shortly after that. She eagerly put down her mop, gave me a big hug, and said, “Mrs. President, I have chicken skin!” That’s Hawaii’s version of goose bumps. “WE won the Baldrige Award!” she exclaimed. Reaching this milestone on our continual quest for quality has been actualized only by the buy-in of all of our stakeholders, and they have been inspired by it. The profundity of this entire experience, accentuated by the Commerce Secretary’s call, has made the decision to embark on this journey and the commitment to stay on it, a cornerstone for Adventist Health Castle.

# communities of excellence 2026



Participants engage in the Community Leadership Q&A at the Communities of Excellence 2026 National Learning Collaborative Annual Conference.

## Success for Communities of Excellence 2026 is Good News for Communities Across America

by Stephanie Norling, Director, Communities of Excellence 2026



Stephanie Norling,  
Director, Communities  
of Excellence 2026

It's been nine years since the idea of Communities of Excellence 2026 (COE2026) was conceived. We believed that the Baldrige Framework, which is proven to drive excellence in businesses and organizations, could be adapted to drive excellence in communities. From an initial backyard dinner conversation in 2010, we have experienced tremendous growth.

Fourteen communities have adopted the Communities of Excellence Framework and are demonstrating progress on shared goals around opioid abuse, homelessness, workforce preparedness, and other systemic issues important to

the success of our country. In addition, our National Learning Collaborative is in its second year. Eight communities have been recognized on their journey to excellence through our recognition and assessment program, and the criteria for community performance excellence has undergone improvements and continues to provide a pathway forward for communities seeking excellence.

“For America to sustain its vitality, promote opportunity, and create a more equitable society during its second 250 years of existence, we must improve the performance of communities and the people who lead and live in them.”



The ultimate goal is described by Brian Lassiter, a member of the COE2026 Board of Directors and of the Learning Collaborative faculty. "Imagine a time when leaders within a community—official leaders (those elected or appointed to their formal positions) as well as the many informal community leaders—work together to set community vision; listen to community stakeholders to better understand community assets and needs; (re)allocate resources

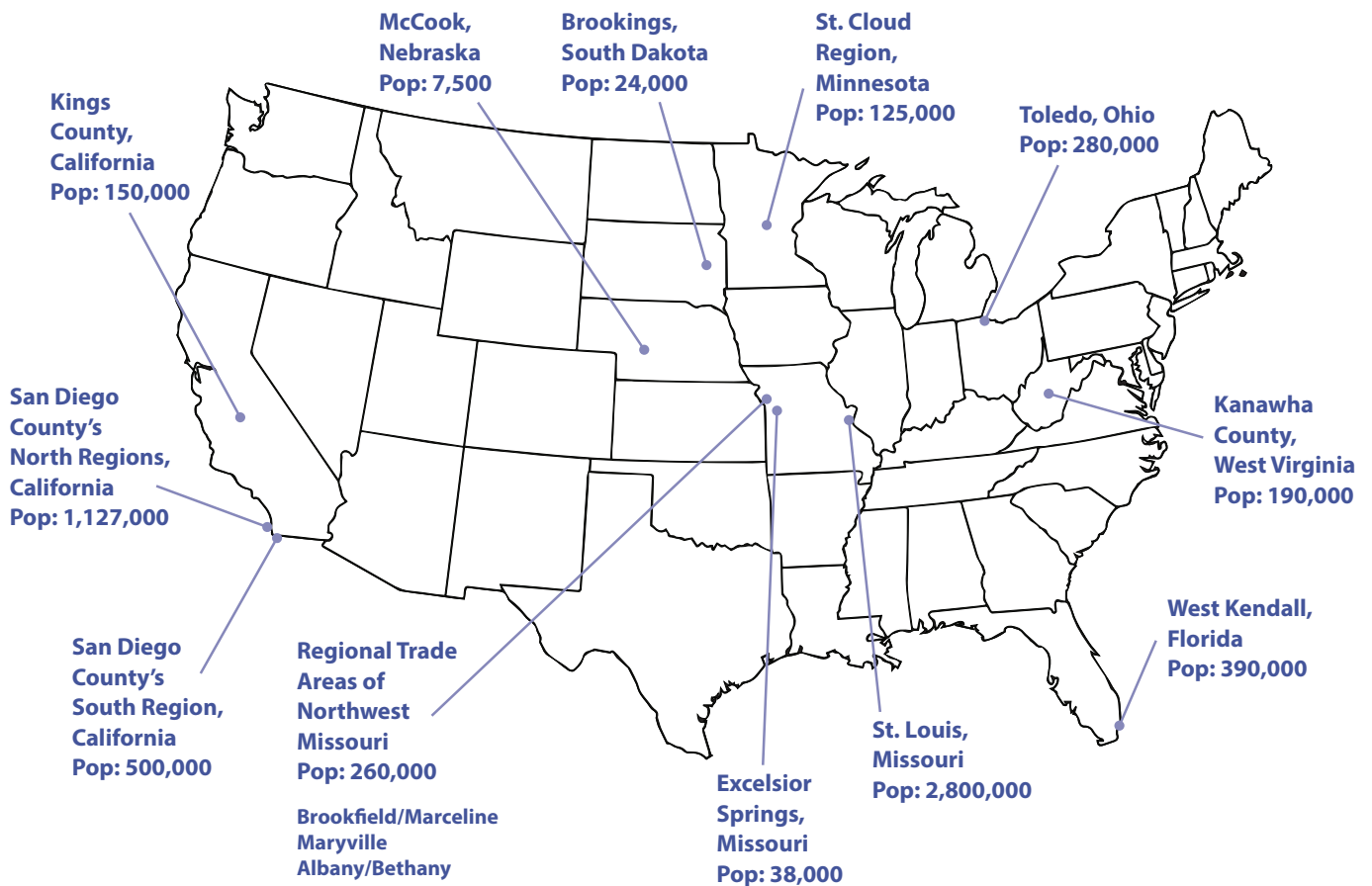
to address community issues or advance community initiatives; use community scorecards to monitor progress of those initiatives and the outcomes they intend to impact; and engage, mobilize, and align people resources—workers, volunteers, and citizenry—on the initiatives that will make a difference in a given community. That's how high performing organizations succeed; we believe that's how high performing communities will succeed."

"We're causing a wave without even realizing it. As we're moving through our discussions with people, they know our background already and the purpose. What makes COE 2026 different is the leadership education, and that's the basis for any changes you want to make." – *Nina Plata, Kings County, California*

### NATIONAL LEARNING COLLABORATIVE

In September of 2018, nine communities completed their first year of our National Learning Collaborative: A Systematic Approach to Excellence in Communities. During the last two online sessions we heard presentations from the communities outlining their community strategic plans and the progress they'd made on those plans. The progress in just one year

## communities of excellence<sup>2026</sup>





was incredible. Leaders described shared missions and visions, community values, strategic objectives that aligned with the needs of the community, goals and action plans, and strong, passionate leadership teams focused on the future of their communities.

“Excellence is a choice. A simple conversation between our city government, school district and hospital leadership has developed into a journey to become excellent. With the structure of the Baldrige framework, we are focusing in to discuss solutions to our problems as a community.” – *Molly McGovern, Excelsior Springs, Missouri*

At the same time, eight of these communities participated in the Communities of Excellence Assessment and Recognition Program. In parallel with Baldrige, the purpose of Communities of Excellence 2026 and the Recognition Program is to 1. develop a nationally recognized standard of community performance excellence, 2. establish role models of that standard through the Recognition Program, and 3. encourage continuous improvement through sharing of best practices and provision of feedback to communities



Julie Russell, Chief Impact Officer for United Way of Greater St. Louis and a member of the COE 2026 St. Louis Community, participates in a Community Profile Learning and Activity session at the 2018-2019 National Learning Collaborative.

on the performance excellence journey that will lead to better outcomes for the residents they serve.

Thirty volunteer examiners reviewed their applications and provided highlights and opportunities for improvement to assist the communities on their journeys. The volunteers consisted of national Baldrige examiners, leaders in the Baldrige state and regional programs, and community leaders both inside and outside of our National Learning Collaborative.

“The COE Framework has helped us understand our strategic advantages, especially in health, education, the economy, and quality of life. In the past, we often focused on our challenges, without necessarily considering our many strategic advantages. We’ve also learned that the key requirements of residents in the different geographic areas of our county are very different. We didn’t recognize that before, so we’ve now divided our areas of focus by those geographic groups and are approaching them differently based on the needs and characteristics of each area. In addition to thinking about our residents in a new way, we are also thinking about customers beyond our residents. They are employees of businesses in the region, legislators—we are the home of the state capital of West Virginia, we have cultural events that attract people, and we have key stakeholders in our contiguous counties that benefit from our efforts. To be excellent, we need to consider all of our customers and their requirements.” – *Judy Crabtree, Kanawha County, West Virginia*

In October we began a second year of the National Learning Collaborative. In addition to the communities from our first cohort, five new communities started their excellence journeys. They are Brookings, South Dakota; McCook, Nebraska; St Cloud Region, Minnesota; St Louis, Missouri; and San Diego North Regions, California. All of the communities met in Denver during the Baldrige Fall Conference for two days of learning, networking, and best practice sharing. In total, 60 people attended the conference from the COE Learning Collaborative cohorts.

Of the many highlights from the conference, one stands out. COE 2026 was invited to present the closing session for the Baldrige Fall Conference. Lowell Kruse, COE 2026 Chair, Becky Cleveland, COE Community Leader from Brookfield, Missouri; Angela Brandt, COE Community Leader from Toledo, Ohio; and Molly Baldrige all shared stories about leadership, collaboration, and the potential of Baldrige and Communities of Excellence 2026 to benefit our nation. In her closing, Molly Baldrige said, "I can't imagine a more difficult undertaking, bringing communities to excellence—nor one that is more important to ourselves personally and to the health of our country."

The second cohort is now taking part in twice-monthly online sessions designed to strengthen community leadership, build their first Baldrige-based Community Profile, and develop community strategic objectives. They have the benefit of not only learning from each other, but also of learning from our first cohort of communities, which have been willing to generously share their experiences with this

group. They are already demonstrating an inspiring commitment to this journey and the hard work it takes to bring communities to excellence.

"For us COE 2026 has created a renewed energy in the community. There are a lot of important efforts and initiatives, but many of them are very fragmented. This process is helping us shape all of the well-intended ideas and give them structure; something we see that people are hungry for. Having the structure of the COE Framework has allowed for alignment and synergy, and for results to be driven in a faster, more efficient manner. It's going to allow us to realize results that we once thought were aspirational." – *Angela Brandt, Toledo, Ohio*

### PROGRESS IN OUR COMMUNITIES

At the same time, the first group of communities is continuing in their second year together. The second year of the Learning Collaborative continues to emphasize community leadership capacity building and sustainability, while also focusing on strategy



COE 2026 provided the closing plenary at the Baldrige Fall Conference in Denver in October 2018. Presenting for COE 2026, from left, Brian Lassiter, President, Performance Excellence Network and COE 2026 Faculty and Board Member; Becky Cleveland, Community Economic Development Coordinator, City of Brookfield, Missouri, COE 2026 Brookfield/Marceline Community; Molly Baldrige, Communities of Excellence 2026 Advisor; Angela Brandt, Chief Operating Officer, ProMedica Physicians, COE 2026 Toledo Community; Lowell C. Kruse, Co-Founder and Chair, Communities of Excellence 2026





deployment and measurement. The communities are learning to systematically prioritize strategies, align resources across their communities, identify gaps in needed areas, and identify the measures and outcomes necessary to know that their strategies are effective.

## LOOKING TO THE YEAR 2026

Looking ahead, we will add a third cohort of communities in the Fall of 2019. We will continue to work with our two current cohorts, collectively share best practices, and shine the spotlight on excellence in our communities.

“Healthy West Kendall, a movement that began in 2013 to inspire our community to embrace wellness, is well on its way to achieving its goal. This is thanks to being chosen to participate in the COE2026 collaborative. Through the combination of learning how to incorporate the Baldrige Framework and the faculty support we have received, we have restructured our efforts and expanded our perspective. Looking at our community through the lens of education, economic vitality, safety and quality of life is a shift in approach that has allowed us to tap into key stakeholders and create a sustainable initiative.” – *Michelle Mejia, West Kendall, Florida*

On December 11th, 2018, COE 2026 staff and board members traveled to Gaithersburg, Maryland, to request the endorsement and support of the Baldrige Board of Overseers of our effort to have Congress approve Community as the 7th eligibility category of the Malcolm Baldrige National Quality Award. Our request was unanimously approved. We were very pleased with the support we received from the Overseers as well as the many individual comments expressing their enthusiasm. The next steps will include working with Dr. Walter Copan, Under Secretary of Commerce for Standards and Technology and Director of NIST, and Commerce Secretary Wilbur Ross, to move our request through the Congressional approval process.

I want to express my gratitude to all those that have supported us on our journey so far, including those in the Baldrige Performance Excellence Program, the Baldrige Foundation, the Alliance for Performance



Lowell C. Kruse, Co-Founder and Chair, Communities of Excellence 2026, kicks off the 2018-2019 National Learning Collaborative teambuilding session in October, 2018.

Excellence, and the greater Baldrige community. COE 2026 has prospered because of the support of so many, including our faculty: Manuel Castaneda, Ellen Garshick, Brenda Grant, Harry Hertz, Brian Lassiter, and Sandy Potthoff. In addition, many others volunteer their time and expertise to support our work, and it is this kind of advanced citizenship that will help our communities prosper.

“San Diego South Region embarked on the Communities of Excellence journey two years ago, and our demonstrated impact in the community aligned us well to be a pilot community. Building off our prior history and successes allows us to implement the COE framework and propel the collective work of our partners to advance the vision of Live Well San Diego. Specifically, our enhanced strategic planning process has enabled us to further respond to the community’s changing needs and allowed for innovative ideas. The governance structure ensures that we’re advancing our collective work. The voice of the resident allows us to ensure our residents’ priorities are aligned with the priorities identified by the community leadership team in the areas of chronic disease prevention, economic vitality, and education.” – *Barbara Jiménez, San Diego County, South Region, California*

Helping communities improve their performance is the best way to improve America. We appreciate the willingness of these first fourteen communities to pave the way for others who will be involved in this important work in the years ahead.



# The Alliance for Performance Excellence

The Alliance for Performance Excellence is a non-profit national network that aims to enhance the success and sustainability of 29-plus state, local and sector Baldrige-based programs. Alliance members all use the Criteria for Performance Excellence and cover all 50 states. Most are independent 501(c)3 non-profit organizations, but some are coordinated by state governments and university systems.

More than 2,200 examiners, 1,400 applicants and approximately 40 paid staff serve Baldrige-based state and regional programs. These programs help many local organizations start and continue their performance excellence journeys. Most Malcolm Baldrige National Quality Award recipients began their performance excellence journeys with their state quality award programs.

## THE BALDRIGE FALL CONFERENCE

In 2017, the Alliance began managing this important product, in cooperation with the Baldrige Program and the Baldrige Foundation, hosting a successful conference in Tempe, Arizona.

This past year more than 300 performance excellence enthusiasts descended on the Mile High City in October to attend the 2018 Baldrige Fall conference proudly presented by the Alliance for Performance Excellence, once again in partnership with the Baldrige Program and the Baldrige Foundation, and co-hosted by Rocky Mountain Performance Excellence and the Wisconsin Center for Performance Excellence.

Attendees chose from two afternoon pre-conference workshops (Introduction to Excellence: Baldrige 101, facilitated by JoAnn Sternke, and Roadmap



Over three hundred Baldrige leaders attended the annual Baldrige Fall Conference in Denver, Colorado.



Baldrige leaders come together to celebrate the 30th anniversary of the Foundation, from right, Brian Lassiter, Chair of the Alliance for Performance Excellence and President, Performance Excellence Network; Bob Fangmeyer, Director of the Baldrige Performance Excellence Program; Al Faber, President and CEO of the Baldrige Foundation; Dr. Walt Copan, Under Secretary of Commerce for Science and Technology and Director of NIST; P. George Benson, Ph.D., Chair of the Baldrige Foundation Board of Directors, and Kathryn K. Eggleston, Ph.D., Vice Chair of the Baldrige Foundation Board of Directors.

to Excellence: From Interest to Action, facilitated by Priscilla Nuwash) and a special day-long bus trip to the City of Fort Collins, a 2017 recipient of the Baldrige National Quality Award. An early evening reception brought together old and new friends in a festive “wild west” atmosphere.

The annual conference featured presentations from national and state Baldrige Award recipients, combining keynotes, panels, breakouts, and intensive sessions. It was a great event for learning, sharing, and networking.

The Fall Conference for 2019 is being planned by a consortium of programs in the Southeast, spearheaded and hosted by the Tennessee Center for Performance Excellence (TNCPE) in Nashville. Mark your calendars: October 24 for the pre-conference workshops and Alliance meetings and October 25 for the main conference. The conference is at the Gaylord Opryland Hotel, one of the largest (and most extravagant!) hotels in the United States. More information on the program, registration, and other details will come after Quest.

To learn more about the Alliance and its members, go to the website at [www.baldrigealliance.org](http://www.baldrigealliance.org)



# A Journey to Best: How the Baldrige Framework Helped Improve an Electric Company

by Dr. R. Michael Browder, PE  
CEO, Bristol Tennessee Essential Services

When I was first recruited to Bristol Tennessee Essential Services (BTES) in 1972, I was impressed with the organization's mindset and focus on getting better, how the organization helped and rewarded every employee, and how those employees served every customer with excellent service at reasonable rates. The CEO at the time was working towards creating a team of individuals that would take BTES from being a good organization to being a great organization. As our vision states, we want to "be the best." So, I guess you could say that continuous improvement has been in our blood here at BTES for more than fifty years.

After becoming CEO, I wanted to continue the journey and keep our focus on continuous improvement. In the mid-1980s, we did some research around the Deming Cycle and created Quality Circles to help promote continuous improvement in our organization.

We were first introduced to the Baldrige process by the Tennessee Valley Authority (TVA) in 1992. They were beginning to use the framework to evaluate their organization and offered their local power companies (of which BTES is one of those) a condensed evaluation using the Baldrige process. Representatives from TVA visited our site and asked lots of questions—and, at the end of the day, spoke with a group of our employees about things we could improve. We learned a lot of lessons that day!

We found much value in experiencing the Baldrige process through TVA's assessment. I began researching Baldrige myself and started asking a lot of questions. Everyone I talked to that had experience with Baldrige said that it was an excellent process with tools and resources to help organizations become the best. That was exactly what we were wanting.

We were involved in learning from our state Baldrige program as it was getting its start in 1993. The Tennessee Center for Performance Excellence (TNCPE, what was then called the Tennessee Quality Award – TQA) actually opened its doors in our electric service area in Blountville, Tennessee, before moving to Nashville a few years later. We applied for the state award the first year TQA was up and running. We received a site visit and the Level 3 Achievement Award (an advanced level but not the highest). Most importantly, we received our first formal Feedback Report. We took the improvements the examiners had identified and applied for the state award again



*Dr. Michael Browder, CEO of Bristol Tennessee Essential Services, presenting best practices derived from years of experience with the Baldrige Framework, at the 2018 Quest for Excellence® conference.*



in 1994. This time we received the top award—the Level 4 Excellence Award (at the time it was called the Governor’s Award).

