# 2015–2016

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# Business/NFP

# Engagement Level Criteria for Performance Excellence

# Effective July 2015

**Note from the CEO:**

Thank you for taking the time to consider applying for the Quality Texas Foundation Engagement Level of Recognition. It is our sincere hope that the questions embedded in the five page organizational profile and your ten page application will cause your organization to evaluate exactly where you are, where you should be, and how you can significantly improve by prioritization of your improvement steps. The Baldrige Framework is used the world over to make systematic improvements to organizations. Proposed steps are shown below.

 1) Assign a minimum of two personnel in your office to become Examiner trained with the Quality Texas Foundation. This training is where we actually teach the Examiner how to write the responses to the questions and the reasons behind the questions. You can just begin writing if you like, but past information received from applicants indicate the Examiner training was a major milestone in writing an engagement application with much greater insight.

 2) Write your responses and allow other people in your office to edit your work. Don’t fall in love with your first draft. This application to be really effective will undergo several iterations with substantial improvements along the way. The application process will allow the organization to ask very difficult questions and address organizational priorities.

 3) Revise multiple times and submit.

This Engagement Level of Recognition begins the discussion of approach, deployment, learning, and integration in Category 1-6 and levels, trends, comparisons, and integration in Category 7.

Applicants have asked in the past about how the pages should be distributed for the Engagement Application. The following page distribution is for planning purposes only and is not a hard and fast rule. Engagement Level (10 pages + 5 page OP) – 5 pages Organizational Profile, Cat 1 (1 page), Cat 2 (1 page), Cat 3 (1 page), Cat 4 (1 page), Cat 5 (1 page), Cat 6 (1 page), and Cat 7 (4 pages).

If we here at the Quality Texas Foundation can be of assistance to you, please allow us that opportunity. We offer coaching and training to help maximize your positive experience. Remember always that the Baldrige Journey is never finished! Happy travels!

 Dr. Mac McGuire

 CEO

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### The Organizational Profile

The Organizational Profile is the most appropriate starting point for self-assessment and for writing an application. It is critically important for the following reasons:

• It helps you identify gaps in key information and focus on key performance requirements and results.

• You can use it as an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, use these topics for action planning.

• It sets the context for your responses to the Criteria requirements in categories 1–7.

**P Preface: Organizational Profile**

The **Organizational Profile** is a snapshot of your organization, the key influences on how it operates, and the key challenges it faces.

**P.1 Organizational Description: What are your key organizational characteristics?**

**Describe your operating environment and your key relationships with customers, suppliers, partners, and stakeholders.**

**In your response, answer the following questions:**

**a. Organizational Environment**

**(1) Product Offerings** What are your main product offerings (see the note on the next page)? What is the relative importance of each to your success? What mechanisms do you use to deliver your products?

**(2) Mission, Vision, and Values** What are your stated mission, vision, and values? What are your organization’s core competencies, and what is their relationship to your mission?

**(3) Workforce** **Profile** What is your workforce profile? What recent changes have you experienced in WORKFORCE composition or your WORKFORCE needs? What are:

* your workforce or employee groups and segments,
* the educational requirements for different employee groups and segments, and
* the key drivers that engage them in achieving your mission and vision?

What are your organized bargaining units? What are your organization’s special health and safety requirements?

 **(4) Assets** What are your major facilities, technologies, and equipment?

**(5) Regulatory Requirements** What is the regulatory environment under which you operate? What are the KEY applicable occupational health and safety regulations; accreditation, certification, or registration requirements; industry standards; and environmental, financial, and product regulations?

**b. Organizational Relationships**

**(1) Organizational Structure** What are your organizational structure and governance system? What are the reporting relationships among your governance board, senior leaders, and parent organization, as appropriate?

**(2) Customers and Stakeholders** What are your key market segments, customer groups, and stakeholder groups, as appropriate? What are their key requirements and expectations of your products, customer support services, and operations? What are the differences in these requirements and expectations among market segments, customer groups, and stakeholder groups?

**(3) Suppliers and Partners** What are your key types of suppliers, partners, and collaborators? What role do they play

* in your work systems, especially in producing and delivering your key products and customer support services; and
* in enhancing your competitiveness?

