

Understanding the Baldrige Model

Mark Graham Brown & Associates

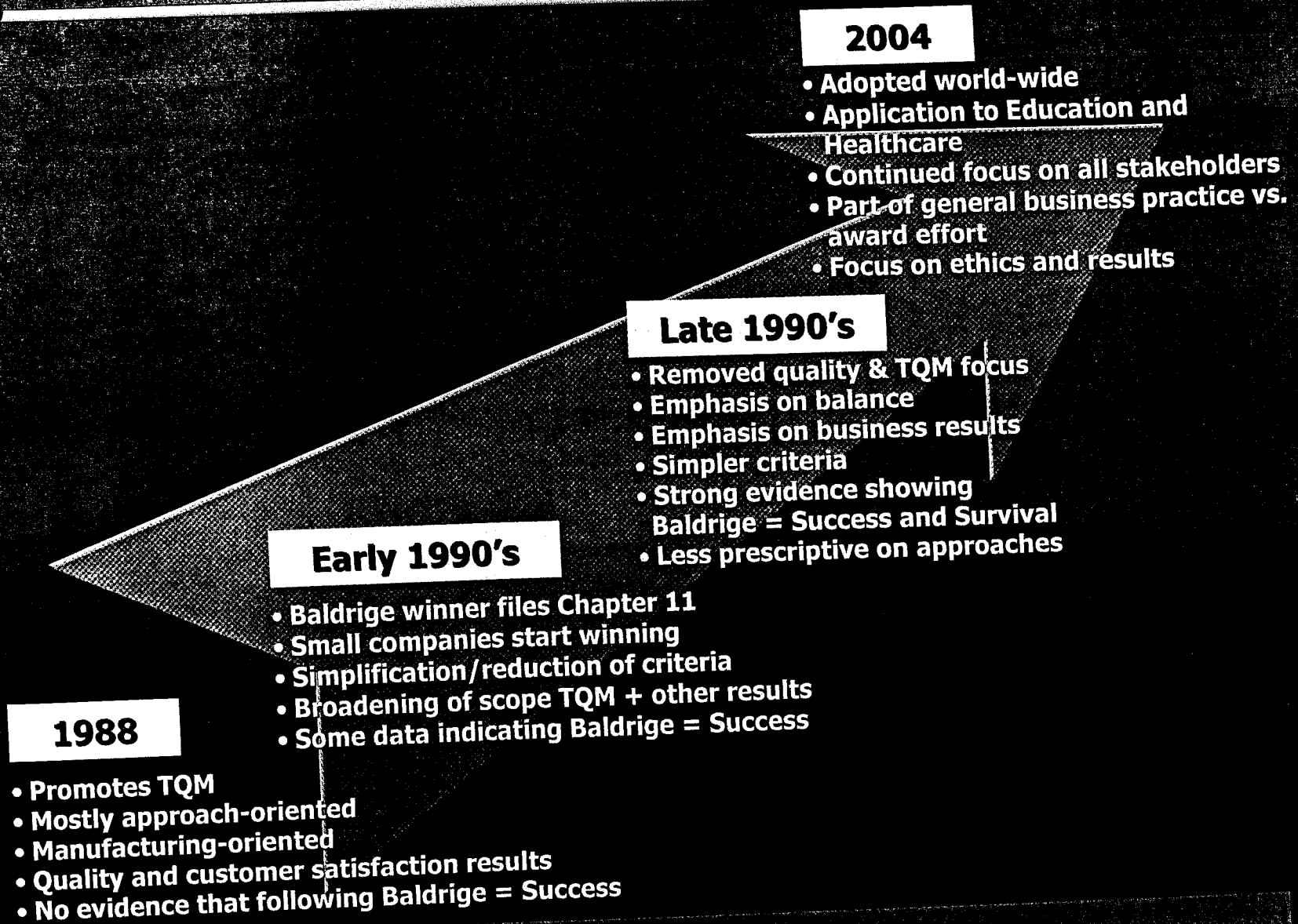
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OBJECTIVES

After completing this workshop, you will be able to:

- Identify the key attributes of an organization that has effectively implemented the Baldrige principles
- Describe the criteria used to assess organizations that have applied for the Baldrige Award
- Evaluate your own organization against the award criteria
- Describe how following the Baldrige criteria makes an organization more successful

EVOLUTION OF BALDRIGE



WHAT'S THE PAYOFF FOR FOLLOWING BALDRIGE?