We have continued to be heavily involved with TNCPE and annually send one to three employees to be trained as examiners. Of our current workforce, 24 percent have served on the Board of Examiners, adding up to 30 years of experience with the program. Early on, I was trained to be an examiner and have served in many capacities with TNCPE. Our mindset has stayed the same as it did from the 1970s: get better.

When we received the TNCPE Excellence Award for the second time in 2012, this gave us a five year window to apply for the Malcolm Baldrige National Quality Award. We had made a lot of changes on our products and services (adding Internet, telephone, and cable television services to our existing electric service offering) and had implemented many continuous improvement efforts over the years. We again updated our application with the valuable feedback we had received from our 2012 application to TNCPE and applied for the national award. We applied in 2014 and 2017—being named a Malcolm Baldrige National Quality Award recipient in 2017.

We like winning. We like being considered the best. But the goal was never winning an award—it has always been about continuous improvement. The award is great, also.

“ We found much value in experiencing the Baldrige process through TVA’s assessment. I began researching Baldrige myself and started asking a lot of questions. Everyone I talked to that had experience with Baldrige said that it was an excellent process with tools and resources to help organizations become the best.”

To us, getting to be the best is finding the best out there—at whatever area we are working on—and learning from them. If we can be as good as the best in each area we are involved (from setting power poles to answering the phone), then we become



*Dr. Walter G. Copan (from left), Under Secretary of Commerce for Standards and Technology and Director of the National Institute of Standards and Technology (NIST), presenting the 2017 Malcolm Baldrige National Quality Award to Larry Clarke, Bristol Tennessee Essential Services Board Chairman, and Dr. Michael Browder, CEO of Bristol Tennessee Essential Services.*

the best overall organization. We’ve continued to apply this same mindset as we expand our services which shows in our current offering of the fastest Internet available in the United States at 10 gigabits per second, which is available to every customer if they want it. Actually, more is available if they want it. It also shows in our safety results, our continued decrease of electric outage minutes, and our superior financial and marketplace results which has left over \$70 million in our customers’ pockets over the last 40 years.

As we move along in our journey, we will continue to fill out a Baldrige application every year to use internally so we never back up, never lose our momentum in moving forward in getting better. Being the best and exceeding our customers’ expectations means that every day we’ve got to be better today than we were yesterday and better tomorrow than we are today.

# So What Is Strategic Alignment?

by Harry Hertz, Baldrige Performance Excellence Program,  
National Institute of Standards and Technology



## **Vacation**

I recently returned from a family vacation to Hawaii. Our family vacations involve nine people: my wife and I, my two sons and their wives, and my three granddaughters. While we have downtime, we generally plan our days for activities we all enjoy and in which we can all participate (ages 6 through, ah-hem, senior citizens). I know there are also families who plan their vacations differently, for example independent activities during the day and then a communal dinner.

By now you are probably asking, what could this possibly have to do with strategic alignment? Well,

I recently read a blog about strategic alignment, in which Dennis Miller discusses the importance of strategic alignment in nonprofit organizations. He defines strategic alignment as, “the process of aligning all stakeholders, internal and external, so that all are focused and committed to achieving a shared organizational vision.” Well, our family had a shared vision of having a great, once-in-a-lifetime, vacation in Hawaii. And we had to align all our individual desires and gain cooperation of external partners, like the luau providers. Was that strategic alignment? It was challenging at times and strategic alignment is difficult. However, I began to wonder, isn't there more to true organizational strategic

alignment than the alignment of people, although that alone can certainly be a challenge.

I did some literature searching to see if there was general agreement on the definition of strategic alignment. I found two articles in the *Houston Chronicle* about strategic alignment, with a focus on for-profit companies. The first article, by Steven Symes, defines strategic alignment as, "what matters most to the organization and then create a road map to achieving the organization's purpose." The article goes on to indicate that alignment requires

planning, a willingness to make adjustments, and an involved workforce. So this definition focused on the planning process. The second article (<https://smallbusiness.chron.com/approaches-organizational-strategic-alignment-14151.html>), by Flora Richards-Gustafson, defines strategic alignment as, "lining up a business' strategy with its culture." The approach according to Richards-Gustafson is a process that requires management to change and align its vision with leadership goals, organizational culture, and individual staff members.

So, maybe our family wasn't in strategic alignment, since there were no "leadership" goals that others had to align with?

Finally, I went to the source of all knowledge, Wikipedia, which defines strategic alignment as, "the process and the result of linking an organization's structure and resources with its strategy and business environment (regulatory, physical, etc.)." So, is strategic alignment about use of SWOT or PEST analysis?

### Systems Perspective

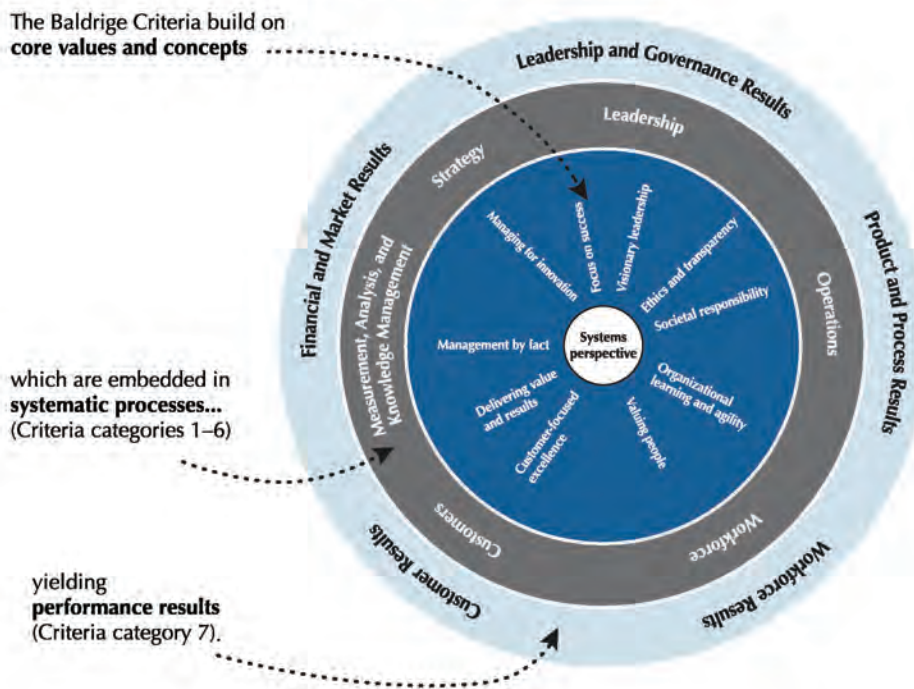
In the end, I think all of these concepts are important to strategic alignment. But, in my opinion (and I am biased), the critical organizational concept is one of a systems perspective. It is the first of the 11 Baldrige Core Values and Concepts.

A systems perspective means, "managing all components of your organization as a unified whole to achieve your mission, ongoing success, and performance excellence."

You need to view the organization as a system with interdependent operations that need to operate in a unified and mutually beneficial manner. It incorporates key business attributes, including core competencies, strategic objectives, action plans, work systems, and workforce needs.

How does your organization operate? With a systems perspective or a more narrow approach of (choose your definition!) strategic alignment?

### The Role of Core Values and Concepts



From Baldrige Performance Excellence Program. 2017. 2017-2018 Baldrige Excellence Framework: A Systems Approach to Improving Your Organization's Performance. Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology. <https://www.nist.gov/baldrige>.

"How does your organization operate? With a systems perspective or a more narrow approach of (choose your definition!) strategic alignment?"





# Paying Forward: The Baldrige Multiplier Effect

by Darin Atteberry  
City Manager, City of Fort Collins

Several years ago, I was reading an article in *Fast Company* magazine that asked notable people what they had learned from their professional mentors. One person said their mentor taught them to ask the question, “What’s the one thing you believe that no one else believes?” Immediately I knew that my own answer to that question is: local government can be great.

Sadly, that’s not a belief shared by many people today, but in Fort Collins we absolutely believe it’s true. However, a great government that consistently delivers exceptional community services rarely just happens organically. Even the most well-intentioned organization, filled with the most skilled and dedicated staff, needs a framework in order to consistently achieve systemic, replicable results. Baldrige is that framework.

Fort Collins was an award-winning community before we embarked on this journey nearly a decade ago, but we didn’t know just how much we didn’t know. The Baldrige Excellence Framework has helped us to

clarify our goals, ask ourselves the hard questions, and as a result, significantly raise the bar.

We first began using the Baldrige Excellence Framework in 2010 and applied for state-level review of our practices in 2011. Over the next four years, we worked to improve, eventually achieving the highest tier of the state performance excellence program. In 2016 we earned our first site visit from Baldrige examiners, and in 2017 became just the third city to be named a Baldrige recipient—seven years after beginning the journey.

Through those years, however, we received valuable feedback about areas in which the City was performing well and opportunities for improvement; feedback that shaped our understanding of what it takes to be a high-performing organization. As we continued to improve our systems and processes, those efforts began to evolve the City into a process-driven, innovation-minded, and employee-empowered organization.

One of the questions the examiners asked us early on was about our strategic planning process. We handed them our long-range city planning document, which they informed us was not, in fact, a strategic plan. And they were right. That one question drove us to systematically develop a central strategic plan and process. We went from stacks of project and master plans, to a true strategic plan that informs everything we do.

And that’s what this journey is really all about—being able to continuously improve our services and operations and measure that improvement. Local governments do not sell widgets; and while we have a bottom line, success is often a subjective term for our communities. For one person, success means that their street is pothole-free and clean water flows from their faucets. For others, success means advancing the community’s energy goals or building out high-speed broadband to every house in Fort Collins.



*Darin Atteberry, Fort Collins City Manager, shares what his team has learned during their Baldrige journey. Sharing of best practices is an integral part of the Baldrige experience and a key aspect of the transformative power of Baldrige.*

That very subjectivity among our community members requires that we be focused and aligned within the City organization in order to achieve our objectives.

Our strategy includes three steps:

- Clarifying the Vision: elected officials, the community, and staff are on the same page about where we want to go and prioritize our objectives.
- Aligning Resources: our budget process objectively allocates resources to operationalize programs, with every program and initiative tied to one or more strategic objective.
- Creating Systems: to measure, track, and support these processes going forward, through metrics, performance dashboards, and knowledge transfer.



*Wade Troxell (Right), the Mayor of Fort Collins, with Darin Atteberry, City Manager of Fort Collins, after being presented with the 2017 Malcolm Baldrige National Quality Award.*

“As a Baldrige recipient, it has been my joy to share what we’ve learned and help other municipalities and organizations as they embark on their journey. I take seriously the responsibility and privilege to share Fort Collins’ experiences with other city governments. The mentoring we received along the way was invaluable, and I hope to offer that to other communities as well.”

It takes deliberate work to align these three steps, and the Baldrige Framework helped us understand how crucial they are to ensure successful operations and provide world-class community services. It can be overwhelming to consider examining everything your organization does; even more to consider changing it. This is why I believe it is vital to have mentors through this process. The person who first introduced me to Baldrige was Rulon Stacey, former President and CEO of 2008 Baldrige Award recipient Poudre Valley Health System. He is the one who showed me how the Framework shaped their organization—to the point of deeply believing that their Baldrige journey helped save lives—and inspired me to explore how that rigorous evaluation could positively affect a community when applied to local government.

Now, as a Baldrige recipient, it has been my joy to share what we’ve learned and help other municipalities and organizations as they embark on their journey. I take seriously the responsibility and privilege to share Fort Collins’ experiences with other city governments. The mentoring we received along the way was invaluable, and I hope to offer that to other communities as well.

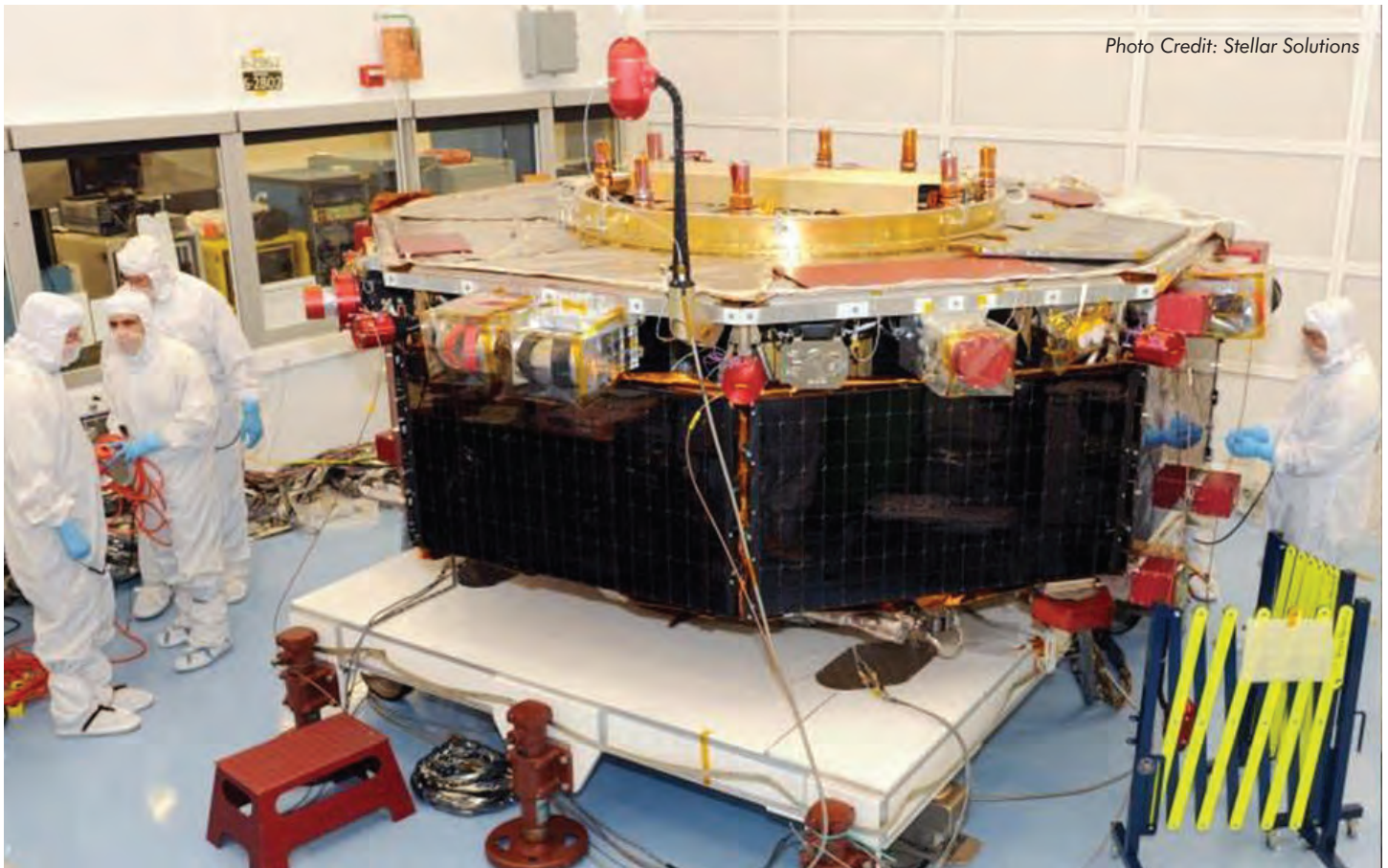
At the highest level, this multi-year process was not about receiving the Baldrige designation or any other award. It’s about getting better. And that starts with the fundamental belief that improvement is a good thing.

Local government can be great. The cumulative impact of this organization continually improving the way we do business makes a tangible difference in our residents’ lives every time they drive on our roads or take a sip of water.

I wholeheartedly believe that for an organization to achieve its vision, it must continually evaluate and improve the work it does. A critical component of any evaluation is an outside perspective. In my decades with local government, I have not come across many comprehensive, standardized, and nationally recognized evaluation systems. And so, when asked “Why Baldrige?” my answer is always the same: if not Baldrige, then what?

# What Keeps Rocket Scientists Happy at Work (Could Engage YOUR Employees, Too)

by Christine Schaefer, Baldrige Performance Excellence Program  
National Institute of Standards and Technology



## **A 2017 Baldrige Award Winner with a Strong Workforce Focus**

Want to improve workforce engagement in your organization? Consider what you can learn from one of the nation's identified role models for high performance. For example, in the business sector, you might study Stellar Solutions, a 2017 Baldrige Award-winning small business based in Palo Alto, California, that provides professional engineering services in the aerospace field.

Stellar Solutions has been repeatedly designated a "Great Place to Work" by Fortune magazine in recent years (from 2014 to 2017). 2017 employee survey results show that 99 percent of respondents agree that "taking everything in to account, Stellar is a great place to work." For the same four consecutive years, survey data show that 100 percent of its customers would recommend the company to others.



How does Stellar Solutions engage its rocket scientists (among other employees) to achieve such enviable results? From its inception in 1995, the woman-owned business has set a vision of aligning “employees’ dream jobs” with its customers’ critical needs.

### **Systematic Processes**

To meet its objectives of having (1) engaged, satisfied employees, (2) employees’ “dream jobs” matched with customers’ critical needs, and (3) “low to no attrition,” Stellar has created a system of workforce-focused processes (in alignment with category 5 of the Baldrige Criteria for Performance Excellence) that include the following practices:

- Conducting monthly face-to-face employee visits/ meetings
- Creating employee incentive bonus plans and review these with employees
- Completing annual updates to each employee’s “Dream Job Worksheet” and review progress quarterly
- Providing annual required training
- Providing professional development training
- Providing recognition through bonuses

### **Measures and Results**

Key metrics used by Stellar to measure its approaches for developing and retaining employees include completion of annual bonus plans, quarterly dream job assessments (i.e., reviewing progress on each employee’s Dream Job Worksheet), employee participation in training, bonuses paid, employee survey ratings, and attrition.

In addition, Stellar measures its progress in relation to its identified top three drivers of employee engagement: (1) feeling empowered and trusted to do what’s best for the customer, (2) feeling encouraged to balance one’s work life and personal life, and (3) feeling that one’s work has special meaning rather than being “just a job.”

For the company’s 2017 employee survey, 100 percent of respondents agreed with the statement “I am empowered and trusted to do what is best for



*Stellar Solutions Founder and Board Chair, Celeste Volz Ford*

my customer.” In addition, 98 percent agreed with the statement “I am encouraged to balance my work life and my personal life,” and 97 percent agreed that “My work has special meaning: this is not ‘just a job.’”

### **Key Points**

At the end of a presentation of its workforce-focused practices for the Baldrige community in April, Stellar shared these two key points:

- “Our employees are our greatest resource.” Stellar Solutions keeps employees engaged by “helping them work toward their dream jobs and empowering them to identify and solve our customers’ most critical needs.”
- “It is important for us to encourage and offer multiple outlets for collaboration and communication among our workforce to share knowledge across various locations and projects.”