What are your key mechanisms for communicating with suppliers, partners, and collaborators? What role, if any, do these organizations play in contributing and implementing innovations in your organization? What are your key supply-chain requirements?

*Terms in small caps are defined in the Award Level Criteria for Performance Excellence Glossary of Key Terms
(pages 47-54).*

**Notes**

**P.** Your responses to the Organizational Profile questions are very important. They set the context for understanding your organization and how it operates. Your responses to all other questions in the Baldrige Criteria should relate to the organizational context you describe in this Profile. Your responses to the Organizational Profile questions thus allow you to tailor your responses to all other questions to your organization’s uniqueness.

**P.1a(1).** Product offerings and products are the goods and services you offer in the marketplace. Mechanisms for delivering products to your end-use customers might be direct or might be indirect, through dealers, distributors, collaborators, or channel partners. *Nonprofit organizations might refer to their product offerings as programs, projects, or services.*

**P.1a(2).** “Core competencies” are your organization’s areas of greatest expertise. They are those strategically important capabilities that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies are frequently challenging for competitors or suppliers and partners to imitate and frequently preserve your competitive advantage.

**P.1a(2).**  Core competencies are one example of concepts that are woven throughout the Criteria to ensure a systems approach to organizational performance management. Other such concepts include innovation, use of data and information to review performance and create knowledge, and change readiness and management.

**P.1a(3).** Workforce or employee groups and segments (including organized bargaining units) might be based on the type of employment or contract reporting relationship, location (including telework), tour of duty, work environment, use of certain family-friendly policies, or other factors.

**P.1a(3).** Organizations that also rely on volunteers and unpaid interns to accomplish their work should include these groups as part of their workforce.

**P.1a(5).** Industry standards might include industry-wide codes of conduct and policy guidance.In the Criteria, industry refers to the sector in which you operate. *For nonprofit organizations, this sector might be charitable organizations, professional associations and societies, religious organizations, or government entities—or a subsector of one of these.* Depending on the regions in which you operate, environmental regulations might include greenhouse gas emissions, carbon regulations and trading, and energy efficiency.

**P.1b(1).** *For some nonprofit organizations, governance and reporting relationships might include relationships with major funding sources, such as granting agencies or foundations.*

**P.1b(2).** Customers include the users and potential users of your products. *For some nonprofit organizations, customers might include members, taxpayers, citizens, recipients, clients, and beneficiaries, and market segments might be referred to as constituencies.*

**P.1b(2).** Customer groups might be based on common expectations, behaviors, preferences, or profiles. Within a group, there may be customer segments based on differences and commonalities, or both. You might subdivide your market into market segments based on product lines or features, distribution channels, business volume, geography, or other factors that you use to define a market segment.

**P.1b(2).** The requirements of your customer groups and market segments might include on-time delivery, low defect levels, safety, security, ongoing price reductions, the leveraging of technology, rapid response, after-sales service, and multilingual services. The requirements of your stakeholder groups might include socially responsible behavior and community service. *For some nonprofit organizations, these requirements might also include administrative cost reductions, at-home services, and rapid response to emergencies.*

**P.1b(2). P.1b(3).** Customer, stakeholder, and operational requirements and expectations will drive your organization’s sensitivity to the risk of product, service, support, and supply-chain interruptions, including those due to natural disasters and other emergencies.

**P.1b(3).** Communication mechanisms should use understandable language, and they might involve in-person contact, e-mail, social media, or the telephone. For many organizations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

For additional guidance on this item, see the Category and Item Commentary (<http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm>).

**P.2 Organizational Situation: What is your organization’s strategic situation?**

**Describe your competitive environment, your key strategic challenges and advantages, and your system for performance improvement.**

**In your response, include answers to the following questions:**

**a. Competitive Environment**

**(1) Competitive Position** What is your competitive position? What are your relative size and growth in your industry or the markets you serve? How many and what types of competitors do you have?

**(2) Competitiveness Changes** What key changes, if any, are affecting your competitive situation, including changes that create opportunities for innovation and collaboration, as appropriate?

**(3) Comparative Data** What key sources of comparative and competitive data are available from within your industry? What key sources of comparative data are available from outside your industry? What limitations, if any, affect your ability to obtain or use these data?

