

Baldrige Excellence Framework

Proven leadership and management practices for high performance

Baldrige Performance Excellence Program | 2020

Manufacturing Leaders on the Criteria

- The Baldrige Criteria challenged us to become leaders by any measure, and we succeeded—seeing productivity, customer loyalty, employee engagement, and financial returns.
- Samuel Liang, president/CEO, two-time Baldrige Award winner MEDRAD, Inc.
- The Baldrige opportunity . . . was a way for us to get a very disciplined, external perspective, an examination of our business, of how we manage our business. . . . That's a very valuable thing.
- Patrick McGinnis, president/CEO, Baldrige Award winner Nestlé Purina PetCare Americas



Manufacturing Leaders on the Criteria continued

It amazes me that U.S. businesses spend so much money on “how to” books and coursework to teach leaders how to build successful organizations.

My recommendation: implement the Baldrige-based Criteria into your business. **No other single document can help build a long-term successful organization.**

—Jerry R. Rose,
Former Corporate Vice President, Cargill Inc.



Service Industry Leaders on the Criteria

We continuously improve... not because of me or anyone here. It's because we work the Criteria. **If we use the Criteria, sooner or later we will beat our competition.** . . . The whole Criteria unequivocally works.

—Horst Schulze, former president and COO, two-time Baldrige Award winner Ritz-Carlton Hotel Company, L.L.C.

When you look at the Baldrige Criteria, what a great road map to say **if you can do the things in all these categories and do them well, you're going to be a well-run company.**

*—Robert F. Pence, president and CEO,
Baldrige Award winner Freese and Nichols, Inc.*



Small Business Leaders on the Criteria

MidwayUSA has benefited tremendously from the Baldrige Criteria:
Our sales are up over 20% per year over the last five years. Our profits are up over 40% Customer satisfaction at 93% is at an all-time high. Employee satisfaction at 82% is at an all-time high.

—Larry Potterfield, CEO, Baldrige Award winner MidwayUSA

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 testimony to the Baldrige framework [’s capacity] to **provide organizational sustainability and success.**

*—Gary Housley, President and Dealer Principal,
Baldrige Award winner Don Chalmers Ford*



Nonprofit/Government Leaders on the Criteria

People ask, “Why Baldrige?” My answer is very simple:

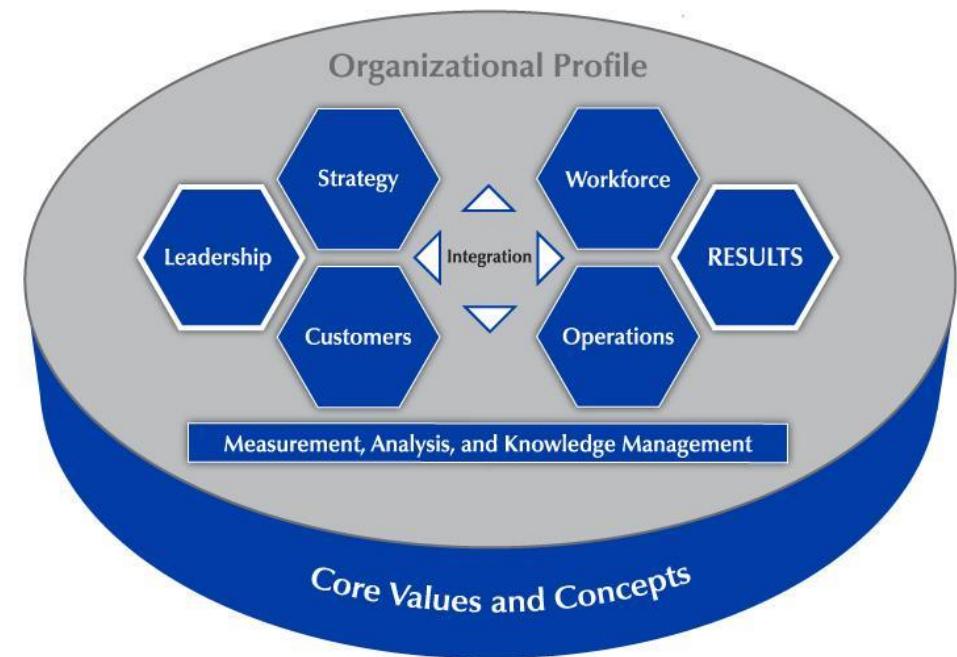
- **triple-A bond rating** on Wall Street from all three rating agencies,
 - bringing **capital projects in on time and within budget**,
 - **a 96% business satisfaction rating**,
 - **a 94% resident satisfaction rating**,
 - **an overall quality rating of 95%**,
 - **and an employee satisfaction rating of 97%**
- ... that's why we're involved with Baldrige.