# Baldrige: Managing Rapid Growth to Sustained Excellence

by Katherine Gottlieb, DPS, Ph.D.  
CEO, Southcentral Foundation

**P**eople always seem to have the same questions: “How do you do it?” “How did you get started?” “What makes you successful?” “How are you able to sustain innovation and improvements?” “What makes the Southcentral Foundation (SCF) Nuka Model of Care sustainable?”

SCF was growing fast and had just completed a giant growth spurt. Overnight, the budget and the number of employees tripled. As the CEO, I had led the organization through change and innovation and now was faced with two options: Quit and move on to lead growth with another organization, a skill I had demonstrated I possessed, and give over the reins to another leader with the skill of structuring processes of an organization so SCF would function well and be sustainable for years. My other option was to find some type of tool that may assist with the next steps

needed for SCF’s systematic change, assisting with improvement and innovation, without controlling the future.

SCF was already using different tools and even adopted regulatory requirements beyond what was required, to make organizational changes, and it was at this point of my career that I was introduced to the Baldrige Framework for Excellence. After reviewing the tool and assessing its worth. I made the decision to stay and “try it out.”

After a few months, I found Baldrige to be an exciting tool. The questions asked and the means of deploying it were easily adaptable to our organizational culture. The changes took focused energy and work. SCF responded to the Baldrige questions and it took on a life of its own. The Baldrige ride had begun.

Baldrige is more than a tool. When speaking with organizations now in their infancy who are experiencing rapid growth, it is easy to describe first steps. I delight in the ability to sit down with new leaders and provide answers to questions about moving an organization from expansion to systematic change strategies.

Baldrige is not made for one-time use. It is a mechanism of change that should be incorporated into all activities of an organization. The language should permeate top to bottom, with the inclusion of governance completing the circle. Words alone will not do. Actions carried out through the strategic plan brings Baldrige to life.

Baldrige encourages leadership to give away control and to be catalysts for innovation and creativity. Asking specific questions then allowing



*Katherine Gottlieb, CEO of Southcentral Foundation, presents Bob Fangmeyer, Director of the Baldrige Performance Excellence Program, with a decorative drum commemorating their win.*



*Many Southcentral Foundation friends and staff attended the 2017 Baldrige Award presentation ceremony at the Quest for Excellence® conference.*

an organization to develop the answers by its own means and culture gives ownership to the process. It is exciting when the response to a question moves the entire organization toward the answer.

through data and specific measurements and outputs related directly to achieving the vision and mission of the organization.

“Baldrige is a model tool for many organizations. If organizations implement Baldrige, it enhances the best of what has already been accomplished or improves on the success already taking place. It is a fun experience, enjoyable when everyone is on the same page, moving in the same direction.”

Baldrige is a model tool for many organizations. If organizations implement Baldrige, it enhances the best of what has already been accomplished or improves on the success already taking place. It is a fun experience, enjoyable when everyone is on the same page, moving in the same direction. It is the most effective educational tool available to the workforce (Executive Leadership and Governance included) to understand the detailed mechanisms of their own business operations.

One such example has to do with making the organization’s vision relevant for all employees. Baldrige asks, “How do all employees know they are achieving the SCF organizational vision?” In response, executive leadership and governance linked all activities of the organization to the vision statement and linked this to each employee’s part of achieving the vision. Even our patients and clients, those receiving the results of the work and services accomplished through the organization, know how the vision is being achieved.

Once an organization begins to use Baldrige, it should continue to do so. The answers to the Baldrige questions should be updated and utilized to continue the process of improvement and innovation. It should be adapted as a living tool, making all the information contained within the responses accessible to the workforce for accountability to self and affirmation.

With measures in place that are, again, the results of responding to the questions focused around specific outputs, SCF now has the ability to share its success

It wasn’t long before we were living and breathing Baldrige throughout the organization. Then one day years later, an employee said, “We have never applied to receive the official Malcolm Baldrige Award and recognition, why not do it?” And we did, and we won, not once, but twice, making us the only health entity in the country to have won the Baldrige Award twice! What a ride! Baldrige, it is the best!



# Reflections on Our Baldrige Foundation Partnership

by Ben Sawyer  
CEO, SOAR Vision Group, LLC

## WHY BALDRIGE?

The quest for sustainable American exceptionalism in business prompted President Reagan in 1987, in collaboration with then-Secretary of Commerce Malcolm Baldrige, to seek out the top business leaders across America to assist in developing and launching a comprehensive performance excellence framework. That vision became a reality with the establishment of the Malcolm Baldrige National Quality Award after the Secretary's untimely death that year.

Why should any organization pursue the Baldrige journey? Because the Baldrige Excellence Framework not only codifies the principles of quality management in clear and accessible language. It also provides companies with a comprehensive

framework for assessing their progress toward the new paradigm of management and such commonly acknowledged goals as customer satisfaction and increased employee involvement (Garvin, 1991). The Baldrige Criteria can help any organization by encouraging a disciplined set of processes that help the organizations plan and react to a complete set of situations which can affect their success. And the data support that: Baldrige winners demonstrate the capability to outperform the general market five to one, even through economic downturns (NIST, 2002a, 2002b).

Jim Collins, author of *Good to Great* stated: "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."

## EXPECTATIONS IN THE AGE OF CONSUMERISM IMPACT ADOPTION

The consumerism war is won on the battlefield of customer experience. E-commerce access to any product or service regardless of location has significantly increased the speed of competition, forcing organizations to dramatically accelerate production, delivery, and customer service processes. What organizations do not have is time. Instead, they need to be able to rapidly progress from strategy to results. Engaging in disciplined thought and action to build a sustainable, competitively differentiated organization seems, to many business leaders, to be untenable. The opposite is true. Now more than ever prioritized action, removing process inefficiencies, and empowering employees to act like owners in the pursuit of a customer first, zero-defect journey, is essential for survival now and sustainable success in the future.



*SOAR Vision Group CEO Ben Sawyer accepts a Foundation crystal, recognizing SOAR as a partner and supporter of the Baldrige Foundation.*

## WHY PARTNER WITH THE BALDRIGE FOUNDATION?

The mission of the Baldrige Foundation is to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program, and to support organizational performance excellence in the United States and throughout the world. Al Faber, President & CEO of the Baldrige Foundation, notes that “to effectively meet the challenges of delivering high quality products and services to customers in the Age of Consumerism leaders must innovate, transform operations, and pursue excellence in everything they do.” SOAR Vision Group agrees completely. We have made it our mission to help leaders execute efficiently and effectively on their strategy, aligning people with purpose to achieve exceptional results.

The SOAR process accelerates short-term gains, overcoming:

1. Visibility gaps with cascading scorecard tracking software;
2. Knowledge gaps with strategy execution e-learning courses;
3. Performance gaps with on-site coaching and tools to hardwire the cultural transformation, connecting-the-dots from leadership to strategy to results.

In partnership with the Baldrige Foundation, SOAR Vision Group developed a Leader Dialogue program to support and promote this shared mission. It includes a weekly B2B radio show titled Leader Dialogue Radio and an on-going series of Leader Dialogue Innovation Council events for CEOs, COOs, and boards of directors, facilitating high-value discussion and shared best practices in the collective pursuit of performance excellence following the Baldrige criteria. Synthesis of the Baldrige Framework into a one-page Organizational Hierarchy of Needs document, used in the Leader Dialogue radio show and events, enables business leaders to quickly visualize the Baldrige journey, and understand how the Performance Excellence Framework cross-maps to their organizational opportunities for improvement.

## WHY CONSIDER A BALDRIGE FOUNDATION PARTNERSHIP?

The Baldrige Foundation supports the financial stewardship of the Baldrige Program and



*Ben Sawyer, CEO of SOAR Vision Group (right) on the set of the LeaderDialogue radio broadcast with co-host, SOAR COO Jennifer Strahan.*

promulgation of the Baldrige Excellence Framework. Therefore, a Baldrige Foundation partnership means that your organization is able to share in this worthy cause, bringing the opportunity of transformative performance to all organizations regardless of their size or business vertical. SOAR believes the Baldrige Excellence Framework represents the best of American business exceptionalism, and we are proud to be able to support the Baldrige Foundation and great team at NIST in their continuous development and sustainment of this American treasure.

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# Be Ready! What Leaders Can Do to Protect Organizations Against Cyberattacks

by Jacqueline Calhoun, Baldrige Performance Excellence Program  
National Institute of Standards and Technology



## **Leadership Responsibility**

Leaders today must learn how to proactively increase the chances of protecting their organizations and customers from the ever-increasing threat of cyberattacks. That's because an organization's leaders have a significant responsibility in personally understanding and managing cybersecurity as a key risk area. As Microsoft founder Bill Gates stated (<https://abcnews.go.com/WNT/CEOProfiles/story/?id=506354&pages=1>), "Security is, I would say, our top priority because for all of the exciting things you...do with computers, organizing our lives, staying in touch with people, being creative—if we don't solve these security problems, then people

will hold back. Businesses will be afraid to put their critical information on it because it will be exposed. People won't use their credit cards quite as much and buy things, and so it's really the thing we got to get right so that people don't think about it."

## **Are Leaders Ready?**

According to a recent Harvard Law School Forum on Corporate Governance and Financial Regulation article (<https://corpgov.law.harvard.edu/2018/08/31/cybersecurity-the-secs-wake-up-call-to-corporate-directors/>), "Many companies now have in place technology designed to identify anomalies and threats. They also likely have written



policies and procedures intended to provide a roadmap in the event that a cybersecurity incident occurs. All these tools and written procedures may well be 'state of the art' in that they may reflect and embody what is understood to be general best practices. But as with any system or written policies, they alone may be insufficient to address the risks."

So how do leaders know if they are doing enough to address cybersecurity risks? One way to find out is to assess the organization's cybersecurity performance using the *Baldrige Cybersecurity Excellence Builder* (BCEB).

### The BCEB Can Help

The BCEB is a voluntary self-assessment tool that enables an organization to better understand the effectiveness of its cybersecurity risk-management efforts. It helps the organization identify strengths and opportunities for improvement in managing cybersecurity risk based on the organization's operational and strategic objectives, as well as the needs and expectations of key stakeholders.

The BCEB combines concepts in NIST's Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework, Version 1.1, NIST CSF) and the Baldrige Excellence Framework. Like those two sources, it is not a one-size-fits-all approach. It is adaptable and scalable to an organization's needs, goals, capabilities, and environment. Through interrelated sets of open-ended questions, it encourages leaders to use the approaches that best fit their organizations and effectively address their most important cybersecurity needs.

### Defining Leaders

The BCEB defines leaders as an organization's senior leaders and those specifically responsible for overseeing and executing cybersecurity risk management and operations.

The "Leadership" item in the BCEB asks how the personal actions of an organization's senior leaders and cybersecurity leaders, as well as the characteristics of its governance system, demonstrate and reinforce accountability, and guide and sustain its cybersecurity policies and operations. Following are questions from the two key areas of leadership in this item:

1.1 Leading for Cybersecurity: How do your senior and cybersecurity leaders lead your cybersecurity policies and operations?

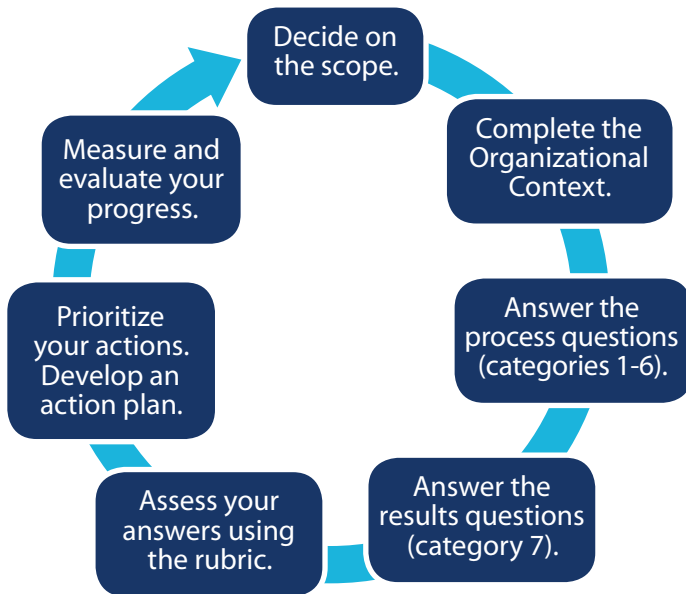
1.2 Governance and Societal Responsibilities: How do you govern your cybersecurity policies and operations and fulfill your cybersecurity-related societal responsibilities?

### Assessment Scope

Below are some key steps to help an organization get started conducting a self-assessment of its cybersecurity program. First, leaders may want to determine if the self-assessment will cover the full organization, a subunit, or parts of an organization. It would be beneficial to select individuals with leadership and facilitation skills who have widespread knowledge of the cybersecurity management system to lead the effort by serving as "champions."



Steps to using BCEB: Scope, Organizational Context, Process Questions, Results Questions, Assess Responses, Prioritize Actions; Develop Plan, Measure and Evaluate Progress.



## Getting Started

1. Read the BCEB from cover to cover. It's a short, easy-to-read booklet and includes additional information on how to perform an assessment.
2. Respond to the questions in the Organizational Context section. This will help ensure that you are focusing on your most critical needs. If you identify important topics for which you have conflicting, little, or no information, you may want to get clarity on these before moving on.
3. Answer the process (categories 1-6) questions to document your organization's key cybersecurity-related processes. Answer the results (category 7) questions, which will help you understand the effectiveness and impact of your cybersecurity efforts. In completing the questions, leaders may discover blind spots in the cybersecurity management system that you have not considered or areas where you should place additional emphasis.
4. Assess your responses by using the assessment rubric. The rubric will help you to assess your cybersecurity risk management program's maturity level and determine if your processes and results are reactive, early, developing, mature, leading, or exemplary.
5. Prioritize your actions and develop an action plan. Use the self-analysis worksheet to indicate the importance (high, medium, low) of each item to the

successful management of cybersecurity within your organization. Prioritization will help you develop an action plan that most effectively uses resources.

6. Measure and evaluate your progress in achieving specific improvement goals. As you continue to use the BCEB, you will learn more about your organization and begin to define the ways to build on your strengths, close gaps, and innovate.

## Not Ready, Start Here

If your organization is not ready to complete the full self-assessment after completing the Organizational Context, consider doing a self-assessment using just one category or item in which you need improvement. Answer the individual questions in the selected category; then, when ready, conduct a full self-assessment to reveal key linkages between your chosen category and the other items. This will enable you to gain a systems perspective as embodied in the seven integrated categories.

Of course, leaders have numerous other options to select from to achieve the objective of improving their organization's cybersecurity management system. But by taking a Baldrige-based approach to self-assessment, the organization—no matter its sector or size—will be on the way to improvement and cybersecurity excellence.

## Cybersecurity Webcast: What's Up Next?

View the webcast here (<https://www.nist.gov/news-events/events/2018/07/cybersecurity-framework-webcast-next>) for a brief overview on integrating the BCEB with the NIST Framework for Improving Critical Infrastructure Cybersecurity. Start learning about the BCEB as you begin to plan for a self-assessment of your cybersecurity risk management system.

## Submit Lessons Learned

The Baldrige Performance Excellence Program invites you to submit your BCEB lessons learned and comments.

## Hands-On Leadership Development

Leaders in any sector may also find it beneficial to apply to participate as part of a year-long cohort of the Baldrige Executive Fellows Program to learn how national role-model organizations are using the Baldrige Excellence Framework to maintain high performance.



**BALDRIGE FOUNDATION  
AWARDS**



**APRIL 10, 2018**



# The Baldrige Foundation Leadership Awards and the Dr. Curt Reimann Baldrige Scholarship Recipients for 2018

The Malcolm Baldrige National Quality Award is presented to organizations that meet strict criteria to be considered role-model organizations. Foundation Leadership Awards are intended to recognize individual role-model leaders.

“Taken together,” said Foundation Board Chair George Benson, “these awards recognize the hard work and dedication—often over decades—of our Baldrige volunteers and staff, practitioners, and champions. Each, in their own way, has supported, promoted, and advocated for the Baldrige community.”

In 2018, the Foundation Awards included the sixth annual presentation of the Harry S. Hertz Leadership Award, the second presentation of the E. David Spong Lifetime Achievement Award, and

two new awards, the Baldrige Awards for Leadership Excellence and the Dr. Curt Reimann Baldrige Scholarship.

“The leadership awards represent the Baldrige community coming together to recognize individuals who demonstrate outstanding leadership and support for the continuation of Baldrige,” said Foundation President and CEO Al Faber. “They are made possible by the support of a number of sponsors and friends.”

Specifically, the Foundation would like to show appreciation for Navigant, sponsor of the 2018 Baldrige Foundation Awards luncheon; Ken Cohen and the Synergy Organization, Founding Sponsor of the Harry S. Hertz Leadership Award; and George Taylor and Beyond Feedback for his continuing support.



A packed house as hundreds honor the Foundation Leadership Award recipients.



Dr. Kathleen J. Goonan, Managing Director in the Healthcare practice at Navigant, welcoming attendees to the Foundation Leadership Award luncheon, acknowledged that “The Baldrige body of knowledge changed my life,” with George Benson (center), Chair of the Foundation Board of Directors, and Al Faber, President and CEO of the Baldrige Foundation.



The Harry S. Hertz Leadership Award (from left), the E. David Spong Lifetime Achievement Award, and Foundation crystals that recognize outstanding supporters.



Recipients of the Foundation Award for Leadership Excellence are awarded a sector-specific medal that is suspended on a color silk moiré ribbon, matched to the color representing the sector. The medal also comes with a sash, lapel pin, and framed certificate.



# The E. David Spong Lifetime Achievement Award

“To receive the E. David Spong Lifetime Achievement Award,” said Dr. Benson, “an individual must have made sustained, exceptional, and far-reaching contributions to the Baldrige community in a manner worthy of recognition at the national level. This award recognizes the entirety of an individual’s career, and honors those who inspire others to do the same.”

“It is fitting,” Dr. Benson continued, “to present the 2018 Lifetime Achievement Award to the person credited with running the purest Baldrige Colony on the Planet, Larry Potterfield, Founder and CEO of two-time Baldrige Award-winning and industry leader MidwayUSA.”

“This award recognizes an individual who has performed truly extraordinary service and made a sustained impact which will inspire future generations of leaders in the pursuit of Baldrige,” said Foundation President and CEO Al Faber. “Larry Potterfield is the embodiment of Baldrige values, and we are honored to present him with this award.”

His adoption and execution of the Baldrige Framework as a leadership and management tool has paid great dividends. The company has been one of the fastest growing in its industry, sustaining a 43.8 percent average annual growth rate in net income and a 21.3 percent average annual growth rate in gross sales (2004-14). These dramatically exceed the national benchmarks of 4 percent and 6.9 percent, respectively.

It has also resulted in MidwayUSA receiving the Malcolm Baldrige National Quality Award for the Small Business sector in 2009 and 2015.