**b. Strategic Context**

What are your key strategic challenges and advantages in the areas of business, operations, societal responsibilities, and workforce?

**c. Performance Improvement System**

What are the key elements of your performance improvement system, including your processes for evaluation and improvement of key organizational projects and processes?

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(pages 47–54).*

**Notes**

**P.2a.** *Like for-profit businesses, nonprofit organizations are frequently in a highly competitive environment. Nonprofit organizations must often compete with other organizations and alternative sources of similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.*

**P.2b.** Strategic challenges and advantages might relate to technology, products, finances, operations, organizational structure and culture, your parent organization’s capabilities, your customers and markets, brand recognition and reputation, your industry, globalization, climate change, your value chain, and people. Strategic advantages might include differentiators such as price leadership, design services, innovation rate, geographic proximity, accessibility, and warranty and product options.

*For some nonprofit organizations, differentiators might also include relative influence with decision makers, ratio of administrative costs to programmatic contributions, reputation for program or service delivery, and wait times for service.*

**P.2b.** *Throughout the Criteria, “business” refers to a nonprofit organization’s main mission area or enterprise activity.*

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**Questions provided. There are basically two types of questions to address, how and what. The "How" questions are soliciting a process by which the organization answers the question. The "What" questions are concerned with a list of the items you do to answer the questions.**

**1 Leadership**

The ***SENIOR LEADERSHIP AND GOVERNANCE AND SOCIETAL RESPONSIBILITIES*** asks how senior leaders’ personal actions guide your organization. It also asks about your organization’s governance system and how your organization fulfills its legal, ethical, and societal responsibilities.

**Vision, Values, and Mission, Communication and Organizational Performance, Organizational Governance, Legal and Ethical Behavior, and Societal Responsibilities Process**

1. How do senior leaders set your organizational’s vision and values?
2. How do senior leaders’ actions build an organization that is successful now and in the future?
3. How do senior leaders communicate with and engage the entire workforce and key customers?
4. How do senior leaders create a focus on action that will achieve the organization’s mission
5. How do you evaluate the performance of your senior leaders, including the chief executive, and your governance board?

**2 Strategic Planning**

The ***STRATEGY DEVELOPMENT AND STRATEGY IMPLEMENTATION*** asks how your organization develops strategic objectives and action plans, implements them, changes them if circumstances require, and measures progress.

**Strategy Development Process, Strategic Objectives, Action Plan Development and Deployment, and Action Plan Modification Process**

1. How do you conduct your strategic planning?
2. How does your strategy development process stimulate and incorporate innovation?
3. How do you collect and analyze relevant data and develop information for your strategy planning process?
4. What are your organization’s key strategic objectives and timetable for achieving them?
5. How do your strategic objectives achieve appropriate balance among varying and potentially completing organizational needs?

**3 Customer**

The ***VOICE OF THE Customer and Customer Engagement*** asks how your organization engages its customers for long-term marketplace success, including HOW your organization listens to the voice of the customer, builds customer relationships, and uses customer information to improve and identify opportunities for innovation.

**Customers Listening, Determination of Customer Satisfaction and Engagement, Product Offerings and Customer Support, and Customer Relationships Process**

1. How do you listen to, interact with, and observe customers to obtain actionable information?
2. How do you listen to potential customers to obtain actionable information?
3. How do you determine customer satisfaction, dissatisfaction, and engagement?
4. How do you obtain information on customers’ satisfaction with your organization relative to other organizations?
5. How do you determine product offerings?

**4 Measurement, Analysis, and Knowledge Management**

The ***Measurement, Analysis, and Improvement of Organization Performance and Knowledge Management, Information, and Information Technology*** asks how your organization selects, gathers, analyzes, manages, and improves its data, information, and knowledge assets; how it learns; and HOW it manages information technology. The category also asks how your organization uses review findings to improve its performance.

**Performance Measurement, Performance Analysis and Review, Performance Improvement, Organizational Knowledge, and Data, Information, and Information Technology Process**

1. How do you use data and information to track daily operations and overall organizational performance?
2. How do you select and effectively use comparative data and information?
3. How do you use Voice-of-the-Customer and market data and information?
4. How do you ensure your performance management system can respond to rapid or unexpected organizational or external changes?
5. How do you review organizational performance and capabilities?