- Increased Market Share
 - Improved Customer Satisfaction
 - Increased Employee Satisfaction
 - Improved Financial Results

\$100,000
Investment in
Baldrige Winners
(1988-2001)



\$323,000

VS.

\$100,000
Investment in S&P 500
(1988-2001)



\$110,000

BALDRIGE CORE VALUES AND CONCEPTS

- **Visionary Leadership**

- **Customer-Driven Excellence**

- **Organizational and Personal Learning**

- **Valuing Employees as Partners**

- **Agility**

- **Focus on the Future**

BALDRIGE CORE VALUES AND CONCEPTS

- **Managing For Innovation**
- **Management By Fact**
- **Social Responsibility**
- **Focus On Results And Creating Value**
- **Systems Perspective**

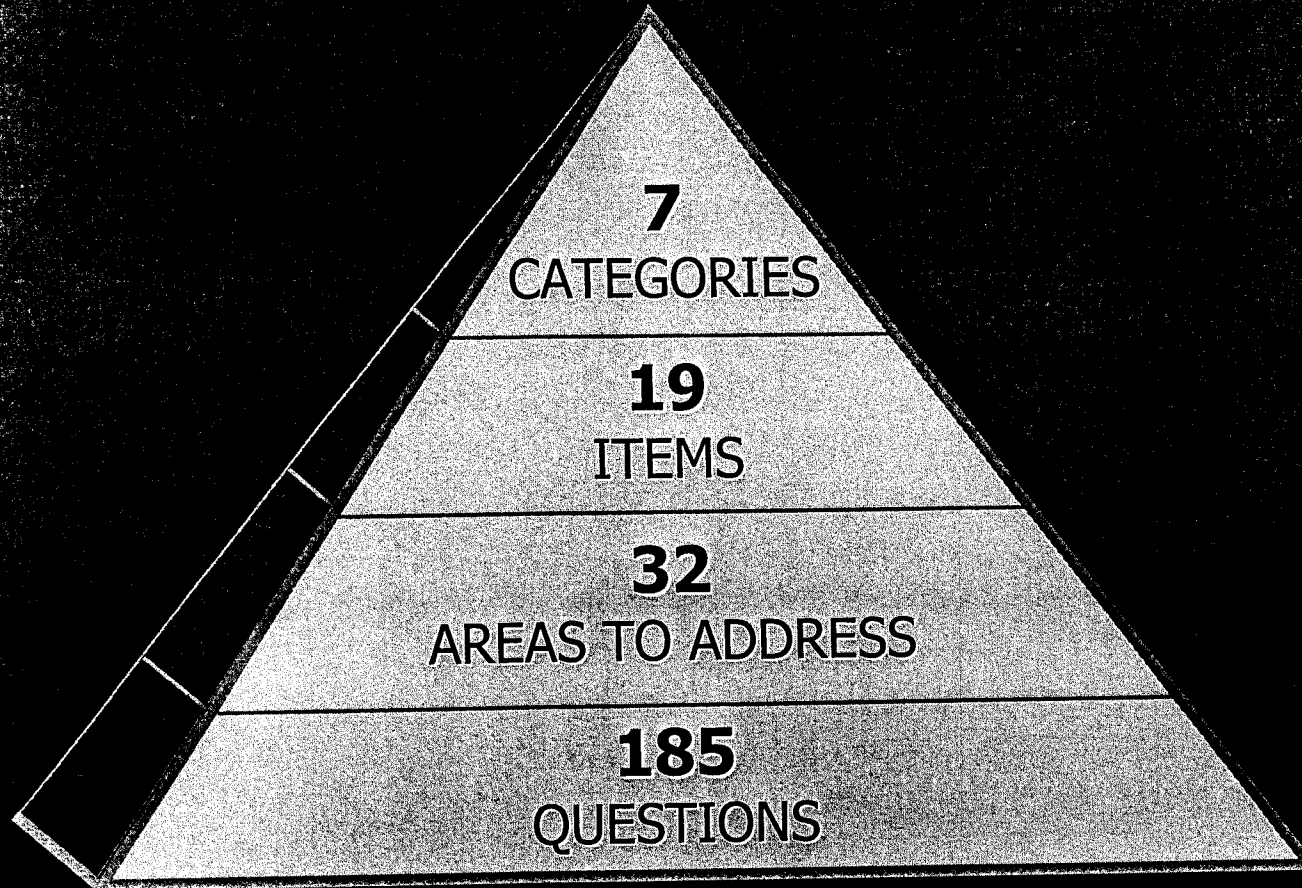
MOST IMPORTANT THEMES

BALANCED PERFORMANCE FOCUSED PERFORMANCE



- Balance past, present, future
- Balance customer, shareholder, employee needs
- Emphasis on factors that provide competitive edge and addressing challenges