“Baldrige is simply applying the Leadership and Management principles we learned in business school,” said Potterfield. “It requires actual ‘execution’ of our strategic plan, deploying our Mission, Vision, Purpose, and Values and demonstrating an utmost focus on customer satisfaction. We have received two Baldrige Awards and our customers and other key stakeholders are absolutely delighted. For continuous improvement and focus on the customer, there’s nothing quite like Baldrige.”



Foundation President and CEO Al Faber (right) congratulates MidwayUSA Founder and CEO Larry Potterfield on receiving the Foundation’s E. David Spong Lifetime Achievement Award.



MidwayUSA Founder and CEO Larry Potterfield (left), recipient of the 2018 E. David Spong Lifetime Achievement Award, with the award’s namesake, E. David Spong.

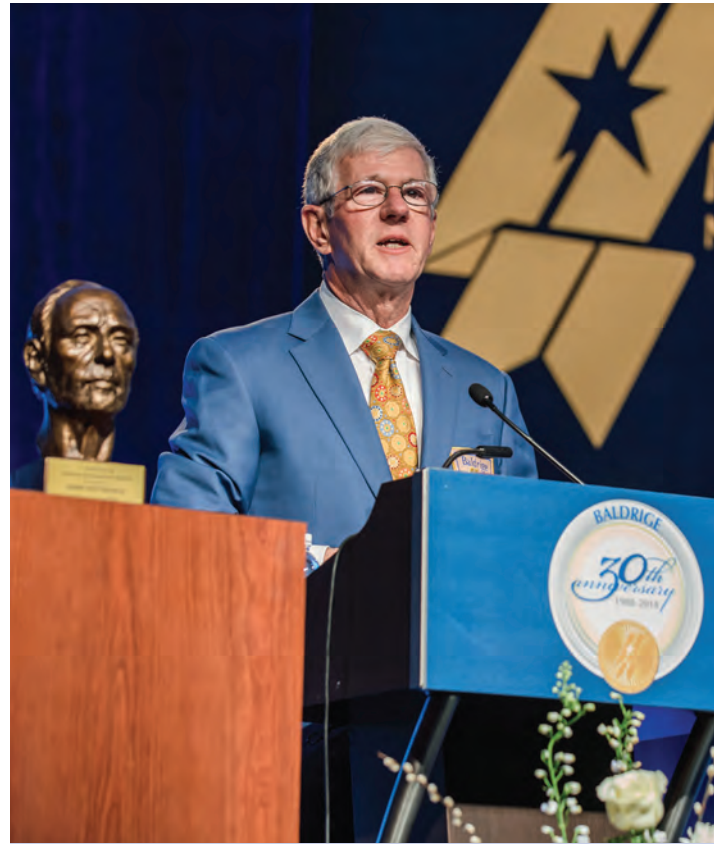


In addition to making Baldrige part of the day-to-day functioning of his very successful company, Larry Potterfield freely and gladly shares his experience with and enthusiasm for Baldrige with organizational leaders and Baldrige practitioners across the country.

In his words: "If I were in charge of the world, we'd introduce the Baldrige Criteria to our first graders, and the letters "MBA" would stand for "Masters in Baldrige Administration" because every grad school in America would teach Baldrige."

In accepting the award, Mr. Potterfield said, "If, indeed, MidwayUSA is the purest Baldrige colony on the planet, I challenge each of you in the Baldrige community to also be pure Baldrige colonies, because America and the Baldrige community need more than one."

"Larry has served as an ambassador and champion for the Baldrige Framework," continued Faber, "but he doesn't just talk the talk. In 2013, Larry made a \$1 million pledge—still active—to be paid to the first Missouri K-12 public school district that receives the Baldrige National Quality Award. Larry's commitment to Baldrige, Missouri public schools, and the greater Baldrige community over his lifetime, is precisely what this award is intended to underscore."



With the message, "Mr. President, America needs Baldrige!" MidwayUSA Founder and CEO Larry Potterfield begins his remarks after being presented the Baldrige Foundation's E. David Spong Lifetime Achievement Award.



The MidwayUSA team celebrating the E. David Spong Lifetime Achievement Award (from left) Deanna Herwald, VP of Quality Management Systems; Matt Fleming, President; award namesake E. David Spong; Larry Potterfield, Founder and CEO; Brenda Potterfield; Stacey Uptegrove, Manager of Website Services; and Jim Swafford, Manager of Quality Management.

# The Harry S. Hertz Leadership Award

“The Harry S. Hertz Leadership Award,” said Dr. Benson, “recognizes an individual whose leadership behaviors are consistent with the Baldrige Core Values. While no one person in an organization can be credited with the achievement of that organization’s performance excellence, this award recognizes role-model leader behaviors that have inspired, encouraged, challenged, and empowered others to achieve performance excellence.”

“We are proud to present the 2018 Hertz Award to Nick Macchione, head of the County of San Diego Health and Human Services Agency. Nick leads a large organization with nearly 6,500 employees, another 7,000 contract workers, and an annual budget of nearly \$2 billion,” said Al Faber, President and CEO of the Baldrige Foundation.

Nick Macchione is a role-model leader of national scope. In 2010, he launched the Live Well San Diego initiative, an innovative ten-year health strategy to unite and leverage the resources of community partners, local industry, and other municipalities in San Diego County. From just six partner organizations in 2013, there are over 300 organizations today that have come together to tackle the most difficult and complex issues facing San Diego County. From the Health and Human Services Agency, the county Board of Supervisors has now adopted Live Well across county government. All county departments align their enterprise goals and objectives to the Live Well vision of a San Diego County that is building better health, living safely, and thriving.



Prior to presenting the Harry S. Hertz Leadership Award, the Foundation recognized Ken Cohen (center) for his leadership as the Founding Sponsor of the Hertz Award. George Benson (left), Chair of the Foundation’s Board of Directors, and Foundation President and CEO Al Faber (right) presented him with a Foundation crystal.



He has also been a national leader on these issues as jurisdictions across the country have sought to learn about the Live Well initiative and implement it in their own areas. He personifies the Hertz Award Core Value Attributes and Leadership Behaviors and inspires others to explore the value of the Baldrige Excellence Framework in their organizations.

This is how Mr. Macchione explains it: “I am invested in the Baldrige Program because its potent simplicity and power to create value and sustainability lead to improved outcomes for the 3.3 million residents living in the broader communities we serve. The Baldrige Core Values of customer-focused excellence, societal responsibility, and focus on success are deeply ingrained in the way our local elected officials, employees, and community partners do business using our person-centered approach for health and social well-being.”

“My own Baldrige journey started 25 years ago with another leader that was just on this stage,” said Mr. Macchione, “with Deborah Bowen. In joining the American College of Healthcare Executives, she introduced me to a framework that is truly transformative, a framework that was not just for an organization, but a framework that was improving lives. That was why I dedicated my professional life to Baldrige.”

“Applying Baldrige leadership and management principles embodied in the Performance Excellence Framework,” said Faber, “Nick and his team have developed a world-class integrated service delivery system for health, housing, and human services, directly and positively impacting the lives of millions of customers.”



Director of the County of San Diego Health and Human Services Agency, Nick Macchione (left), recipient of the 2018 Harry S. Hertz Leadership Award, with the award's namesake, Harry S. Hertz.



2018 Harry S. Hertz Leadership Award recipient Nick Macchione with his wife and two children on stage after receiving the award.





# Baldrige Foundation Awards for Leadership Excellence



2018 Foundation Awards for Leadership Excellence

In introducing the new Baldrige Awards for Leadership Excellence, Dr. Benson noted, "The purpose of the Baldrige Awards for Leadership Excellence is to recognize individuals who actively support the Baldrige Foundation and its mission. That support could be anything from helping us promote or grow the Baldrige Program, to supporting organizational performance excellence anywhere in the world, to helping us raise funds to support the Baldrige community."

Foundation Leadership Excellence Awards are presented to individuals working in each of the six sectors of our economy for which Baldrige Awards are given plus cybersecurity.

"There are so many people doing such important work promoting the Baldrige Framework," continued Faber. "Through their efforts to grow Baldrige, they help thousands of organizations across the country to improve their performance. These great leaders are working tirelessly to ensure the sustainability of Baldrige into the future."

# In Their Own Words

**The 2018 awardees provide their thoughts on Baldrige and how it impacts their organizations and sectors.**



**DEBORAH BOWEN • HEALTH CARE**  
President and CEO of the American College of Healthcare Executives

“Given the rate of change in the health care industry we serve, health organizations and their leaders simply do not have time to reinvent the wheel when it comes to improving organizational excellence. Learning from others’ best practices is essential and Baldrige offers tremendous value in enabling best practice sharing and fostering agility in organizational learning and improvement. I believe so deeply in the value of Baldrige that ACHE is on our own performance excellence journey. Although ACHE received our top-level state award in 2016, the ILPEX Gold Award for Achievement of Excellence, our journey continues. It is truly my pleasure to support Baldrige in every way I can.”



**RUSSELL BRANZELL • CYBERSECURITY**  
President and CEO of the College of Healthcare Information Management Executives

“Last year’s WannaCry and Petya cyberattacks underscore how critical it is for all organizations to have a robust cybersecurity program. In health care, we need to be especially vigilant because it is not only money at stake, but patients’ lives. The Baldrige Performance Excellence Program and the Baldrige Foundation provide excellent resources for organizations in any industry to assess and improve their cyber risk management efforts. It is an honor to contribute to this and the many other outstanding initiatives Baldrige offers.”



**LEE BUTLER • BUSINESS**  
Director of Performance Excellence at Don Chalmers Ford

“My commitment to Baldrige began over 25 years ago while employed at Honeywell, which was using the Baldrige Framework at the corporate level. I became active with Quality New Mexico and over the last 25 years helped over a dozen companies utilize the Baldrige Framework to improve stakeholder satisfaction and engagement. In 2001, I moved to Don Chalmers Ford to help them achieve performance excellence in an industry not known for disciplined approaches. Don Chalmers Ford is now a leader in customer satisfaction, engagement, and loyalty. Its vision is focused on solid systems and processes to ensure organizational sustainability. Using the Framework, Don Chalmers Ford survived the recession of 2008 and the passing of our founder, Don Chalmers, in 2014, to achieve performance excellence and earn the Malcolm Baldrige National Quality Award in 2016.”



## **DR. JOHN DREYZEHNER • GOVERNMENT**

**Commissioner of Health for the State of Tennessee**

“Very simply we are committed to performance excellence and continuous improvement. The Baldrige Excellence Framework has proven to be an incredibly valuable tool, helping us deepen the integration of our mission, vision, and values with everything we do. The Framework holds it all together. As a public health agency whose mission is to protect, promote, and improve the health and prosperity of people in Tennessee, our work is never finished, but we are using the Baldrige Framework every day to help us make our state a better, more prosperous, and healthier place. We call our approach “The TDH Way.” Through The TDH Way we serve our customers more effectively and efficiently, making cycles of improvement part of our culture with over three hundred rapid improvement events to date, all while working towards our ultimate goal of preventing disease and injury before they can happen.”



## **BENNIE FOWLER • BUSINESS**

**CEO, Bennie Fowler LLC, and former Group Vice President, Global Quality and New Product Launch, Ford Motor Company**

“The Baldrige Excellence Framework provides a systematic approach to improving workforce capability, agility, and capacity to improve market, quality and financial performance. It has been my pleasure to serve with members of the Board of Overseers and to work with dedicated and professional judges and assessors, many who volunteer many unpaid hours to keep American industries strong.”



## **JULIA GABALDON • NONPROFIT**

**Founding President and CEO (retired) of Quality New Mexico**

“My work with the Baldrige community and Quality New Mexico over 24 years allowed me to connect with passionate and brilliant people across the United States who make a positive difference in people’s lives every single day. My Baldrige journey continues; it is my patriotic duty!”

Upon retiring from Quality New Mexico, Ms. Gabaldon was honored by Tom Udall, U.S. Senator from New Mexico, with a stirring “Senate Tribute” in the Congressional Record of July 11, 2017.





**KATIE RAWLS • NONPROFIT**  
**President and CEO of**  
**the Tennessee Center for**  
**Performance Excellence**

“Driving organizational excellence in my state is the best job I’ve ever had. I work every day with smart people who are committed to helping our schools, hospitals, businesses, and government agencies. Together we show organizations how to run in an engaged, efficient manner that makes a real difference in people’s lives.”

“Our approach looks simple at first: We ask “How do we know?” and “How can we do it better?” Within those two questions, the Baldrige Excellence Framework reveals its depth, and organizations begin to understand where to focus their resources. Nevertheless, I find myself applying Baldrige principles to every facet of my life—learning to stand on my head, to hosting family Thanksgivings. Baldrige isn’t easy, but it works—and it matters!”



**BRENT RUBEN • EDUCATION**  
**Distinguished Professor**  
**of Communication, School**  
**of Communication and**  
**Information, Rutgers-New**  
**Brunswick, and University**  
**Executive Director, Center for**  
**Organizational Development**  
**and Leadership**

“The Baldrige model has been an important impetus for much reflection, assessment, and improvement in higher education. Over the past 25 years, with the assistance of colleagues from Rutgers University and other institutions, we have developed the Excellence in Higher Education (EHE) model, which blends the language, culture, and assessment traditions of higher education with the Baldrige framework in a manner that enhances its accessibility and perceived applicability. The EHE model has been implemented in various ways within more than 50 units at Rutgers, and by another 50 institutions nationally and internationally, offering encouraging evidence as to the continuing value of the Baldrige approach for advancing excellence across colleges and universities of all types.”



# The Dr. Curt Reimann Baldrige Scholarship

The Dr. Curt Reimann Baldrige Scholarship also premiered in 2018. The brainchild of long-time Baldrige examiner and consultant Lori Kirkland, the scholarship honors the foundational work accomplished by Dr. Curt Reimann.

“The Reimann Scholarship recognizes a man who truly was present at the creation of Baldrige. I am talking about Dr. Curt Reimann,” said Baldrige Foundation Board Chair George Benson. “Curt was the deputy director of the National Bureau of Standards National Measurement Laboratory when Congress created the Malcolm Baldrige National Quality Award in 1987, and became the first director of the Baldrige Program. He was tasked with designing the Baldrige award and the award program, but more significantly, with developing the criteria by which organizations would be measured to determine their worthiness for national role-model status. Curt is responsible for many of the innovations that made the Baldrige Framework the pre-eminent guide to leadership, quality, and performance excellence for the last three decades.”

“The Reimann Scholarship looks to the future,” said Foundation President and CEO Al Faber. “Each year two graduate students or recent graduates will be afforded the opportunity to attend Baldrige Examiner Training. Through the Dr. Curt Reimann Baldrige Scholarship, recipients can learn about and ultimately integrate the concepts of the Baldrige Excellence Framework throughout their various career paths, creating the next generation of Baldrige professionals.”

The 2018 Dr. Curt Reimann Baldrige Scholarship recipients are Suzanne Collins and Jennifer Mackay-LaBrecque.

Suzanne is pursuing a Doctorate of Business Administration at Walden University and has been participating in the consulting capstone, serving as a scholar-consultant to a nonprofit organization, evaluating the organization using the Baldrige Framework. She also holds an MBA in Information Systems from Old Dominion University (2002) and has



The 2018 Dr. Curt Reimann Baldrige Scholarship recipients are Suzanne Collins (second from left) and Jennifer Mackay-LaBrecque (second from right), shown here with Foundation Board Chair George Benson (left), Dr. Curt Reimann (center), and Foundation President and CEO Al Faber (right).

been an Information Technology Manager with Plasser American Corporation since 2008.

Jennifer graduated from Northeastern University with a Doctorate of Pharmacy in 2006, and earned a Masters of Healthcare Administration from the University of Cincinnati in 2017. She is currently the Clinical Coordinator (Pharmacy) at Beverly Hospital in Beverly, Massachusetts. She was introduced to the Baldrige Excellence Framework at the University of Cincinnati, and is planning to apply the deeper understanding of Baldrige to reorganize and refine her department.



Lori Kirkland is recognized during the awards luncheon for her efforts to establish the Dr. Curt Reimann Baldrige Scholarship.

# What Provides Clarity

by Harry Hertz, Baldrige Performance Excellence Program, National Institute of Standards and Technology

I am reminded of the old Abbott and Costello routine, “Who’s on First.” In the routine, “who’s on first” is a declarative statement, not a question: Who is the name of the first baseman. In the same vein, in my title for this blog what provides clarity is a declarative statement, not a question. Let me explain.

I recently read a book review (<https://www.qualitydigest.com/inside/management-article/book-review-clarity-first-031918.html>) by Mike Richman of the book, *Clarity First*, by Karen Martin. The thesis of the book is that clarity of purpose, priorities, process, performance, and problem solving are the foundation of exceptional organizational performance. Without this clarity there is ambiguity in the organization. And ambiguity leads to employee disengagement and frustration, dissatisfied customers, poor or no goal setting, and inefficient and ineffective operations. While ambiguity causes problems, it can also cause an inappropriate level of comfort when there is fear of change rather than an environment that embraces change. Clarity provides focus for desired or needed change and establishes the basis for making change happen.

## Role of the “What” Questions

The review and the content of the book reminded me of the importance and role of the “what” questions in the Baldrige Criteria process items. *What provides clarity.* While most process-related questions begin with the word “how” and seek process details, a few begin with the word “what” and seek context-setting information. This context provides the clarity to guide organizational priorities, processes, change management, and employee, supplier, and stakeholder involvement. In addition to “what” questions in the basic organizational description contained in the Organizational Profile, some of those “what” questions are:

- What are your key strategic opportunities?
- What are your key work systems (the mechanisms for accomplishing the work of the organization)?
- What are your organization’s key strategic objectives and timetable for achieving them?

- What are your key workforce plans to support your short- and longer-term strategic objectives and action plans?

The answers to these questions provide the organizational clarity that allows the organization to make progress, allows the organization to successfully execute change processes, allows the people of the organization to see how they can contribute to its future, and therefore allows the organization to strive toward its vision.

## Evaluating the “What” Question Responses

How do you evaluate the responses to these what questions? Both organizations using the Criteria and Baldrige examiners assessing an application from an organization should use the answers to these questions to look for organizational alignment and integration. Do the answers provide clarity or ambiguity? Do the answers present a holistic image of the organization’s priorities and direction or do they represent misalignment and a picture of a chaotic organization? Furthermore, do the answers to the “How” process questions align with the priorities and directions set in the answers to the “What” questions?

All the process specificity in the world is meaningless if the processes do not align with priorities and direction. Take for example the photographic film industry. All the processes for making exceptional black and white film did not help meet the challenges of the digital revolution. Companies that saw the opportunities in digital photography set strategic objectives to be at the forefront and had people plans that would give them the skills to embrace digital transformation. Those companies survived the chaos that plagued the companies that kept their focus on making outstanding and ever-improving film products.

## Answering the “What” Questions in Your Organization

How well does your organization answer the “What” questions? If well, how well do you align your processes to the answers to the “what” questions? Is there clarity in your organization?





# Stellar Solutions: Reaching for the Stars with Baldrige

by Celeste Volz Ford  
Founder and Board Chair, Stellar Solutions, Inc.