*—Michael Levinson, city manager,
Baldrige Award winner City of Coral Springs, Florida*

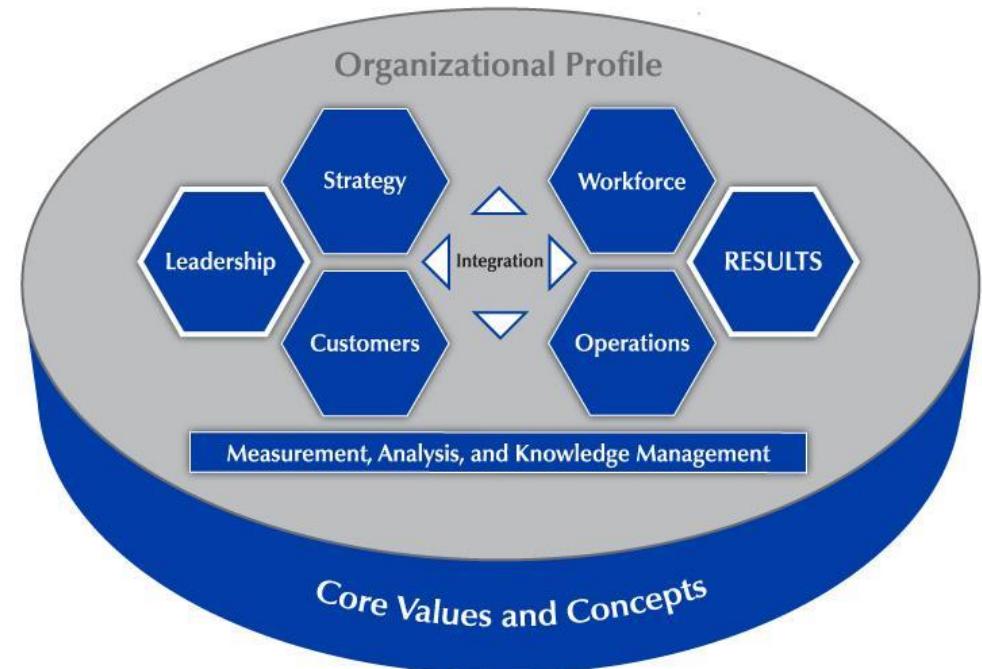


The Baldrige Approach in 3 Questions

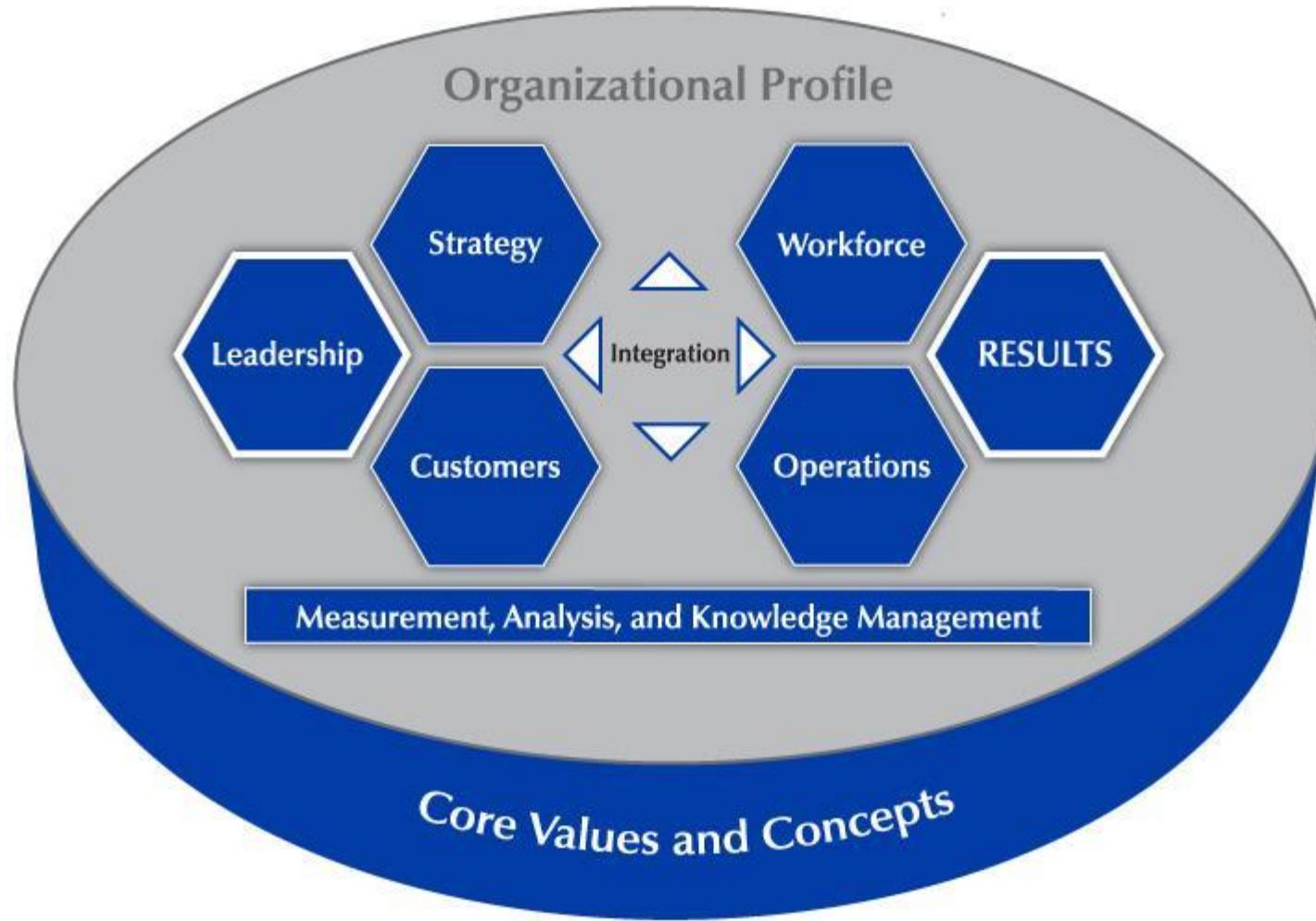
- Is your organization doing as well as it could?
- How do you know?
- What and how should your organization improve or change?



- A systems perspective
- Core values and concepts
- Criteria for Performance Excellence
- Scoring system