HIERARCHY OF BALDRIGE CRITERIA



Understanding
Baldrige

BALDRIGE ASSESSMENT FACTORS & POINTS

**How to Run
Your
Organization**

**55%
Approach/
Deployment**

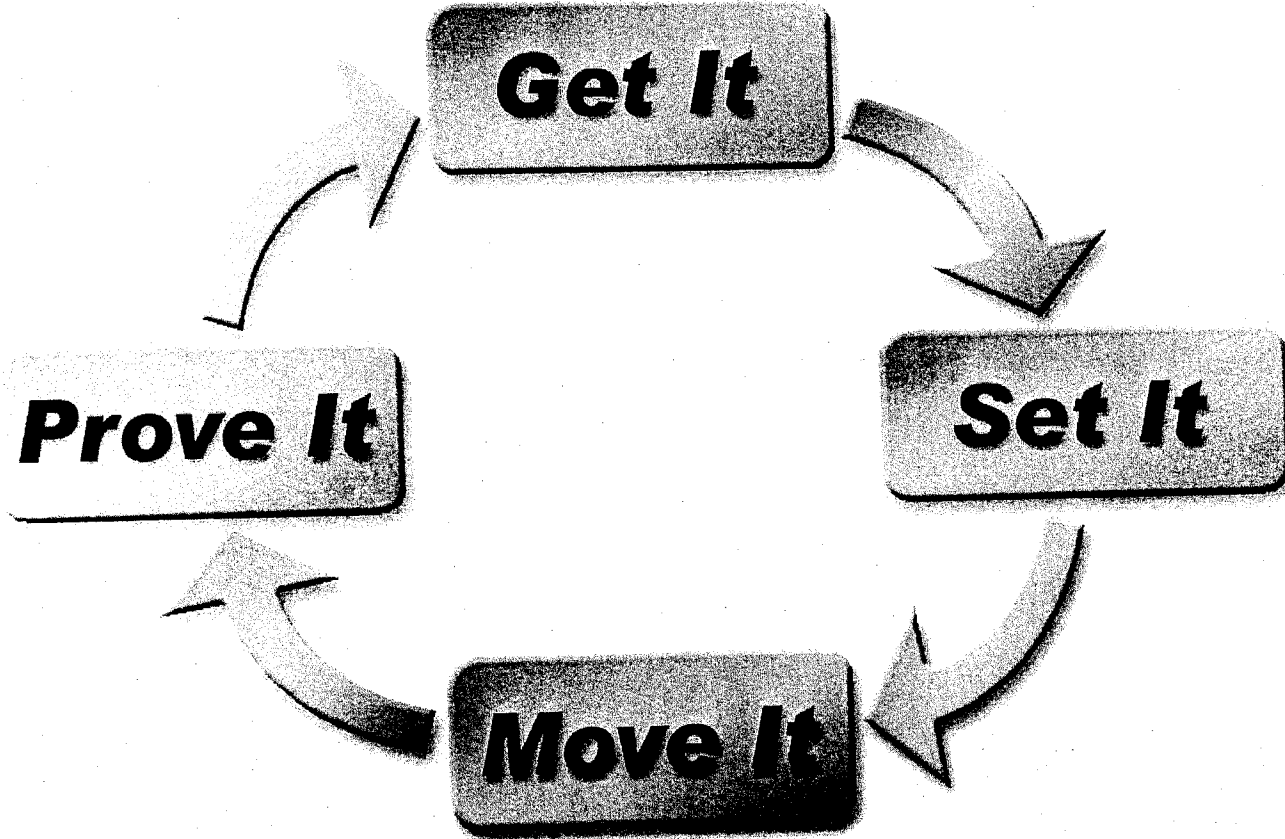
- 1. Leadership**
- 2. Strategic Planning**
- 3. Customer & Market Focus**
- 4. Information & Analysis**
- 5. Human Resource Focus**
- 6. Process Management**

**45%
Results**

- Customer**
- Product & Service**
- Financial**
- Human Resources**
- Supplier**
- Organizational Effectiveness**
- Governance & Social Responsibility**

**How
You
Perform**

BALDRIGE MODEL



GET IT

- Who are our customers and what do they want?
- What is our mission or core purpose?
- What can we be excellent at?
- What are our values – what do we stand for?
- What are our strengths, weaknesses and threats?