Stellar Solutions is solving the complex issues organizations face today, from national security and space exploration to the transformative impact of integrated technology on society. I founded this small Silicon Valley-based global aerospace systems engineering business in 1995 to be “Built to Last.”

Stellar’s internal strategic processes and practices are shaped to adapt to the external environment and to fulfill a core vision: satisfying critical customer needs while realizing employee dream jobs. Not driven by growth or size, we have a cadre of over 200 “stars” who are safeguarding communities, enhancing human knowledge, improving lives and society, and paving the way to the Moon and Mars. Each of the five points of the Stellar Solutions “star” represents a vital program area of corporate focus: Intelligence, Civil, Defense, Commercial, and International. Stellar partners with international sister companies for global aerospace solutions, maintains a foundation for community-based charities, and operates a humanitarian research and development program called QuakeFinder.

From our start as a small business, Stellar’s management approach has been shaped to avoid common leadership mistakes, such as becoming a single point of failure or fostering an overly bureaucratic organization. I have always valued an independent and nimble leadership team that is proactive, collaborative, and diligent in making decisions, defining goals, and enforcing accountability. After nearly a decade of business growth and an impressive track record, in 2004, our leadership felt the need to “sharpen the tools,” maintain success systemically, protect “the recipe,” and strive for the next level of performance.

We researched and evaluated known models for a successful, well-run business, ultimately choosing the Baldrige system, which transcended standard

business execution checklists and conformity. The Baldrige Framework was deemed the right path, and our expectations were high because it focuses on accountability, encourages unique organizations to tailor and define priorities, and emphasizes continuous improvement that is key to ensuring that processes and offerings remain competitive for long-term success.

“Refining and optimizing the 16 business processes that Stellar identified through the Baldrige Framework has reduced overhead, increased profitability, and enhanced the quality and timeliness of products and services both internally and externally.”

Upon adopting the Baldrige Framework, our team understood from the outset that the journey itself was one of the most important aspects of this excellent program. Stellar accomplished a series of milestones over successive years, including establishing improved metrics and benchmarks. I recall that the Baldrige Framework was quickly and seamlessly constituted due to foundational similarities with Stellar’s DNA, as is evident in our operational philosophy, culture, and vision. One area that seemed elusive at first was finding relevant benchmark data, but we began engaging Baldrige-winning organizations for advice. As a whole, Stellar fully embraced a template that required involvement and dedication, adequate communication of internal processes, and commitment to an enduring organizational shift.

Although the initial focus was not to win an award or undergo an external review, we decided that an independent perspective would be a beneficial part of this process. And as an unexpected bonus, external evaluators from the California Award for Performance

Excellence (CAPE) selected Stellar for a Bronze medal in 2008 and for the Silver medal in 2010.

In 2011, Stellar's substantial progress continued with Baldrige. We instituted a quarterly process review with the leadership team to complement the monthly Convergence meeting where metrics were discussed and acted upon for continuous improvement. A Vice President of Business Operations was appointed in 2012 to better integrate administrative activities, and a new strategic business area (Defense Support & Cyber) was added in 2013. The following year we received the first of several annual Great Place to Work Awards.

Stellar Solutions received the prestigious Malcolm Baldrige National Quality Award in 2017. The Baldrige Framework devotes an entire category to customers, and Stellar's recognition of customers as fundamental stakeholders has strengthened our Baldrige experience and achievement. This legacy of effective customer interaction is the result of ongoing monitoring that is built into the Stellar business process. The annual survey to customers indicates that 99 percent are satisfied with Stellar personnel and services, that Stellar is satisfying a critical program need, and that they would recommend Stellar to others.

When announced as a winner, we received significant favorable attention from customers and partners, as many found value in their association with a well-regarded and high-performing organization. This has helped us stand out in a large sea of government contractors. At least one of Stellar's current clients included elements of the Baldrige process as part of the evaluation criteria for a federal business opportunity, which was a factor in winning this large and growing prime government contract.

The Company's "stellar" results have continued: employee retention remains high because our strategic plan is tied to employee bonus plans, connecting company goals with inputs from empowered individuals. Stellar's annual survey of employees indicates that 97 percent believe they



*Many members of the Stellar Solutions team attended the 2018 Quest for Excellence® conference and the Baldrige Award ceremony. Here they are with their well-earned Baldrige Award.*

are satisfying a customer critical need, 96 percent would recommend Stellar Solutions to others, and 98 percent say Stellar Solutions is a great place to work.

Stellar's approach to the workforce facilitates the acquisition and retention of top talent that contributes to annual growth. We have experienced a compound annual growth rate of 20 percent since our inception, with a focus on "scaling smartly." In addition, Stellar culture has been impacted by Baldrige success through improved employee morale and increased internal credibility for the improved business processes. Refining and optimizing the 16 business processes that Stellar identified through the Baldrige Framework has reduced overhead, increased profitability, and enhanced the quality and timeliness of products and services both internally and externally.

To leverage these recent accomplishments, I restructured the Company by transitioning to Board Chair in 2018, with the Chief Operating Officer becoming CEO. Succession planning is part of the Baldrige Framework and continues to help Stellar move to the next phase. Approaching our 25th anniversary, Stellar is committed to the long-term goal of continual transformation as a world-class organization. As shown above, Baldrige's impact on Stellar's bottom line has been both invaluable and directly quantifiable. Baldrige has met and exceeded our expectations and continues to serve as a great internal communication tool and framework for the future. And for 2019, the journey continues!



# The Baldrige Performance Excellence Program in 2018

by Bob Fangmeyer  
Director, Baldrige Performance Excellence Program

**A**lthough there is a great deal to share about the Baldrige Program in 2018, I must start with the most significant event: six years after being eliminated, federal funding was restored to the program! I want to thank the Baldrige Foundation, the Alliance for Performance Excellence, NIST, and the extended Baldrige community for its support of, promotion of, and engagement with the program and its mission. I also thank the members of the Baldrige Program staff for their tireless devotion to our customers, volunteers, partners, and one another during a very difficult time. It is truly a privilege to be part of this community, which is so passionate about promoting excellence, sharing best practices, and helping others improve.

As anyone familiar with Baldrige knows, few are as passionate about excellence as our award recipients, and our 2017 recipients—Adventist Health Castle, Bristol Tennessee Essential Services, City of Fort Collins, Southcentral Foundation, and Stellar Solutions—were celebrated during the 30th

Annual Quest for Excellence Conference. And thanks to the efforts of our 363 volunteer examiners and judges, we were thrilled to add five more outstanding organizations to the list of role models in 2018: Alamo Colleges District, Donor Alliance, Integrated Project Management Company, Memorial Hospital and Health Care Center, and Tri County Tech. These organizations and their leaders embody the Baldrige core values and are committed to learning, sharing, and helping others improve.

The highly regarded Baldrige Executive Fellows Program also hit a major milestone in 2018: the number of Fellows broke the 100 mark. To date, 112 executives have participated in the program, learning from award-recipient leaders and one another in a year-long program that emphasizes the roles, responsibilities, and behaviors of leadership, the Baldrige Excellence Framework, and completion of a strategically important capstone project.

The year 2018 was also notable for progress in a number of strategic initiatives and process improvements.

## AWARD PROCESS REDESIGN

This redesign is intended to streamline the process, reduce cycle time, optimize examiner resources, enhance value for applicants, and protect the integrity of the process. In 2018 we moved beyond focus groups, stakeholder surveys, and webinars to a pilot of proposed modifications. Ongoing feedback, real-time process improvements, and a very positive response from the pilot examiners and applicant organization have brought us to the point of sharing the proposed modifications with the Alliance for Performance Excellence. Additional pilots early in 2019 will identify opportunities for improvement before a final decision on the proposed changes.



Baldrige Performance Excellence Program Director Bob Fangmeyer kicking off the Judges Panel recognition event at the 29th Quest for Excellence.



## COMMUNITIES OF EXCELLENCE

This initiative is one of the most exciting things to happen in the Baldrige community in recent years. Imagine the potential impact of a Baldrige-based framework and assessment process that pulls together the entire ecosystem of a community (business, education, government, health care, and nonprofits) to create an integrated community leadership system with a clear vision; shared goals, objectives, and resources; coordinated action plans; and shared ownership of key results. Our partnership with Communities of Excellence 2026 is injecting new energy and excitement across the Baldrige community, introducing Baldrige to an entirely new audience, and helping community leaders improve their residents' quality of life. In 2018, the Baldrige Board of Overseers put its weight behind not only our partnership, but also the proposal to expand the Baldrige Award to include a "Community" category by 2023.

## WORKFORCE EXCELLENCE

In July, a presidential Executive Order established the President's National Council for the American Worker. One task mandated by the order is to develop a plan for "recognizing companies that demonstrate excellence in workplace education, training, and retraining policies and investments, in order to galvanize industries to identify and adopt best practices, innovate their workplace policies,

and invest in their workforces." BPEP is working with a task group consisting of participants from the Department of Commerce, the Department of Labor, and the White House to develop criteria and an assessment process for the proposed recognition.

Of course, there are always rainy days that remind us to enjoy the sun, and this year the Baldrige community lost loved ones, saw members devastated by the California wildfires, and saw dear friends depart or retire. But resilience is an important part of excellence, and as has been proven over the past 30 years, Baldrige will change and evolve, but its purpose and promise will always attract those passionate about improving the quality of life in our organizations, our communities, the nation, and the world.



Jacqueline Calhoun retired from the Baldrige Performance Excellence Program, capping over four decades of public service. Thank you for your commitment and your charm. You will be missed.



The staff of the Baldrige Performance Excellence Program at the Malcolm Baldrige National Quality Award ceremony, honoring the 2017 role-model organizations, April 8, 2018.

# Translations Aimed at Removing Barriers for Spanish Speakers

by Dawn Bailey, Baldrige Performance Excellence Program  
National Institute of Standards and Technology



María Díaz

“Why couldn’t [the Baldrige Excellence Builder] be in Spanish to make it easier for Spanish-speaking people and businesses?” asked María Díaz, who has a specific interest in helping small Spanish-speaking businesses use the Baldrige Criteria.

Díaz began her own translation, and, as a courtesy, she shared it with the Baldrige Program for public posting. A translation of the Baldrige Excellence Builder (Creador de Excelencia Baldrige: Preguntas Claves para Mejorar el Desempeño de la Organización) and Organizational Profile (Perfil Organizacional) can now be found on the Baldrige website.

## Why Spanish?

“I see that each business that is involved with Spanish speakers could take benefits from this translation,” Díaz said. “For example, American companies could teach Latin American partners what they need from them in their own language. The Baldrige Program has some terminology that sometimes is difficult to translate into Spanish to be understood. One example: we were so confused to understand what exactly the Baldrige Program was looking for regarding key business factors. [When I served as a Baldrige] examiner, [I knew that] key business factors were things very important for the business I was assessing. At the plant [where I was working], the people in charge identified monthly metrics as key business factors, and I was always

confused on that until I learned by myself that what they were calling key business factors were key business indicators.”

Díaz said she learned about the Baldrige Program through Eaton Corporation where she worked as an IT manager. In 2001, she became an examiner for the company’s internal Baldrige-based program. After retiring in 2013, Díaz said she became very interested in Baldrige-based small business training in Puerto Rico, but the training was only for companies with at least 100 employees.

“At that moment, I took the decision to take care of the companies or businesses with less than 100 employees,” she said. “I thought and decided that this type of business, small and medium, should take advantage of the Baldrige [resources] as well. It took me a while to define what I wanted to do, because I didn’t know how to do it. And then, thinking on my own experience, one of the bigger problems I had when I met the Baldrige Program for the first time, was that it was in English.”

## Baldrige Benefits

Díaz echoes what most Baldrige supporters already know:

“The Baldrige [framework] is good to everyone in English or Spanish or in any other language.”

She adds, “It is a methodology to do things right, and each person who has or considers a new business wants to do things right but not always has a full guide. . . . When [your business is] organized and standardized, you will find out easily what needs to be improved, and





Laptop displays the first page of the Baldrige Excellence Builder translation.

also it will allow you to take care on how to get more business, instead [of always] troubleshooting what is going on, losing time and money.”

Spanish-speaking businesses in Puerto Rico or any other area of the United States contribute to the nation’s success, she said. “A business is a live entity, which has a structure,” adds Díaz, “If you do something wrong in one side or part of [the business] . . . it will impact everything. It is what is happening or will happen if a great part of the United States—people who speak Spanish—do not know how they are impacting [the U.S. economy]; then the United States may fail to get the expected and desired success as a whole [of all of its businesses].”

Díaz says she hopes to follow her initial Baldrige translations with a free, face-to-face, Spanish seminar on Baldrige.

### **Questions About Translation**

These Spanish translations were freely provided to the Baldrige Program by Maria Díaz to be made available on the BPEP website for any Spanish speakers interested in using the Baldrige Excellence Framework and Criteria to help their businesses or other organizations. If you have a question about the translation, please contact the translator directly.



# Baldrige Economic Impact: #BaldrigeForGrowth

The Malcolm Baldrige National Quality Award was born of the quality crisis in American manufacturing in the 1970s and 1980s. Manufacturers in Germany, Japan, South Korea, and others of America's competitors had gained market share due to their reputations for high-quality products. American manufacturing was slipping.

Many of America's competitors had also developed quality award systems and prizes, like the Deming Prize in Japan. Within the Secretary Mac Baldrige Department of Commerce and elsewhere, people began to consider whether such a solution could also work for American businesses.

It was widely believed that American companies needed to refocus on quality. Following the death of Secretary Baldrige in 1987, there was a new Congressional impetus behind some proposals along this line that had stalled in Congress.

The Malcolm Baldrige National Quality Award emerged from the broad consensus among policymakers to recognize the late Secretary and continue his work. It would be the prize that would motivate companies to undertake the Baldrige challenge and refocus on quality.

*"The Baldrige Criteria challenged us to become leaders by any measure, and we succeeded—seeing productivity, customer loyalty, employee engagement, and financial returns. This award sets the standard for U.S. organizations, driving innovation and economic competitiveness." – Sam Liang, CEO and President, MEDRAD, Inc.*

While the prize may motivate some organizations to begin their Baldrige journey, it has become apparent over 30-plus years of experience with the Baldrige Excellence Framework that the true payoff comes from the journey. The leaders of virtually every Baldrige Award recipient organization say that very same thing, that it is the improvement in performance from undertaking the Baldrige journey that is the real prize.



*"The economic environment is difficult for Cargill Corn Milling, as it is difficult for many manufacturing companies today. But the reality is that by utilizing the processes and tools that we've learned from Baldrige, we're able to not only meet these challenges but actually excel in them. The Baldrige Criteria teach us how to put processes in place that allow us to actualize the things that are most important in driving our business success." – Alan Willits, President, Cargill Corn Milling*

Assessing the economic impact of the Baldrige Performance Excellence Program over 30 years means that assessing the improvements in profits, reductions in costs, enhancement of customer and employee satisfaction, higher levels of employment, and other benefits achieved by the Baldrige Award recipients. But that assessment will yield only a small percentage of the total value generated for the American economy. Such an assessment will fail to capture the gains achieved by the hundreds of organizations on the journey that have not yet, or may never, win a Baldrige Award or one of the state-level Baldrige-based awards.

The total value generated by the Baldrige ecosystem derives from three distinct sources. The first and most obvious is the actual process and performance changes of the organizations employing the Baldrige Framework. Over the years, BPEP has collected data from the Baldrige Award recipient organizations, and their gains are impressive. The Bureau of Economic Analysis and Labor Statistics report that organizations that have twice won the Baldrige Award demonstrate a stunning 86 percent increase in median revenue growth in the period between winning their awards; job growth at 55.5 percent, over 10 times greater than

matched industries which recorded 4.56 percent job growth in the same period; and growth in the number of business sites of 84 percent.

The second source of value is the performance excellence multiplier of the Baldrige Award. One of the commitments made by Baldrige Award recipient organizations is that they will share their best practices and serve as role models for other organizations. George Benson, Chair of the Baldrige Foundation Board of Directors, explained that impact in his introduction to the Baldrige Award ceremony in 2016.

“The purpose of the awards we present today is not just to reward these top-performing organizations. From the beginning, the Baldrige Criteria and the Baldrige Awards were designed to trigger transformational chain reactions that would yield a stronger, more competitive economy and a better quality of life for the people of this country.”

“In simple terms, these organizations used the Baldrige Criteria to assess repeatedly their performance and deploy improvements until they achieved role-model status. Then we, in our own organizations, learn from them and repeatedly assess and improve our performance. That, in turn, motivates our competitors, our collaborators, our suppliers, and our customers to improve their performances, and so forth.”

“A very crucial step in that chain reaction is the identification of role models, living and breathing organizations that we can relate to, can communicate with, and therefore can learn from.”

“We’ve always had a passion for customer satisfaction, continuous improvement, our industry, and our way of life. But Baldrige helps us serve customers better than we ever imagined. We are truly thankful for this gift of Baldrige to America.” – Matt Fleming, President, MidwayUSA

The third source of value is the vast army of highly trained volunteers that donate thousands of hours of consulting and teaching to organizations on the Baldrige journey. These are the examiners and judges for the Baldrige Performance Excellence Program at the national level and for the state and local Baldrige-based programs. The estimate of the cash-value equivalent for management consulting by the volunteer Baldrige

examiners in 2018 was more than \$37 million. There have been some efforts to quantify the total economic impact of the Baldrige Program. U.S. Secretary of Commerce Wilber Ross said in April 2017, that the Baldrige public-private partnership generates \$1 billion each year in economic impact. In 2011, economists Albert Link of the University of North Carolina at Greensboro and John Scott at Dartmouth College, calculated that the benefit-to-cost ratio of the Baldrige Performance Excellence Program was 820 to one—that is, each dollar invested to keep BPEP operational results in \$820 of economic benefit. And remember, those assessments are only looking at part of the picture.

“I cannot think of a better way to verify the sustainability of a business model than using the [Malcolm Baldrige National Quality Award] process to confirm that your founding business principles continue to be the foundation upon which you grow.”  
– Michael Luker, President, Cargill Kitchen Solutions (formerly Sunny Fresh Foods, Inc.)

Some of the specific company-level improvements driven by Baldrige include the following:

- Lockheed Martin Missiles and Fire Control realized cost savings of \$225 million annually through process and performance improvement programs driven by its Baldrige assessment, and attained a leading market share and sustained growth in the four years leading to its receipt of the Baldrige Award in 2012.
- MEDRAD, a business of Bayer HealthCare, achieved revenue increases from \$120 million in 1997 to \$625 million in 2009.
- Since 1999, Sunny Fresh Foods (now Cargill Kitchen Solutions) experienced rapid growth: three plants grew to five, revenue increased 93 percent, and Sunny Fresh became a net exporter of talent to its parent company.
- At Honeywell Federal Manufacturing & Technologies, customer satisfaction exceeded 95 percent, and customer product quality and reliability reached 99.9 percent for traditional customers, and 99 percent for non-traditional customers.
- The Bama Companies, Inc., increased sales by 72 percent and grew revenue from \$123 to \$211 from 1999 to 2004.

The evidence proves that Baldrige is America’s best investment. #BaldrigeForGrowth.