A Systems Perspective



Criteria Categories

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

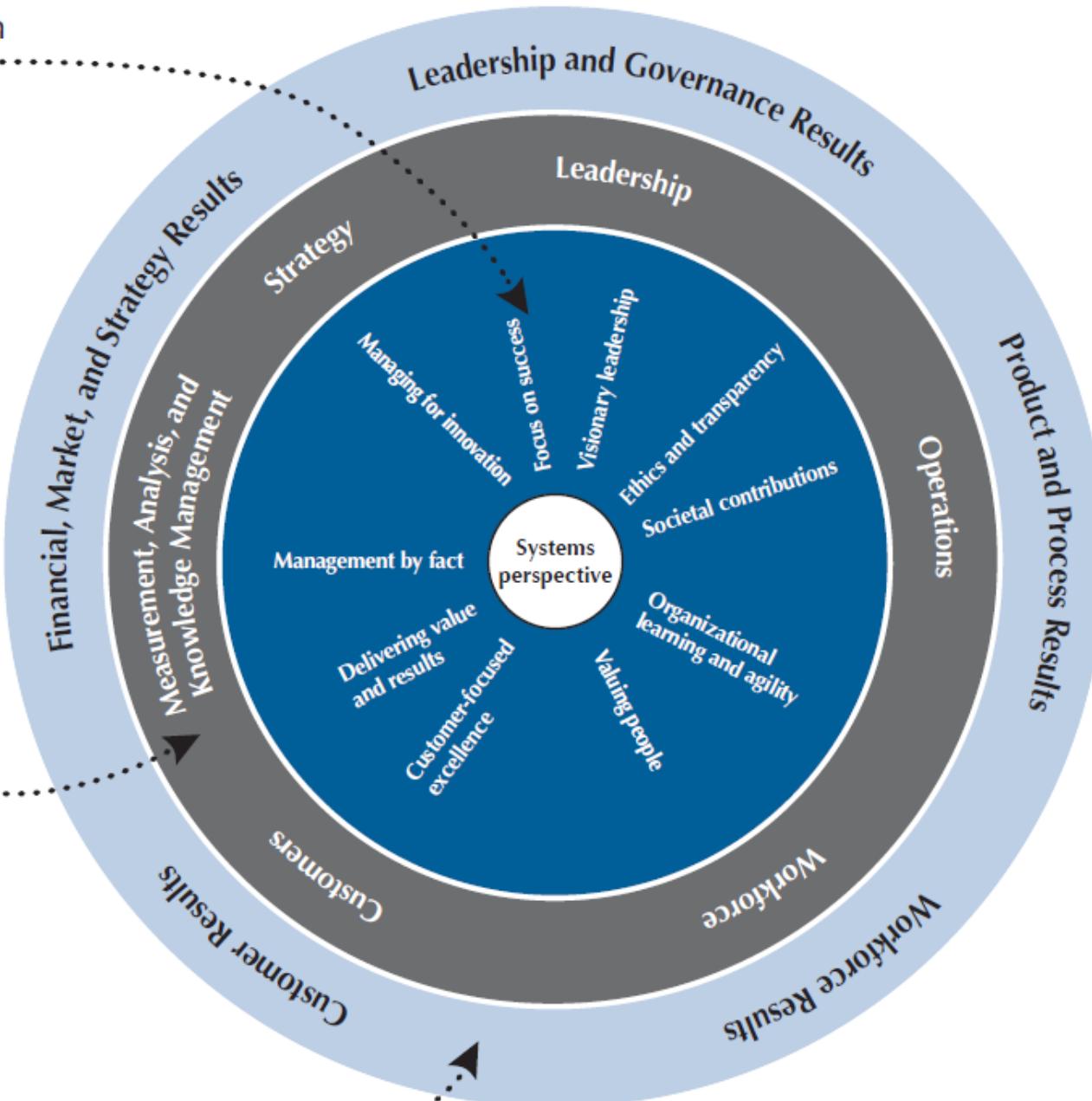
3 **Customers** (85 pts.)

3.2 Customer Engagement: How do you build relationships with customers and determine satisfaction and engagement? (45 pts.)



The Role of Core Values and Concepts

The Baldrige Criteria build on
core values and concepts...



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

yielding
performance results.
(Criteria category 7)