SET IT

- What is our future vision and what do we need to focus on to achieve it?
- What are our goals?
- How do we measure our performance against our vision and goals?
- What sort of standards have we set for product and service quality?

MOVE IT

- What strategies will we use to achieve our plans?
- How will we find, train, and keep the right people?
- What can we do to keep our people motivated?
- How do we manage our work processes most efficiently?
- How do we improve our work processes?
- How do we manage relationships with customers and other stakeholders?

PROVE IT

- What kind of financial results have we achieved?
- What are levels and trends in customer satisfaction?
- What data do we have on our products/services?
- What sort of HR results do we have that show this is a safe and good place to work?
- What sort of levels and trends do we have in operational performance measures like schedule and efficiency?
- How do we perform in the areas of ethics and social responsibility?

BALDRIGE CATEGORIES

- 1 - Leadership**
- 2 - Strategic Planning**
- 3 - Customer and Market Focus**
- 4 - Measurement, Analysis, and Knowledge Management**
- 5 - Human Resource Focus**
- 6 - Process Management**
- 7 - Business Results**

GET IT, SET IT, MOVE IT, PROVE IT

GET IT

- 3.1 Customer and Market Knowledge
 - 1.1 Organizational Leadership
 - 2.1 Strategy Development

SET IT

- 1.2 Social Responsibility
- 2.2 Strategy Deployment
- 4.1 Measurement and Analysis of Organizational Performance
- 4.2 Information Management

MOVE IT

- 3.2 Customer Relationships and Satisfaction
- 5.0 Human Resource Focus
- 6.0 Process Management

PROVE IT

- 7.0 Business Results

EVALUATION FACTORS

- **Approach**

- **Deployment**

- **Results**

APPROACH

- Methods or systems used to get work done.
- Appropriate to the size and type of organizations.
- Appropriately structured, and formal or informal.
- Repeatable and consistent.

Learning

- Evidence of planned evaluation of Approach.
- Number of cycles of improvement and scope of improvements.
- Degree of Innovation or creativity shown.
- Sharing of refinements and innovations with other units/areas at work.

Integration

- Approach/System is appropriately linked with others.
- Lack of inconsistencies/disconnects in related systems.
- Evidence of solid architecture in major systems design.
- Linkages to overall mission, vision, values and goals.

DEPLOYMENT

- Appropriate and effective application to all components, facilities and functions.
- Application to all transactions, interactions with customers, suppliers and the public.
- Application to all internal processes, activities, and levels of employees.

RESULTS

- Performance levels
- Rate of improvement (trends)
- Sustained improvement
- Significance of improvements to company's business
- Comparison with competitors, world and industry leaders
- Variability

SCORING GUIDELINES

SCORE	APPROACH/DEPLOYMENT
0% or 5% %	<ul style="list-style-type: none">• No systematic approach evident; information is anecdotal (A)• Little or no deployment of an approach is evident. (D)• No evidence of an improvement orientation; improvement is achieved by reacting to problems. (L)• No organizational alignment evident ; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	<ul style="list-style-type: none">• Beginning of systematic approach to the basic requirements of the Item is evident. (A)• Approach is in early stages of Deployment in most areas or work units, inhibiting progress.• Early stages of a transition from reacting to problems to a general improvement orientation. (L)• Approach aligned with other areas or work units largely through joint problem-solving. (I)
30%, 35%, 40%, or 45%	<ul style="list-style-type: none">• An Effective, Systematic Approach, responsive to the basic purposes of the Item (A)• Approach is Deployed, although some areas/work units are in early stages of Deployment. (D)• Beginning of a Systematic Approach to evaluation and improvement of Key Processes. (L)• Approach is in early stages of Alignment with basic organizational needs identified in response to the other Criteria Categories. (I)