# Baldrige Small Business Impact: #BaldrigeGrowsSmallBusiness



When Congress established the Malcolm Baldrige National Quality Award in 1987, it identified three sectors in which an organization could apply for the Award: Manufacturing, Service, and Small Business.

“I’m a car guy [who] believes in the Baldrige framework. I speak car, not Baldrige. If we can do this, anyone can. We are a testament to the Baldrige framework capacity to provide organizational sustainability and success.” – Gary Housley, President and Dealer Principal, Don Chalmers Ford

In keeping with the initial intent to challenge foreign competitors, the first award recipients in 1988 and 1989 were American giants with names like Motorola, Westinghouse, and Xerox. But among those Goliaths, in that very first year, was a David

called Globe Metallurgical, Inc. (now Globe Specialty Metals, Inc.).

Globe Metallurgical had just 210 employees in two locations in Ohio and Alabama. With sales just under \$100 million in 1987, serving about 300 customers, it fit neatly into the Small Business sector, with room to spare!

Through the current award cycle, 29 of the Baldrige Award recipients have been in the Small Business sector, accounting for nearly 24 percent of all awardees, proving that the Baldrige Excellence Framework is scalable to virtually any size organization.

That Baldrige works for small business is not inconsequential. Small businesses comprise the vast majority of the U.S. economy. U.S. Census Bureau data



in 2014 showed that there was a total of 5.83 million employer firms in the United States, meaning firms that had employees in addition to a single owner-proprietor. Companies with fewer than 500 workers accounted for 99.7 percent of those businesses. If you were to narrow the definition of “small business” to mean those with fewer than 20 workers, the category still accounts for a whopping 89.4 percent of all U.S. firms.

“I have always envisioned Stellar Solutions to be a company that is built to last. And if you ask how we can ensure that we are built to last, I would say the answer is Baldrige.” – Celeste Volz Ford, Founder and Board Chair, Stellar Solutions, Inc.

It is not just raw numbers of businesses that underscores their importance, but also the economic activity generated by American small businesses. A 2012 report from the Small Business Administration’s Office of Advocacy found that small businesses produced 46 percent of private, nonfarm Gross Domestic Product. From 1992 through 2013, small businesses generated 63.3 percent of net new jobs in the United States, and by 2015, small businesses employed almost 59 million people or 47.5 percent of the private workforce.

“We were searching for a path to improve our business, but what we discovered was so much more. It’s not about the award. It’s about how this process benefits our clients. Our improvements have strengthened our relationships with our clients and allow us to deliver better service and value. Is it worth the years of hard work and effort? Unquestionably YES. We have seen our profits increase, employee satisfaction go up, and we have achieved sustainable, managed growth.” – Robert Pence, President and CEO, Freese and Nichols Inc.

There have been some efforts to quantify the total economic impact of the Baldrige Enterprise. U.S. Secretary of Commerce Wilber Ross said in April 2017, that the Baldrige public-private partnership generates \$1 billion each year in economic impact. In 2011, economists Albert Link of the University of North Carolina at Greensboro and John Scott at Dartmouth College, calculated that the benefit-to-cost ratio of the Baldrige Performance Excellence Program was 820 to one. Much of that growth is generated by small businesses on the Baldrige journey.

“MESA had the opportunity to make ourselves a better organization by using the Baldrige Criteria. Every person at MESA prepared by learning and working to improve the way we do business. Baldrige gave us a business management model.”  
– Terry May, president, MESA Products, Inc.

The evidence also shows how small businesses improve as they pursue excellence through Baldrige. Some of the specific company-level improvements driven by Baldrige include the following:

- Stellar Solutions has seen revenue grow from a rate of 1.18 percent in 2013 to 6.81 percent in 2016. Such growth has occurred despite the constraints in government funding being identified as a key business challenge for the organization.
- Don Chalmers Ford’s total sales volume increased from \$109 million in 2012 to \$126 million in 2015. Total dealership gross profit increased by 13 percent during the same period, with the percentage of gross profit growth in 2015 exceeding Ford’s national benchmark level by 8.4 percent.
- Momentum Group has invested in process upgrades that have reduced sample production time by 50 percent and improved sample yield per yard by 20 percent.
- From 2006 to 2012, MESA more than doubled in size, demonstrating a growth rate during this period that exceeded that of its closest competitor by almost 40 percent.
- MESA increased its profitability as a percentage of its revenue from 5 percent to more than 10 percent from 2006 to 2012.
- Freese and Nichols achieved revenue growth between 12 and 16 percent over the four years leading to its 2010 Baldrige Award, exceeding the industry benchmark by 10 percentage points in 2009.

“Baldrige is the key to winning results and world-class excellence.” – Ken Schiller, Co-Owner and Co-Founder, K&N Management

The evidence proves that Baldrige is America’s best investment for organizations of all size.  
#BaldrigeGrowsSmallBusiness.

# The Promise of the Baldrige Framework for Nursing Home Excellence

by Christine Schaefer, Baldrige Performance Excellence Program  
National Institute of Standards and Technology



*Photo courtesy of Kindred Nursing and Rehabilitation Center–Mountain Valley (now Mountain Valley of Cascadia), 2016 Malcolm Baldrige National Quality Award Recipient, Health Care sector.*

I have spent a significant amount of time as an adult visiting people in nursing homes (also known as long-term and post-acute care facilities, or nursing care centers). The practice started when I was in college and joined a student-run volunteer program. I was first paired with a blind, wheelchair-bound resident of a nursing care center. At 96, she was still an avid reader, so I mainly spent our visits reading poetry aloud to her and facilitating her use of audio books. Over the following decade in other cities and counties, I continued to provide occasional company for lonely, usually elderly residents in similar facilities as a community volunteer. Eventually, my dog became my more-popular partner for many of those visits.

After a hiatus in such volunteer work for a few years while I juggled the demands of growing children and my career, I resumed visiting senior citizens in nursing care centers about five years ago. By then, the residents I came to see were my own mother-in-law, followed by my father. At that time, I appreciated from personal experience the favorable impact of the Baldrige Excellence Framework (which includes the Health Care Criteria for Performance Excellence) in promoting excellence in U.S. nursing care centers.

These days, I have another elderly family member to visit in such a place. She's an aunt of mine who doesn't have children but has always had me. She first

entered a “rehabilitation and health” center to recover from surgery after an injurious fall. Her condition continues to require a level of care beyond what we can provide in her previous home. Although I visit her regularly to support her needs—including that of knowing she has a family advocate no matter where she lives or whether her health further declines—I have reason to believe she would receive good care regardless of my monitoring. Besides other quality indicators I’ve observed first-hand or checked online in publicly reported data, her facility has earned recognition in the Baldrige-based, continuous-improvement program of the American Health Care Association (AHCA)/National Center for Assisted Living (NCAL).

The AHCA/NCAL award program belongs to the nonprofit Alliance for Performance Excellence—a nationwide network of state, regional, and sector-specific Baldrige-based award programs and a key partner of the federal Baldrige Performance Excellence Program. Using the Baldrige Health Criteria for Performance Excellence as the basis for organizational assessments, the AHCA/NCAL program offers three tiers of recognition annually for participating organizations that provide long-term and post-acute care services in the United States. Those progressive award levels are Bronze (“Commitment to Quality”), Silver (“Achievement in Quality”), and Gold (“Excellence in Quality”).

Since 2004, 38 organizations throughout the United States have earned the third level of recognition in the AHCA/NCAL award program. They include four 2018 Gold Award recipients that were announced in early August. The four are:

- Holly Heights Nursing Center, Denver, Colorado
- Comer Health and Rehabilitation, Comer, Georgia
- Sunrise of Gurnee, Gurnee, Illinois
- Maine Veterans Home – Machias, Machias, Maine

Each is now eligible for five years to apply for the Baldrige Award—the nation’s highest and only Presidential honor for organizational excellence in U.S. business, nonprofit, health care, and education sectors alike.

Two years ago, Kindred Nursing and Rehabilitation—Mountain Valley (now Mountain Valley of Cascadia)

became the first Gold Award recipient in AHCA/NCAL’s National Quality Award program to proceed to earn a Baldrige Award. To reach that high performance level, the 68-bed, skilled-nursing facility in Kellogg, Idaho, used Baldrige Health Care Criteria-related feedback from the AHCA/NCAL and Baldrige Award programs to help it determine key strengths to leverage and prioritize opportunities to improve.

The 2016 Baldrige Award recipient’s strengths as a national role model include creating and maintaining an organizational culture of safety, empowerment, innovation, excellence, and “no fear.” With that culture in place, the organization has been able to better address industry-wide challenges such as high staff turnover and a shortage of candidates for registered nurse (RN) and licensed practical nurse (LPN) jobs. (It meets the hiring challenge in part through a “grow-your-own” strategy that supports training for LPNs to become RNs, for nursing aides to become LPNs, and even for some housekeeping staff members to become nursing aides.)

Given our nation’s growing population of senior citizens, a greater number of Americans than ever before are likely to become residents of skilled-nursing facilities in coming years and decades. They can rest assured that those organizations already must meet many regulatory requirements promoting the health and safety of their short-term (post-acute-care/rehabilitation) and longer-term (nursing care) patients and other residents. But for the greater well-being and satisfaction of such customers—and the employees who serve them, too—who would not want organizations that provide nursing care and homes for incapacitated people to meet criteria that go beyond regulatory compliance to demonstrate excellence across all care-giving and operational processes?

I have personally spent enough time as a regular visitor in such organizations (10 different facilities in two states!) to understand how a focus on achieving comprehensive, customer-focused excellence at these sites could make a positive difference in the lives of people who live, work, and otherwise see themselves as stakeholders in them. As someone in the latter group, I salute the four new 2018 Gold Award recipients of the AHCA/NCAL award program—and wish them well as they continue their journeys of excellence.



# Baldrige Impact in Health Care: #BaldrigeSavesLives



Meegale was diagnosed with keratoconus, a disease that thins the cornea and causes significant visual impairment. In March 2010, he received a vision-saving corneal transplant. With his sight restored, Meegale can now live a happy, healthy life and watch his young children grow. Utilizing the Baldrige criteria for performance excellence, Mid-America Transplant has refined its processes to identify potential donors and recover corneas for transplant. This continual improvement has allowed Mid-America Transplant, a 2015 Malcom Baldrige National Quality Award recipient, to eliminate the local waiting list for corneas and provide better quality corneas for transplants.

**#BaldrigeSavesLives**

**H**ealth care organizations became eligible for the Malcolm Baldrige National Quality Award after Congress expanded the scope of the award in 1998. SSM Health Care, headquartered in St. Louis, Missouri, became the first health care organization to receive the award. That was in 2000.

Since then, a total of 25 health care organizations have received the Award. Hundreds more have been recognized for their role-model performance in their respective state-based programs and nationwide through a number of Baldrige-based health care

quality award programs. It has been estimated that over 65 percent of hospitals and health care systems employ some form of a Baldrige-based performance excellence management system.

“The healthcare industry has increasingly relied on the Baldrige Criteria as a key means to improve patient care and organizational performance. As we navigate healthcare’s changing landscape the Baldrige Framework will continue to be a vital resource.” – Deborah J. Bowen, President and CEO, American College of Healthcare Executives

Baldrige is adaptable and applicable in many different settings, including across the health care spectrum. Each hospital, hospital system, or long-term care facility has its own unique set of needs and goals, determined in part by location, demographics, and a variety of other factors.

“We continue to look for ways to seize our opportunities for improvement. We continue these things because this journey has been more than fruitful. It’s been life-saving. Though a vast majority of our patients will never realize it, the care they receive is more effective, more efficient, more empathic because of the Baldrige Framework.” – Kathy Raethel, President, Adventist Health Castle

Whether an organization is involved in ambulatory service, health maintenance, long-term care, or another health care service, the Baldrige Excellence Framework is a valuable tool for measuring performance and leading organizations of all sizes and levels of complexity in an uncertain environment.

The Baldrige Framework is such a powerful leadership and management tool for health care organizations that the President’s Council of Advisors on Science and Technology recommended that the Department of Commerce and the Department of Health and Human Services build on the Baldrige Award to help bring down the cost and improve the quality of health care across the United States.

We now have more than 15 years of experience with Baldrige in the health care sector, and there is overwhelming evidence that Baldrige makes a significant, positive impact on the provision of quality health care.

The improvements reported by the individual award-winning organizations are impressive, spanning patient morbidity and mortality outcomes, to cost and process efficiencies, to medical, support staff, and patient and family satisfaction. Some of the life-saving improvements in clinical outcomes include:

- Adventist Health Castle has met or surpassed top-quartile levels—improving its performance by 12 percent from 2014 to 2016—on composite measures of patient safety, evidence-based care,

and mortality related to its clinical care processes.

- Advocate Good Samaritan Hospital’s risk-adjusted mortality decreased from 0.73 in 2004 to 0.25 in 2010.
- Memorial Hermann Sugar Land ranks among the top 10 percent of hospitals nationally for its performance on measures of emergency center arrival-to-discharge time, compliance with regulations to reduce medication errors, bed turnaround times, radiology and laboratory result turnaround times, and the use of computerized physician order entry. The hospital’s readmission rates for patients treated for acute myocardial infarction, congestive heart failure, and pneumonia were lower than those of hospitals nationwide, according to data from the Centers for Medicare and Medicaid Services (CMS).
- According to the Institute for Healthcare Improvement, Henry Ford Health System’s evidence-based global harm campaign is a national best practice. From 2008 through 2011, the campaign led to a 31 percent reduction in harm events.
- Schneck Medical Center has maintained rates of hospital-acquired infections at or below 1 percent since 2008, and no patient has acquired ventilator-associated pneumonia since 2009.
- AtlantiCare Regional Medical Center achieved Centers for Medicare and Medicaid Services top 10 percent performance in 2008 for patient care measures related to congestive heart failure, acute myocardial infarction, and pneumonia.

“In my heart, I believe that because we applied the Baldrige Criteria, there are people alive today who would not have been had we not been so committed to the Baldrige process.” – Rulon Stacey, Former CEO, Poudre Valley Health System

More than the year-over-year performance improvement of health care organizations as they pursue their Baldrige journey, broader studies comparing Baldrige-based health care organizations with peer organizations that have not adopted the Baldrige Framework, show that Baldrige organizations significantly outperform their non-Baldrige peers.

According to Thomson Reuters, hospitals using the Baldrige Criteria were six times more likely to be in





the top 100 hospitals and outperformed non-Baldrige hospitals in:

- Risk-adjusted mortality index
- Risk-adjusted complications index
- Patient safety index
- CMS core measures score
- Severity-adjusted average length of stay
- Adjusted operating profit margin

A study by Ronald Schulingkamp and John Latham compared Baldrige Award-winning hospitals with non-Baldrige hospitals across 39 process of care, patient satisfaction, and outcomes of care metrics,

“The Charleston Area Medical Center Health System is a better organization today because we made the choice to use the Baldrige Criteria as a guiding framework for quality improvement. This performance improvement framework helps us to achieve our mission of ‘striving to provide the best healthcare to every patient every day.’” – Dr. Glenn Crotty, Jr., Executive Vice President and Chief Operating Officer, Charleston Area Medical Center

“I retired at the end of 2009, after 25 years as CEO of Heartland Health, with the knowledge and belief that any organization that adopts and implements fully the Baldrige Framework as its management model will ultimately rise to levels of performance excellence exceeding all their expectations.” – Lowell Kruse, Former CEO, Heartland Health

and concluded that, “Although not all measures were statistically significant, Baldrige Award recipient hospitals had higher mean values representing higher performance than non-Baldrige Award recipient hospitals in 37 of the 39 (95 percent) study measures.”

Substantial data from case studies and comparative analyses shows that health care organizations improve their performance by adopting the Baldrige Excellence Framework for Health Care, and that they become significantly better performers than peer organizations that have not adopted Baldrige. The data prove that #BaldrigeSavesLives.

Sisters Abbi and Kate were born with a rare genetic disorder that leads to liver and kidney dysfunction. The girls each needed double-organ transplants to survive. With a need for matching livers and kidneys, the wait was long. Finally, in 2013, Kate received her transplants, and Abbi’s surgery followed eight months later.

Today, the sisters are happy, healthy, and inspired to spend their lives helping others, Abbi as a transplant coordinator and Kate as a dialysis nurse.

A 2015 Malcolm Baldrige National Quality Award recipient, Mid-America Transplant coordinated the recovery of donated organs for these sisters.

Following the Baldrige Criteria since 2000, Mid-America Transplant has doubled the number of lifesaving organs available for transplant in its service area.

#BaldrigeSavesLives



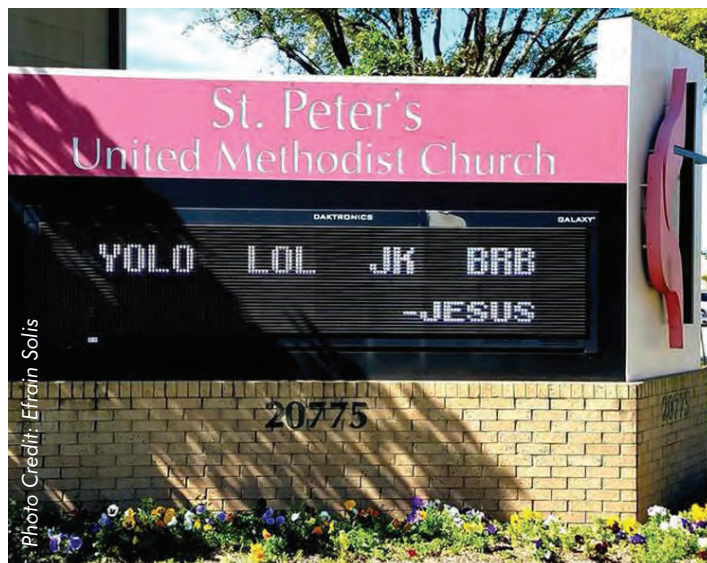


# “In God We Trust—and to Improve Our Impact, We Use the Baldrige Framework”

by Christine Schaefer, Baldrige Performance Excellence Program  
National Institute of Standards and Technology

## **A Baldrige Examiner Brings the Framework to a Faith-Based Organization**

The Baldrige Performance Excellence Program stresses that the Baldrige Criteria for Performance Excellence can be used by organizations in any sector and of any size to promote continuous improvement and success. As we’ve shared stories of business, education, health care, and various nonprofit organizations that have found the framework beneficial, we’ve also received several requests for information on using the Baldrige Excellence Framework in faith-based organizations in particular. So I was pleased to hear about an example this year from a former Baldrige examiner who was willing to share the details widely.



A message board outside the St. Peter's United Methodist Church before Easter in 2018. (Note for readers not familiar with the social media acronyms in the message: YOLO = You Only Live Once; LOL = Laughing Out Loud; JK = Just Kidding; BRB = Be Right Back.)

The story emerged in Baldrige examiner training this spring: Efrain Solis—senior project manager at 2016 Baldrige Award-winning Memorial Hermann Sugar Land Hospital (MHSL) in Texas—mentioned that beyond his paid work, he had been helping his pastor use the Baldrige framework to optimize church operations. Solis might be called a model Baldrige “ambassador”—as he generously and enthusiastically lends his expertise in organizational performance improvement for the benefit of others. (His personal aim is “to positively affect the lives of a billion people.”)