Core Values and Concepts

Systems perspective

Visionary leadership



Customer-focused excellence

Valuing people

Organizational learning and agility

Focus on success

Managing for innovation

Management by fact

Societal contributions

Ethics and transparency

Delivering value and results

**Systems
perspective**

**Visionary
leadership**



Customer-focused excellence

Valuing people

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Managing for innovation

Management by fact

Societal contributions



Item Format

Item number	Item title and basic question	Key term in small caps	Item point value	Type of information to provide in response to this item
Area to address	<p>3.1 Customer Expectations: How do you listen to your customers and determine products and services to meet their needs? (40 pts.)</p> <p>a. CUSTOMER Listening</p> <p>(1) Current CUSTOMERS How do you listen to, interact with, and observe customers to obtain actionable information? HOW do your listening methods vary for different CUSTOMERS, CUSTOMER groups, or market SEGMENTS? HOW do your listening methods vary across the CUSTOMER life cycle? HOW do you seek immediate and actionable feedback from CUSTOMERS on the quality of products, CUSTOMER support, and transactions?</p> <p>(2) Potential CUSTOMERS How do you listen to potential CUSTOMERS to obtain actionable information? HOW do you listen to former CUSTOMERS, competitors' CUSTOMERS, and other potential CUSTOMERS to obtain actionable information on your products, CUSTOMER support, and transactions, as appropriate?</p>			
Headings summarizing multiple questions	 Overall questions			
Item notes	<p>Notes</p> <p>3.1. Your results on performance relative to key product features should be reported in item 7.1.</p> <p>3.1. <i>For additional considerations on the products and business of nonprofit (including government) organizations, see the notes to P.1a(1) and P.2b.</i></p> <p>3.1a(1). Your customer listening methods might include social media and web-based technologies. Listening through social media may include monitoring comments on social media outlets you moderate and on those you do not.</p> <p>3.1a(1). The customer life cycle begins in the product concept or pre-sale period and continues through all stages of your involvement with the customer. These stages might include relationship building, the active business relationship, and an exit strategy, as appropriate.</p> <p><i>For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldridge/baldridge-criteria-commentary).</i></p>			
Note in italics for nonprofit organizations	 Link to Criteria Commentary			

Organizational Profile

P.1 Organizational Description

P.2 Organizational Situation

- Starting point for self-assessment and application preparation
- Basis for early action planning



1. Leadership (120 pts.)

1.1 Senior Leadership (70 pts.)

1.2 Governance and Societal Contributions (50 pts.)

- *Senior leaders' actions*
- *Organizational governance*
- *Societal contributions*



2. Strategy (85 pts.)

2.1 Strategy Development (45 pts.)

2.2 Strategy Implementation (40 pts.)

- *Strategic and action planning*
- *Implementation of plans*



3. Customers (85 pts.)

3.1 Customer Expectations (40 pts.)

3.2 Customer Engagement (45 pts.)

- *Listening to customers; determining products and services for them*
- *Engaging customers; determining their satisfaction and engagement*



4. Measurement, Analysis, and Knowledge Management (90) pts.)

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

4.2 Information and Knowledge Management (45 pts.)

- *Analysis, review, and improvement of organizational performance*
- *Information and knowledge management*



5. Workforce (85 pts.)

5.1 Workforce Environment (40 pts.)

5.2 Workforce Engagement (45 pts.)

- *Building an effective workforce environment*
- *Engaging and developing your workforce*



6. Operations (85 pts.)

6.1 Work Processes (45 pts.)

6.2 Operational Effectiveness (40 pts.)

- *Designing, managing, and improving products and work processes*
- *Improving operational effectiveness*



7. Results (450 pts.)

7.1 Product and Process Results (120 pts.)

7.2 Customer Results (80 pts.)

7.3 Workforce Results (80 pts.)

7.4 Leadership and Governance Results (80 pts.)

7.5 Financial, Market, and Strategy Results (90 pts.)

- *Performance and improvement in all key areas*
- *Performance levels, trends, and comparative data*

Scoring System

- Scoring guidelines
- Importance to your organization
- Two dimensions: process and results



Category Point Values

1	Leadership	120
2	Strategy	85
3	Customers	85
4	Measurement, Analysis, and Knowledge Management	90
5	Workforce	85
6	Operations	85
7	Results	450
	Total	1,000



Evaluating Processes

Approach

- How do you accomplish your organization's work? How systematic are your key processes?

Deployment

- How consistently are your key processes used?