SCORING GUIDELINES

SCORE

APPROACH/DEPLOYMENT

50%,
55%,
60%, or
65%

- An **Effective, Systematic Approach**, responsive to the Overall Requirements of the Item (A)
- **Approach** is **well-deployed**, although deployment may vary in some areas or work units. (D)
- A fact-based, **systematic** evaluation and improvement **process** is in place. (L)
- **Approach** is **aligned** with organizational needs identified in response to Categories (I)

70%,
75%,
80%, or
85%

- An **Effective, Systematic Approach**, responsive to the multiple requirements of the Item (A)
- The **Approach** is **well-deployed** with no significant gaps. (D)
- Fact-based **systematic** evaluation and improvement and organizational **learning** are **key** management tools; clear evidence of refinement and **innovation** as a result of organizational-level **analysis** and sharing. (L)
- Approach is integrated with organizational needs identified in response to other Categories. (I)

90%,
95%,
or
100%

- An **Effective, systematic approach**, fully responsive to the Item. (A)
- **Approach** is fully deployed without significant weaknesses or gaps in any areas (D)
- Fact-based, systematic evaluation and improvement and organizational **learning** are key organization-wide tools; refinement and **innovation**, backed by **analysis** and sharing evident. (L)
- Approach is well-integrated with organizational needs identified in response to Categories. (I)

GET IT

3.1 Customer and Market Knowledge

- Do we really understand who are customers are and what they want?

1.1 Organizational Leadership

- Have we identified what we can be excellent at and what we believe in?

2.1 Strategy Development

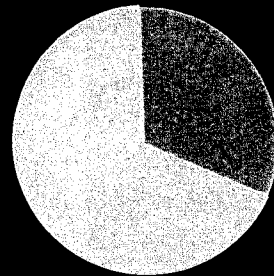
- Have we realistically identified our strengths, weaknesses and threats and decide what to do about them?

Do we really GET IT?

CASE STUDY EXERCISE #1: GET IT

- INDIVIDUAL PORTION

- Read overview and identify key business strategies
- Read 3.1: Customer & Market Knowledge
- Write positive comments (strengths), and negative comments (areas for improvement)
- Assign % score in multiples of 10% increments
- Time: 20 minutes



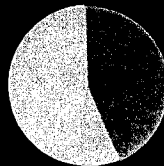
CASE STUDY EXERCISE #1: GET IT

- TEAM PORTION

- Sit with your team
- Select a facilitator
- List individual scores and range:

F.R.	D.P.	B.A.	C.J.	S.A.	R	C
60	80	70	60	30	30-80	

- Discuss strengths and areas for improvement
- Reach consensus on team score (any # from 0 - 100%)
- Time: 25 Minutes



SET IT

1.1 Organizational Leadership

- Have we developed a balanced set of measures that tell us how the organization is performing?

1.2 Social Responsibility

- Have we implemented standards and systems to ensure that we meet regulatory responsibilities, ethical guidelines, and are a good corporate citizen?

2.2 Strategy Deployment

- Have we set clear goals for the future and figured out how to achieve them?

4.1 Measurement and Analysis of Organizational Performance

- Do we regularly analyze our performance and that of competitors?

CASE STUDY EXERCISE #2: SET IT

4.1 Measurement and Analysis of Organizational Performance

- Read Precision Aircraft Maintenance case
- Develop questions for president
- Ask questions in site visit/press conference
- Reach consensus on strengths, weaknesses and score with team

MOVE IT

3.2 Customer Relationships and Satisfaction

- How do we build relationships with our important customers?

4.2 Information Management

- How do we communicate performance data to the right people in a timely manner?

MOVE IT

5.0 Human Resource Focus

5.1 Work Systems

- How do we find the right people, put them in jobs where they excel, and reward their performance?

5.2 Employee Learning and Motivation

- How do we make sure people have the knowledge and skills required to be good at what they do?

5.3 Employee Well-Being and Satisfaction

- How do we get people to love working here and ensure their safety?

MOVE IT

6.0 Process Management

6.1 Value Creation Processes

- How do we manage the processes involved in producing our products or providing service?

6.2 Support Processes

- How do we ensure support processes in departments like Finance and HR are performed efficiently and effectively?

PROVE IT

7.0 Business Results

7.1 Customer-Focused Results

- How do we prove we're continuing to meet our customers' needs?

7.2 Product and Service Results

- How do our products/services perform against competitors' and customer needs?