In the following interview, Solis describes how his church began using the Baldrige framework—starting with conversations between Solis and the lead pastor—to strengthen the organization’s everyday approaches to achieving its faith-based mission.

***Tell us how you got started in helping a religious organization use the Baldrige Excellence Framework.***

Solis: Shortly after [MHSL] received the 2016 Baldrige Award, I was asked by my lead pastor at Saint Peter’s United Methodist Church (SPUMC) in Katy, Texas, to take a lay leader role in the church council. I agreed to the two-year commitment, which involved assisting with guidance and governance of church outreach efforts and impact. After spending some time in the position, I saw an opportunity to contribute in a different way: I saw that the Baldrige framework could assist us with listening to the voice of the congregation [see the “voice of the customer” in category 3 of the Baldrige Criteria] in order to better align various efforts to what truly matters to SPUMC, that is, connecting the world with God’s love.

SPUMC Lead Pastor Pat Sparks: Efrain saw a need that we had and offered his expertise to help us move toward being a healthier church and to focus on our mission, vision, and values.

***How did you persuade people in the organization of the value of using the Baldrige framework?***

Solis: I wouldn't say I persuaded but, rather, I demonstrated the value and let them decide for themselves. While I mentioned the Baldrige framework as a guide, I didn't and still don't use the word "Baldrige" in any of my efforts with SPUMC. I use the Criteria questions in a targeted way while considering [the Baldrige organizational evaluation factors] Approach, Deployment, Learning, Integration (ADLI). Although I reference processes that I know to be best practices at MHSL and other organizations, the value proposition to the leadership of the church is simply the structured approach to success resting on the foundation of the organization's mission, vision, and values. The focus is on obtainable strategies that can take SPUMC where it needs to go. I think it's a beautiful thing to see a fundamentally proven process for organizational improvement working in a faith-based environment.

Sparks: When Efrain explained how he thought this process would be helpful to me and to St. Peter's, I immediately accepted his offer to help us.

***Tell us how you structured and proceeded in your work with the organization.***

Solis: Initially I worked with the lead pastor and my counterpart in the lay leadership with some relatively basic self-assessment questions from the Baldrige Excellence Builder [a simpler version of the Baldrige Criteria] to determine the current state of SPUMC (i.e., the level of organizational performance in terms of a maturity model).

Shortly after that, there was a transitional moment where we needed to reflect on the voice of the congregation to better understand people's needs and create an environment for two-way objective feedback between church leaders and congregants. At that point, we decided that I would facilitate focus groups one day a week over four weeks, with some

people connected electronically. Collectively, it took an additional four weeks to aggregate and analyze the input of the 274 participants in this large-scale effort.

I next shared the findings with the leadership and then the congregation at large in order to develop action plans, in the same way that Baldrige practitioners in businesses and other organizations do, focusing on strengths and opportunities for improvement. I even modeled how these might read as comments in a Baldrige feedback report in the format that any examiner would recognize right away. I would offer as a caveat that because faith is a personal journey, people's emotions can sometimes override objectivity when they receive critical feedback. With that in mind, I was quite careful in how I crafted my feedback so that it would not be conflicting and so that it would be actionable in order for the leadership to do something with it.

Sparks: I felt it was helpful for Efrain to focus on the areas that would help us move forward in a positive way and to keep the comments that would sidetrack this effort out of the conversation.

***What do you anticipate will be the benefits for the organization?***

Solis: The short-term benefits of this experience include the creation of an environment where the congregation could share their joys and concerns in a constructive way. The output of this was a well-defined vision statement, new values, quantifiable goals, and a focus on evaluating efforts for their impact.

Sparks: We have seen immediate results from the process, with more focused and energized leaders who are excited to help us live out our mission, vision, and values.

Solis: For the long term, while no one can predict the future, I have faith that our efforts have supported a lasting shift to help future generations enjoy all that SPUMC does. I see goal setting reaching ever-increasing levels of maturity and engagement from the members who are bringing their expertise to their place of worship. I'm naturally optimistic, and I see this place becoming more successful year after year.



The team from Memorial Hermann Sugar Land Hospital celebrating their receipt of the 2016 Baldrige Award, with Efrain Solis (back row, 6th from the right).

Sparks: I truly believe this [Baldrige framework and process] will be a tool for St. Peter's to use as we move into the future. It will be helpful to regularly check in with our members to make sure we are meeting expectations and forming goals that will help us become even more effective.

**Would you please provide a few examples of the progress made by the organization so far?**

Solis: Over the last year, a new value system has been defined, a more focused vision statement has been written, and a myriad of other improvements have started paying dividends for the organization. Those include higher satisfaction among church members and the staff, as well as growth in key market areas. As for my role, I simply try my best to spark conversations based on what I see as opportunities to nurture a strength or make beneficial changes.

**Would you please comment on how you see your role as a "Baldrige ambassador?"**

Solis: I have a relentless passion and sense of purpose for this great program that has given me so much. It's a part of my identity now, that I share with people from all over the country and certain parts of the world. The term "ambassador" is quite fitting in that when you start to advocate for something, you become an agent for the adoption of an idea. That idea, if nurtured and

demystified, can take hold and grow into something extraordinary. I greatly enjoy helping people get on the path to performance excellence.

**What other kinds of organizations in your community (or beyond) would you like to see benefit from using the Baldrige framework?**

Solis: For a little while now, I've been playing with the current Baldrige Criteria to see if I can make versions specifically for use by religious organizations and families.

In my mind, the religious criteria for performance excellence would be a tremendous benefit to all institutions of faith. Since these organizations tend to be the cornerstones of our communities, I see this as an incredible opportunity.

The family criteria would look quite different, though it would be based on the same core principles of the Baldrige Criteria for organizations. I think having a well-defined family mission statement could help families stay together; criteria questions could consider everything from how to stay connected with extended family members to long-term planning of resources and care for all members. Imagining such a Baldrige-based framework for family excellence is exciting to me; I know my own family could benefit from this, among many others.





# Strategy Execution and Sustainability: Using the Baldrige Leadership Model to Overcome Evasive Organizational Changes

by Jennifer Strahan MS, LSSMBB, FACHE  
Chief Operations Officer, SOAR Vision Group



In response to the 2018 Baldrige Health Care CEO Innovation Council held October 18-19, 2018, in Chicago, Illinois, this article serves as an abbreviated version of an upcoming white paper sharing the vital leadership characteristics commonly identified across Malcolm Baldrige National Quality Award health care recipients and how those characteristics are demonstrated in practical, operational behaviors.

## INTRODUCTION

“Health care is a dynamic industry that requires leadership focus,” states Janet Wagner (2015), a hospital CEO whose organization received the Award. Based on the historical patterns of health care spending in the United States, it is no surprise that the conundrum of high costs and poor outcomes continues to plague the United States compared to other high-income nations. The Commonwealth Fund summarizes the U.S. health care industry as spending more on care, covering less lives with insurance, paying more for physician and pharmaceutical services, running more tests, and living shorter lives

compared to other wealthy nations (Papanicolas, Woskie, and Jha 2018).

The competition of the global economy across industries is what led the United States to launch the Malcolm Baldrige National Quality Improvement Act of 1987, in which health care was added in 1998 (“Baldrige Performance Excellence Program: History,” 2010; Garvin, 1991). The prestigious Baldrige Award process evaluates organizational self assessments to identify and recognize role-model organizations through performance accomplishments (“Baldrige Performance Excellence Program: History,” 2010). Given the rigor and standardization of the review and award process, the Baldrige leadership and management principles are widely accepted by both academicians and practitioners (Calhoun, Griffith, & Sinioris, 2007).

When asked what the Baldrige program is, the CEO of a recent Baldrige Award recipient summed it up by saying, “It’s all about results” (Faber, 2018). Studies

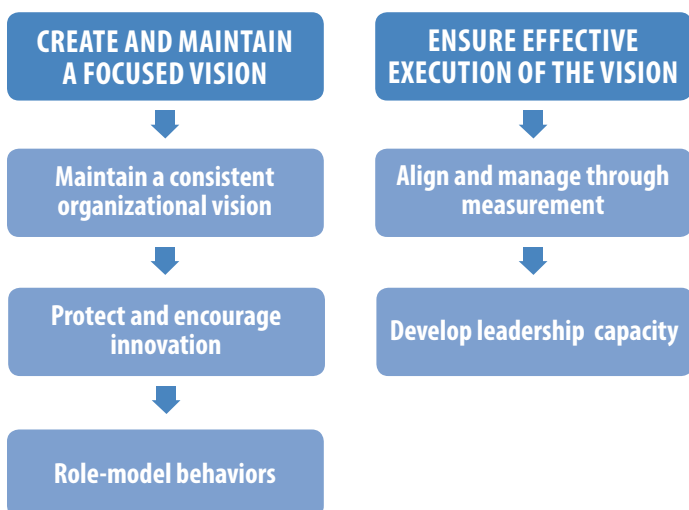
have shown that national Baldrige-based quality award winners both outperform on performance measures and sustain top quartile performance even after winning the award (Goonan & Stoltz, 2004; Griffith, 2017; Hendricks and Singhal, 1997, 2000).

Leadership is a well-studied topic of business given its impression in nearly every domain of an organization. Similar to other high-performing organizations, Baldrige winners see a correlation with basic leadership practices and results (Goonan & Stoltz, 2004). However, there are no specific leadership styles or molds that Baldrige leaders must fit into according to the Baldrige framework, and many executive leaders adopt multiple characteristics from various leadership styles throughout their career and in particular circumstances. Regardless of an individual's personal leadership style, however, there are common characteristics and mechanisms that leaders of high-performing organizations exude. Condensing the key leadership characteristics within various articles from an academic literature review, these characteristics can be whittled down to two key functions: (1) creating and maintaining a focused vision, and (2) ensuring effective execution of that vision.

### CREATE AND MAINTAIN A FOCUSED VISION

Although many aspects can be shared related to creating and maintaining a focused vision, this article will focus on three key leadership characteristics related to the Baldrige framework: (1) maintaining a consistent organizational vision, (2) protecting and encouraging innovation, and (3) role-modeling behaviors.

### KEY LEADERSHIP FUNCTIONS OF BALDRIGE



### MAINTAIN A CONSISTENT ORGANIZATIONAL VISION

Throughout the Baldrige framework, there is a consistent theme regarding leadership's role in creating and maintaining a focused vision. Organizational direction is more than words on paper; actions and communication must clearly support key strategies to be able to stay the course and ensure employees understand their roles in achieving the organization's mission (Wagner, 2015). Ninety-five percent of organizational employees do not understand how their daily tasks relate back to the organization's strategy (Kaplan and Norton, 2005). The disconnect between senior leadership strategy and front-line job function is incredibly common, and it creates large gaps and variation in organizational performance, knowledge, and engagement.

In his book *Great at Work*, Morten Hansen, Ph.D., emphasizes the significance of doing less and obsessing. "The term 'focus' consists of two activities: choosing a few priorities, then dedicating your efforts toward excelling at them" (2018).

As Dr. Hansen shared during the live CEO Innovation Council Roundtable and confirms in his book, "Focus isn't enough; you have to obsess on strategies" (Faber et al, 2018; Hansen, 2018). The most difficult aspect of this is being able to say no to appetizing opportunities that arise yet detract from the core strategy, which is why extremely clear objectives and ruthless prioritization are indispensable (Faber, 2018; Hansen, 2018). Focus is a discipline.

### PROTECT AND ENCOURAGE INNOVATION

Innovation is the second theme identified in creating and maintaining a focused vision for Baldrige winners. Innovation can often be seen as a threat to focus, but if innovation is aligned with that focus, it is a strong catalyst for success. "Innovation is to say 'no' to a thousand things," as Steve Jobs says (Gallo, 2014). During the collaborative Baldrige CEO Innovation Summit, Roger Spoelman, SVP of Strategic and Operations Integration at Trinity Health, reminded attendees that innovation doesn't have to come from an invention (Faber et al, 2018). "People who have wicked problems are the ones innovating," said Spoelman (Faber et al, 2018). The Baldrige Framework focuses significantly on innovation. In fact, six of the seven Baldrige Criteria categories specifically



recognize innovation. Al Faber notes: “The Baldrige way of thinking demands intellectual curiosity” (Faber et al, 2018).

Leadership plays a key role in innovation by ensuring innovation is aligned to strategy, directly engaging with customers or patients, and creating a safe environment for innovation to pilot ideas without consequence of failure (Faber et al, 2018; “Sister Mary Jean Ryan of SSM Health Care in St. Louis Receives Baldrige Foundation’s 2014 Harry S. Hertz Leadership Award,” 2014). Innovation should be tied to value, and the best way to connect with patients is to increase value (Faber et al, 2018). Dr. Hansen shares that if an organization is not eliminating areas of little value, it does not usually have capacity to create new value (Faber et al, 2018).

### ROLE-MODEL BEHAVIORS

Finally, sustainability is driven by the leader, so leaders in Baldrige organizations must exemplify role modeling important behaviors set forth by the company to create and maintain focus (Bailey, 2014; Calhoun et al., 2007; Wagner, 2015). Saying “no” to shiny distractions is a great example of how to role-model behavior. “Consider the multiplier effect from senior leaders and their ‘drive-by’ ideas,” commented Hansen during the event (Faber et al, 2018). Relating this to the practical world, one idea spawned by a senior leader can cause a flurry of tasks for more junior positions, which can easily become distractions if that idea is not connected to the key objectives of the organization. To help one say “no,” Hansen helped put things in perspective: “Craft and order a list of your top ten items, then cross off the bottom seven. Things cannot just be clear for you, but they must be clear for all those around you” (2018). Sticking to the critical few is how one role-models focus.

### ENSURE EFFECTIVE EXECUTION OF THE VISION

Each of the behaviors mentioned above relates to creating and maintaining organizational focus. Connecting that focus to operations is how high-performing Baldrige winners achieve the envisioned goals. Understanding the specific cultures and workflows of any high-performing organization can be valuable by itself, but there are two distinct functions that Baldrige winners consistently share: (1) aligning and managing through measurement, and (2) developing leadership capacity.

### ALIGN AND MANAGE THROUGH MEASUREMENT

A resounding theme by Baldrige winners is the significance of not only measuring key data points, but also incentivizing the right behaviors through the selection, transparency, and accountability of those metrics. Health care is known for being data-rich yet, ironically, information-poor. Said plainly, health care organizations collect significant amounts of data through their electronic medical record (EMR) systems and other data sources, yet hospitals struggle with accessing, prioritizing, and believing the data.

A core value of the Baldrige Excellence Framework is management by fact (Program, 2017). Goonan and Stoltz (2014) relate the importance of measurement to a body’s central nervous system rapidly conveying high-quality and timely data to keep the organization running and improving. To accomplish this, organizations must have data that is meaningful and readily available for leaders (Blazey and Grizzell, 2017; Goonan & Stoltz, 2004; Griffith, 2017). Once the right metrics are identified, effective cascading scorecards can make those metrics visible to all layers of staff (Calhoun et al., 2007; Griffith, 2017; Latham, 2013). This connection is important because performance goals by themselves do not create change (Wagner, 2015). Accountability of goals is what spawns action and innovation.

### DEVELOP LEADERSHIP CAPACITY

Clearly articulated goals and accountability of those goals directly supports leader development. Various winning organizations emphasize how the Baldrige journey further developed their leadership team (Calhoun et al., 2007; Goonan & Stoltz, 2004; Wagner, 2015). A significant value of effective leadership development is the translation into succession planning and leadership literacy (Wagner, 2015). Setting strong goals and then implementing mechanisms to achieve those goals (via transparent scorecards, leadership rounding, allocated time to innovate and improve performance, etc.) enables personal development, increasing staff capabilities and organizational development, and driving improvements for comparative data (Calhoun et al., 2007; Goonan & Stoltz, 2004). When done correctly, good leadership development allows organizations to differentiate between high performers and effective leaders.



Leadership capacity is also directly relevant to board capacity. Without a supportive and accountable board, creating and maintaining a focused vision becomes a challenge, as does executing on that vision. CEO Richard Hastings once commented, “When administrators and boards have a shared vision, strategy can be ignited” (as cited in Calhoun et al., 2007).

## PRACTICAL APPLICATION TO LEADERS

“The journey towards excellence is far more important than the award itself” (Latham, 2013). The most important value is the learning within the organization (Blazey and Grizzell, 2017). Leadership plays a pivotal role in organizations striving towards a Baldrige journey or Baldrige Award. After reviewing many literary sources and participating in the Baldrige Foundation’s Health Care Innovation Council, this paper recognized two essential themes for leaders to integrate into their daily practice for success.

- 1) Create and maintain a focused vision. This channeled focus is necessary for key strategies and priorities, performance expectations, and organizational standards. Additionally, innovation must be protected, encouraged, and aligned to support the focused vision. Furthermore, leaders must be pillared role models leading the charge towards their vision.
- 2) Ensure effective execution of the focused vision. Execution requires instilling a structured operating model that engages leaders across all levels of the organization. Winning organizations maintain attention by aligning and managing through measurement, as well as developing leadership capacity through team member, leader, and board-level professional development and succession planning.

A current opportunity exists to expand the Baldrige approach in more organizations. The criteria can sometimes be seen as complicated or labor-intensive. However, when applied correctly, the Baldrige Excellence Framework does not add more work to organizations; rather it reallocates time to the most important things, supports teams in achieving success, and shows the team’s efforts through organizational results. This journey cannot be about an award. As Wagner eloquently states in her article, “Success exists at a moment in time, and sustaining that success requires continued focus and a willingness to continue to learn, integrate new knowledge, and evolve” (Wagner, 2015).

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# Baldrige Impact in Education: #BaldrigeTransformsLives



Congress expanded the scope of the Malcolm Baldrige National Quality Award in 1998 to include the education sector. In 2001, three organizations became the first to receive a Baldrige Award in the education sector: the Chugach School District in Anchorage, Alaska; Pearl River School District in Pearl River, New York; and the University of Wisconsin-Stout (UW-Stout).

The data show that the benefits of improved performance associated with Baldrige begin to accrue long before an organization wins a National Quality Award, or even if they never become award recipients. Many of these organizations, like UW-Stout, continue to lead and manage by the Baldrige principles, and they continue to enjoy the benefits of performance excellence.

The adaptability of the Baldrige Framework is evident in the education sector as a wide variety of

organizations have used Baldrige to achieve success. To date, a total of 13 education organizations have received the Baldrige Award. Of those, eight are K-12 schools or school systems and five are in higher education, demonstrating that Baldrige can be scaled to many different-sized organizations. The school systems are from all parts of the country and are of different sizes with widely varying student demographics. Baldrige works in all of these varied circumstances.