Learning

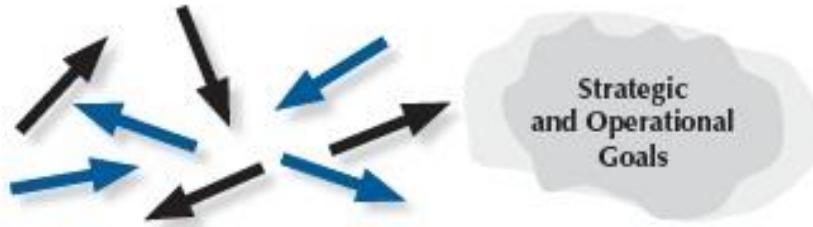
- How well have you evaluated and improved your key processes? How well have improvements been shared?

Integration

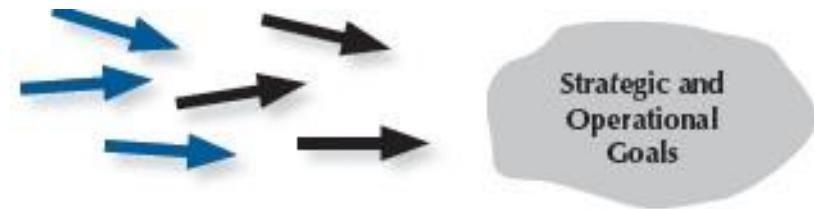
- How well do your processes address organizational needs?



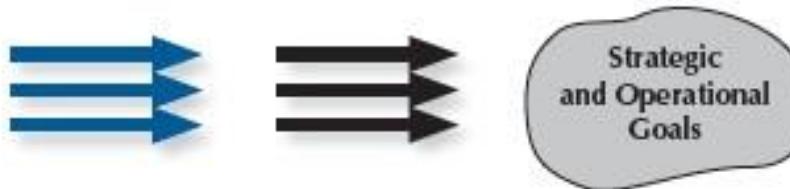
Steps toward Mature Processes



Reacting to Problems (0–25%)



Early Systematic Approaches (30–45%)



Aligned Approaches (50–65%)



Integrated Approaches (70–100%)

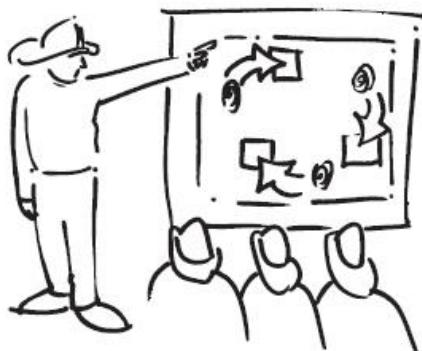


1**Reacting to the problem (0–5%)**

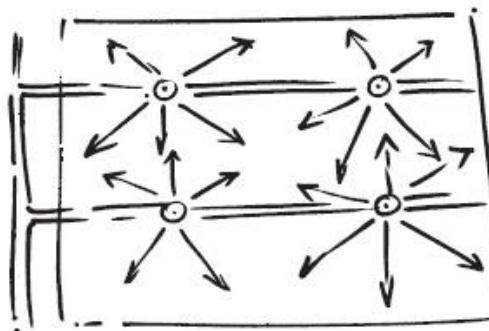
Run with the hose and put out the fire.

2**General improvement orientation (10–25%)**

Install more fire hoses to get to the fires quickly and reduce their impact.

3**Systematic evaluation and improvement (30–45%)**

Evaluate which locations are most susceptible to fire. Install heat sensors and sprinklers in those locations.

4**Learning and strategic improvement (50–65%)**

Install systemwide heat sensors and a sprinkler system that is activated by the heat preceding fires.

5**Organizational analysis and innovation (70–100%)**

Use fireproof and fire-retardant materials. Replace combustible liquids with water-based liquids. Prevention is the primary approach for protection, with sensors and sprinklers as the secondary line of protection.

From Fighting Fires to Innovation: An Analogy for Learning



Evaluating Results

Levels

- What is your current performance?

Trends

- Are the results improving, staying the same, or getting worse?

Comparisons

- How does your performance compare with others?

Integration

- Are you tracking important results? Are you using the results in decision making?



For more information

- *Baldrige Excellence Framework* booklets and free content
- Self-assessment tools
- Organizational assessments
- Training, conferences, executive education
- Award recipient profiles
- Case studies
- Connections to the Baldrige community

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