7.3 Financial and Market Results

- How do we prove we are performing well on financial and market/growth targets?

7.4 Human Resource Results

- How do we prove we have the best people in the right jobs and that they are successful and happy?

PROVE IT

7.0 Business Results (continued)

7.5 Organizational Effectiveness Results

- How do we prove we have excellent performance on measures such as quality, productivity and timeliness?

7.6 Governance and Social Responsibility Results

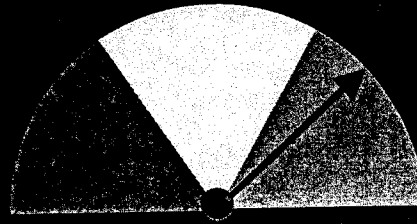
- How do we perform on legal, ethical, and regulatory requirements?

Understanding
Baldrige

PROVE IT

Evaluating Results

Level



Trend



SCORING GUIDELINES

SCORE

RESULTS

0%
or
5%

- There are no business **Results** or poor **results** in areas reported
- **Trend** data either not reported or show mainly adverse **Trends**.
- Comparative information not reported.
- **Results** not reported for any areas of importance to organization's **key** business requirements

10%, 15%
20%,
or 25%

- A few business **Results** are reported; there are some improvements and/or early good **Performance Levels** in a few areas
- Little or no **Trend** data are reported
- Little or no comparative information is reported.
- Results are reported for a few areas of importance to your organization's **key** business requirements.

30%, 35%,
40%,
or 45%

- Improvements and/or good **Performance levels** are reported in many areas addressed in the Item requirements.
- Early stages of developing trends are evident.
- Early stages of obtaining comparative information are evident
- **Results** are reported for many areas of importance to the organization's key business requirements.

50%, 55%,
60%, or
65%

- Improvement **Trends** and/or good **Performance Levels** reported for most areas addressed in the Item requirements.
- No pattern of adverse **Trends** and no poor **Performance Levels** are evident in areas of importance to your organization's **key** business requirements.
- Some **Trends** and/or current **Performance Levels** - evaluated against relevant comparisons and/or **Benchmarks** - show areas of good to very good relative **Performance**.
- Business **Results** address most **Key Customer**, market, and **Process** requirements

SCORING GUIDELINES

SCORE

RESULTS

70%,
75%,
80%,
or
85%

- Current **performance** is good to excellent in most areas of importance to the Item requirements
- Most improvement **Trends** and/or current **Performance Levels** are sustained
- Many to most reported **Trends** and/or current **Performance Levels** -- evaluated against relevant comparisons and/or **Benchmarks** - show areas of leadership and very good relative **Performance**.
- Business **Results** address most **Key Customer**, market, **Process**, and **Action Plan** requirements.

90%
,
95%
, or
100
%

- Current **Performance** is excellent in most areas of importance to the Item requirements.
- Excellent improvement **Trends** and/or sustained excellent **Performance Levels** are reported in most areas.
- Evidence of industry and **Benchmark** leadership is demonstrated in many areas.
- Business **Results** fully address **Key Customer**, market, **Process** and **Action Plan** requirements.

SCORING RESULTS

- Consider importance and variety of metric
- Evaluate both levels and trends
- Think about importance of metric to overall mission and vision
- Hard data (e.g., repeat business) tends to count more than soft data (e.g., surveys)
- Make sure data are presented for all performance measures identified earlier

POSTED
4-27-04

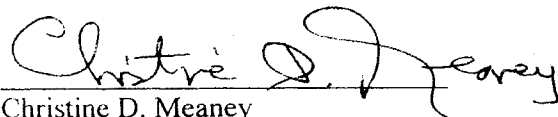
PALOMAR POMERADO HEALTH

**BOARD OF DIRECTORS
NOTICE OF SPECIAL MEETING**

A Special Meeting of the Board of Directors of Palomar Pomerado Health has been called for purposes of conducting an educational presentation on the Malcolm Baldrige Award Introduction and Assessment Strategy Session given by Mark Graham Brown of the California Council for Excellence.

The meeting will be held on Friday, April 30, 2004 at Noon at the Rancho Bernardo Inn, **Santa Catalina Ballroom**, 17550 Bernardo Oaks Drive, Rancho Bernardo, California 92128.

DATED: April 27, 2004



Christine D. Meaney
for Alan W. Larson, M.D.
Chairman, Board of Directors