*“We have dedicated ourselves to being systematic in the use of the Baldrige continuous improvement process, and we have seen student achievement go up in ways that we never thought imaginable. We’ve become more efficient and more effective. And these successes aren’t just figures and statistics; they do change lives. And in the process, we’ve become an innovative force in education.” – JoAnn Sternke, Superintendent, Pewaukee School District*

The true power of Baldrige for education is its focus on the systems level. Jeffrey Lucas, former Deputy Director of BPEP, makes the argument that many of the performance measurement systems used in education focus on student achievement data to the exclusion of measuring things that could truly innovate education to the betterment of students. “While the improvement of student learning must remain at the core of what education systems are about, achievement data alone are not sufficient to drive the types of performance improvements required and do not acknowledge that schools and districts are in fact complex systems.”

“America’s economic future—the health of our children and our grandchildren, the defense of those American values that we support—is dependent upon all kids in every neighborhood, urban or rural. We are committed to that, and Baldrige has helped us on our journey.” Mary Searcy Bixby, Founder, President, and CEO, Charter School of San Diego

The importance of this thinking becomes apparent when one examines the experience of Baldrige Award-winning school systems. Schools, administrators, and teachers are balancing multiple, often competing factors, that leave schools with inadequate resources, teachers with not enough time, and students with difficulty focusing on learning. As a systems-level tool, Baldrige can help school systems align their processes and smooth over many of those seemingly conflicting factors.

With its focus on the student, teachers, staff, and families as the customers, Baldrige also helps school systems recognize where frustrations may rise and satisfaction be diminished. Baldrige helps schools spend their limited resources and time on the things that really make a difference, which is why the data show that Baldrige schools improve education and change the lives of their students and families, often without any increase in budgets.

- Charter School of San Diego (CSSD) serves an at-risk student population with students on average 2-3 grade levels behind their peers in language arts and 3-4 grade levels in math achievement. Yet CSSD’s dropout rate of 2.4 percent outperformed the county-wide rate of 2.7 percent in 2013 and 3.1 percent in 2014.
- CSSD maintained overall student and parent satisfaction levels of close to 100 percent for 2010-2015.

- Despite having one of the most rigorous graduation requirements in the state, Pewaukee School District achieved a 97.4 percent graduation rate in 2013 and had a higher rate in 2009-2012 than any other county district.
- Montgomery County Public Schools (MCPS) achieved the highest graduation rate of any large school district in the nation in 2008 and 2009.
- MCPS narrowed the achievement gap between Caucasian and African American students by 13 percentage points from 2006 to 2010.
- Iredell-Statesville Schools improved its academic composite ranking from 55th to 9th in North Carolina, increased its graduation rate from 61 percent to 81 percent (11th in the state), achieved higher average SAT scores than the average score in peer districts, the state as a whole, and for the nation, while remaining 107th out of 115 school districts in North Carolina in expenditures per pupil.
- The dropout rate for Jenks Public Schools dropped from 6.3 percent in 1994 to 1.2 percent in 2004.

“It is a privilege to accept the Baldrige Award on behalf of Monfort College’s faculty, staff, students, alumni, and friends. We are here because of their continued commitment to performance excellence and investment in the approach of viewing yesterday’s performance as an opportunity for a better tomorrow.” – Joe F. Alexander, Dean, Kenneth W. Monfort College of Business

In higher education:

- The number of students completing the core curriculum at Richland College, preparing them to transfer to a four-year institution, more than tripled from 2002 to 2005.
- Student performance on nationally administered exit exams at Kenneth W. Monfort School of Business exceeded the national average and reached the top 10 percent in 2003-2004.
- From 1996 to 2001, the job placement rate for graduates of the University of Wisconsin-Stout was at or above 98 percent.

All of these colleges, schools, and school districts achieved these dramatic improvements while managing stagnant budgets and cuts in education funding. This is clear evidence that #BaldrigeTransformsLives.



# PC = PM + P<sup>2</sup>D

by Harry Hertz, Baldrige Performance Excellence Program, National Institute of Standards and Technology



## Summer 2018

I have always been troubled by the term *performance management* (PM) but for years had not really taken the time to explore why it troubled me. Recently, I took the time; I started my exploration by reviewing the related content in the Baldrige Criteria for Performance Excellence (particularly the organizational assessment questions at 5.2a[4] within the 2017-2018 Baldrige Excellence Framework booklets). After some additional reading on performance management, I realized that my concern stemmed from the dual nature of this question in the Baldrige Criteria (that mirrors our general approach to performance management): “How does your workforce performance management system support high performance and workforce engagement?” I also noted that the bulleted Criteria requirements associated with this question all deal with accomplishing the work of the organization, and none relate to the engagement of employees from the perspective of their personal development, a major motivator of engagement. Furthermore, as I read related literature, I saw that most references make the

assumption that employees’ understanding of their role and contribution with respect to the work of the organization is the main driver of their engagement. I eventually concluded that we really need to talk about a *performance culture* (PC) that is achieved through *performance management* (PM) and *personal performance development* (P<sup>2</sup>D):  $PC = PM + P^2D!$

That’s it; my insight for the season in one paragraph. However, I didn’t get to this insight quickly, so I will share some of the background. I will start with some history; then share some definitions from the literature, data about performance, and comments on today’s realities; and finally speculate a bit about the future.

## History

In the April 2015 issue of *Harvard Business Review*, Marcus Buckingham and Ashley Goodall ask the profound question, “Is performance management at root more about ‘management’ or about ‘performance’?” In other words, is it about measuring the performance of your people today, or might

it be better to measure their potential to improve performance tomorrow? The latter benefits the organization and the person, particularly if the employee is developing in an area of personal interest or strength. A win-win outcome!

History tells us performance management leans heavily toward the “management” dimension. According to Peter Cappelli and Anna Tavis in their October 2016 article in *Harvard Business Review* (<https://hbr.org/2016/10/the-performance-management-revolution>), performance management began over 70 years ago at the time of World War II when the U.S. Army devised a system for forced ranking of enlisted soldiers to determine those with potential to become officers. In the 1940s, about 60 percent of U.S. companies were using appraisals to document workers’ performance and allocate rewards. We were all about managing worker performance, and we rewarded good performance with financial benefits. In the 1980s, Jack Welch became famous for the forced ranking of General Electric employees under his leadership, which rewarded top performers, accepted those ranked as middle performers, and got rid of the bottom performers (every year). I believe this notoriety and process is at the crux of where many organizations got “stuck” in workforce performance management. Sure, not all organizations took an approach as Machiavellian as GE, but the concept was golden.

“I eventually concluded that we really need to talk about a *performance culture* (PC) that is achieved through *performance management* (PM) and *personal performance development* (P<sup>2</sup>D):  $PC = PM + P^2D!$ ”

In the 1990s, McKinsey’s “War for Talent” study revealed a shortage of capable executives and emphasized the importance of assessing and rewarding performance. By the early 2000s, organizations were using performance appraisals (note the subtle conflation with performance management) mainly to hold employees accountable and as a basis for rewarding good performers. An estimated 60 percent of Fortune 500 companies had adopted forced-ranking systems for employees.

By 2005, organizations were becoming flatter, meaning that supervisors had to rate many more employees. In 2005, a few years after Jack Welch left GE, the company realized that the forced ranking of employees fostered severe internal competition and “sabotaged” teamwork and collaboration. Also by 2005, money for employee salary increases and bonuses was tight. Many employees hated the performance appraisal system, which usually focused on a backward-looking review of performance and emphasized shortcomings and opportunities to improve based on that past performance. Furthermore, many supervisors hated doing the reviews, and a CEB study (<https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/performance-reviews-are-dead.aspx>) reported that the average manager spent 210 hours a year (more than five work-weeks) doing performance reviews.

With the groundswell of dissatisfaction and a changing landscape, organizations began to realize that a change was needed and that cascading goals from the top down and annually measuring individual employee performance on that basis were no longer ideal. Furthermore, team-based work conflicted with individual performance appraisals. In 2011, Adobe led U.S. organizations in departing from annual reviews as it moved to provide more frequent project reviews and individual feedback for its employees. In the same year, Kelly Services was the first professional services firm to do the same.

According to Cappelli and Tavis, three reasons were driving this shift to more frequent reviews: the importance of teamwork, the need for agility, and a tightened labor market that led organizations to include personal development as a component of performance management.

### Some Definitions

Why is there so much confusion about performance management and employee engagement? Let’s look at some definitions. The basic definition of *performance management* is simply articulated in an article by PeopleStreme (<https://www.peoplestreme.com/what-is-performance-management>) as “an ongoing process for establishing a shared workforce understanding about what is to be achieved at an organizational level.” The article states that employee performance management is

about aligning organizational objectives with the employees' agreed-to measures, skills, competencies, delivery of results, and their development plans. The employee engagement piece comes at the very end as almost an afterthought in discussing performance management.

In a SHRM Viewpoint article (<https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/viewpoint-a-new-way-of-looking-at-performance-management.aspx>), Amber Lloyd defines *performance development* as "feedback on how to grow in the organization, opportunities to play a key role, and learning both internal and external to the organization." She states that the best place to start is by developing leaders who are then able to engage, develop, and ultimately retain employees. Lloyd also states that organizations need to build a performance management process that aligns with organizational culture. They need an HR strategy that supports that organization's culture and its overarching business strategy. Employees want to visualize their career path, and managers need to consider developing their employees rather than just giving them feedback.

While learning is a key component of this description of performance development, it is still an organization-centric view. Although this is vital to the organization (and employee), I don't think it fully values the employee. Hence my choice to add the "personal" touch to *personal performance development* (P<sup>2</sup>D) to give weight to the development that fully engages the employee.

The result of these considerations is what I choose to call a *performance culture*. I define this as "an organizational culture and bias toward realizing organizational goals through clear involvement and goal-setting participation by the workforce, achieved through engaging work assignments, opportunities, and personal learning to reach the next level of organizational and personal performance."

This dual focus on PM and P<sup>2</sup>D to achieve a performance culture is, I believe, the key to attracting and retaining a high-performance workforce in a time of declining unemployment, increasing demand for skilled employees, and the need for organizational agility. The goal is improved organizational performance and fully engaged

(hands, heart, and intellect) employees. Let me share some data to bolster this dual focus.

### Data about Performance

In a recent Gallup European survey (<https://www.gallup.com/workplace/235709/future-work-performance-download.aspx#ite-235463>), employees were asked if they believe they have opportunities to learn and grow within their current company. In Germany, 33 percent of survey respondents strongly agreed and 60 percent either agreed or strongly agreed that they have such opportunities. That was the high-water mark. In the United Kingdom, only 14 percent strongly agreed and 32 percent agreed or strongly agreed. The survey also found that two-thirds of the employees are potentially looking to leave their current company—not a good indicator for organizational performance or employee growth and development.

In a 2017 Gallup report by Bryant Ott (<https://news.gallup.com/opinion/gallup/220478/why-performance-development-wins-workplace.aspx>), employees were asked what they need from their managers. Their responses revealed they need four things:

- Job clarity and priorities
- Ongoing feedback and communication
- Accountability
- Opportunities to learn and grow

All four of these employee requirements should be addressed as part of creating a performance culture. But the survey results related to these requirements are disappointing:

- Only 30 percent of employees strongly agreed they were involved in goal setting.
- Only 27 percent strongly agreed that they receive feedback that helps them do a better job.
- Only 19 percent strongly agreed they talked to their manager about reaching their goals.
- Only 40 percent strongly agreed that their manager holds them accountable for their performance goals.
- Only 22 percent strongly agreed that their performance is managed in a way that motivates them.

Employees who strongly agree that they are held accountable for their performance goals are 2.5 times more likely to be engaged. Employees who strongly agree that their manager has talked to them





in the last six months about reaching their goals are 3.5 times more likely to be engaged.

In addition, in a recent article on how to create a more effective performance management program, Chris Lennon reports that two-thirds of companies are shifting from traditional performance management to an emphasis on developing employees and providing continuous feedback. This change stems from an Institute for Corporate Productivity study (<https://www.i4cp.com/productivity-blog/2-3-of-companies-are-reengineering-performance-management>) that found that 67 percent of 244 companies surveyed were rethinking their performance management practices, driven largely by (1) feedback from employees (59 percent); (2) a mandate from the C-suite (47 percent); and (3) a need for improved business results (47 percent).

### **Today's Realities**

Employees don't start their careers wanting to fail. Organizations want to be successful in their marketplace. In a June 2018 *Government Executive* blog (<https://www.govexec.com/excellence/promising-practices/2018/06/better-training-essential-performance-management/148743/>), Howard Risher reports that all the identified "best places to work" provide a positive, challenging work environment where people are willing to commit to surprisingly high levels of performance. At these places, everyone needs and benefits from ongoing training. Reports on millennials show training is a priority in their job searches.

Organizations today need employees who are versatile and who can continually upgrade their work skills. High-performing organizations address this need by meeting employees' rising expectations for career-relevant learning and development, according to Gallup.

### **The Future: PC = PM + P<sup>2</sup>D**

Let's consider again the question posed by Buckingham and Goodall above:

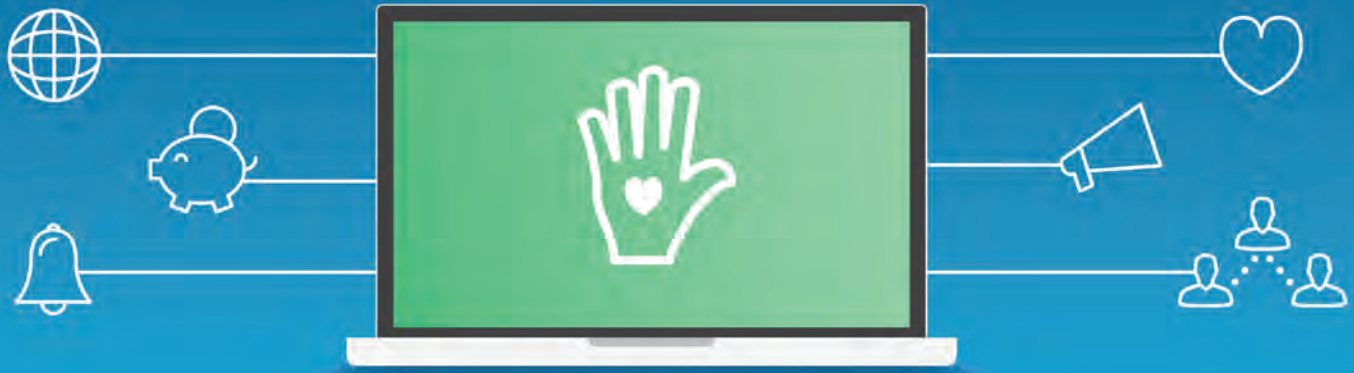
Is *performance management* at root more about "management" or "performance?"

Here is the question I believe we now should be asking (and that organizations need to be addressing in their processes):

Is an equal mix of *performance management* (that benefits organizational performance) and employee personal development (that benefits employee engagement and enrichment) the root of a *performance culture* that can sustain organizations in the 21st century?

Finally, how should we reward employee performance in this new environment? I would suggest that future rewards be based on a combination of organizational, team, and individual performance, built on a culture of learning for all. If you are part of an organization that is already using a process that reflects this concept, please let me know. I would be eager to write about it in a future blog!

# Fundraising for the Future



The mission of the Baldrige Foundation is to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program (BPEP), and to support organizational performance excellence in the United States and throughout the world.

At its inception, the Baldrige Program was conceived as a partnership between public and private interests. The Baldrige Performance Excellence Program within NIST at the Department of Commerce was the public partner, and the Baldrige Foundation was authorized to help raise private dollars to continue the operation of that public enterprise. From the beginning, BPEP has been funded by a combination of public and private dollars.

Until 2011, that is, when Congress decided to strip the appropriated dollars from BPEP, and the Foundation committee its endowment for continued funding. Since fiscal year 2012, the Baldrige Foundation has provided more than \$22 million to continue BPEP operations and the Malcom Baldrige National Quality Award.

In late 2014, new Foundation President and CEO Al Faber and the Board of Directors set new strategic priorities, key of which was a two-pronged approach

to securing the financial future of BPEP. We refer to the first prong as “Advocacy.”

The goal of the Foundation’s advocacy efforts is to have Congress continue to appropriate public dollars to support BPEP. After years of efforts to educate key members of the House and Senate, we achieved an appropriation of \$2.2 million in FY 2018. With the conclusion of the budget deal in February, we also secured \$2.2 million for FY 2019. We continue to work with Congress and the administration to institutionalize the public portion of the BPEP operating budget.

“The long-term growth model will require us to garner support from non-Baldrige organizations and impress upon them the value of Baldrige to themselves and to the country.”

Having achieved considerable success on the first prong, it is now time to focus on the second prong: fundraising.

In 2019, the Foundation is focused on cultivating and expanding its relationships with current partners and

supporters. The last several years have seen significant inroads made with a number of private-sector partners that are beginning to pay significant financial benefits. As an example, the Foundation has increased its goal for Quest sponsorships each of the last three years, and this past year began assisting the Alliance with sponsorship efforts for the Fall conference, securing 85 percent of its sponsorship revenue.

Many of our current supporters and sponsors are on their own Baldrige journeys, so they already have an understanding of, and a commitment to, Baldrige and the community. In addition to cementing these relationships, the long-term growth model will require us to garner support from non-Baldrige organizations and impress upon them the value of Baldrige to themselves and to the country.

The Baldrige Foundation is uniquely positioned to promote and support Baldrige. In doing so, we must engage organizations in different ways than ever before. The world of fundraising in 2019 and beyond brings exciting new opportunities to strengthen existing partnerships and forge new ones. This will allow us to be an additional asset for organizations across the country as we support their success and growth using the Baldrige Framework. Support from the Baldrige community runs deep. Adding to that support and growing the reach of Baldrige is a primary goal in everything the Baldrige Foundation does.

Throughout the rest of 2019 and beyond, the Baldrige Foundation is focusing on sustaining and growing the current success while beginning to implement new opportunities for financial sustainability. Strategic partnerships that add value to the Baldrige program and community are a top priority. A number of different programs and tools are in the development stage. This is complex work that takes time to research, organize, and structure, and we hope to begin rolling out some of these programs over the next few months.

The Foundation is working hard each day to fulfill its mission and secure the future of BPEP. We look forward to the challenges ahead and to the commitment of the Baldrige community, coming together to re-forged the Baldrige public-private partnership for another 30 years.

## Baldrige Foundation Adds Executive Director for Corporate Development

On December 17, 2018, Josh Racette joined the Baldrige Foundation as the Executive Director of Corporate Development. Josh was previously with the March of Dimes where he led the partnership and fundraising efforts in the Midwest region. Specifically, he helped to oversee local and statewide events averaging more than a million dollars of development revenue annually.

Josh will play an integral role relating to future development planning and execution of the foundation mission. His focus will be the Baldrige Foundation corporate relationships and partnership opportunities.

Josh lives in Columbus, Ohio, with his wife, Leslie. Leslie and Josh have three children: Collin (8), Carter (6) and Layna (2).







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For donations of record between January 1, 2018, and December 31, 2018.

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By keeping Baldrige vibrant and growing, your donation:

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- Makes businesses more competitive and protect American jobs
- Makes digital systems more secure

- Makes communities function more effectively to address the needs of all people

For those people whose lives are longer, healthier, and more full of opportunity because of Baldrige, thank you for supporting the Baldrige Foundation.







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