**5 Workforce**

The ***Workforce Environment and Workforce Engagement*** asks HOW your organization assesses workforce capability and capacity needs and builds a workforce environment conducive to high performance. The category also asks how your organization engages, manages, and develops your workforce to utilize its full potential in alignment with your organization’s overall business needs.

**Workforce Capability and Capacity, Workforce Climate, Workforce Engagement and Performance, and Workforce and Leader Development Process**

1. How do you assess your workforce capability and capacity needs?
2. How do you recruit, hire, place, and retain new workforce members?
3. How do you organize and manage your workforce?
4. How do you prepare your workforce for changing capability and capacity needs?
5. How do you ensure workforce health, security, and accessibility for the workforce?

**6 Operations**

The ***Work Processes and Operational effectiveness*** asks how your organization designs, manages, improves, and innovates its products and work processes and improves operational EFFECTIVENESS to deliver customer value and achieve organizational success.

**Product and Process Design, Process Management, Innovation Management, Process Efficiency and Effectiveness, Supply-Chain Management, and Safety and Emergency Preparedness Process**

1. How do you determine key product and work process requirements?
2. How do you design your products and work processes to meet requirements?
3. How does your day-to-day operation of work processes ensure that they meet key process requirements?
4. How do you determine your key support processes?
5. How do you improve your work processes to improve products and performance, enhance your core competencies, and reduce variability?

**7 Results**

The ***Results*** category asks about your organization’s performance and improvement in all key areas—product and process RESULTS, customer-focused RESULTS, workforce-focused RESULTS, leadership and governance RESULTS, and financial and market RESULTS. This category asks about Performance levels relative to those of competitors and other organizations with similar product offerings.

**Tracking and Using Key Results for More Improvement and Analysis**

 **Display in graphical form where possible (chart/graph/table) where possible. There should be a minimum of one chart/graph/table for each question below. Results**

1. What are your results for your products and your customer service processes?
2. What are your emergency preparedness results
3. What are your customer satisfaction and dissatisfaction results?
4. What are your customer engagement results?
5. What are your workforce capability and capacity results?
6. What are your workforce and leader development results?
7. What are your financial performance results?
8. What are your comparisons of performance?

**Glossary of Key Terms**

*The terms below are those in small caps in the Baldrige Excellence Builder, as well as terms in the scoring rubric. For additional definitions and examples, see the* Baldrige Excellence Framework *booklet (Business/Nonprofit, Education, or Health Car*[*e; http://www.nist.gov/baldrige/publications/criteria.cfm*](http://www.nist.gov/baldrige/publications/criteria.cfm)*).*

**ACTION PLANS.** Specific actions that your organization takes to reach its short- and longer-term strategic objectives. These plans

specify the resources committed to and the time horizons for accomplishing the plans. See also *strategic objectives*.

**ALIGNMENT.** A state of consistency among plans, processes, information, resource decisions, workforce capability and capacity, actions, results, and analyses that support key organization-wide goals. See also *integration*.

**APPROACH.** The methods your organization uses to carry out its processes.

**BENCHMARKS.** Processes and results that rep­ resent the best practices and best performance for similar activities, inside or outside your organization’s industry.

**COLLABORATORS.** Organizations or individuals who cooperate with your organization to support a particular activity or event or who cooperate intermittently when their short-term goals are aligned with or are the same as yours. See also *partners*.

**CORE COMPETENCIES.** Your organization’s areas of greatest expertise; those strategically important capabilities that are central to fulfilling your mission or that provide an advantage in your marketplace or service environment.

**CUSTOMER.** An actual or potential user of your organization’s products, programs, or services. See also *stakeholders*.

**CUSTOMER ENGAGEMENT.** Your customers’ investment in or commitment to your brand and product offerings.

**DEPLOYMENT.** The extent to which your organization applies an approach in relevant work units throughout your organization.

**EFFECTIVE.** How well a process or a measure addresses its intended purpose.

**ETHICAL BEHAVIOR.** The actions your organization takes to ensure that all its decisions, actions, and stakeholder interactions conform to its moral and professional principles of conduct. These principles should support all applicable laws and regulations and are the foundation for your organization’s culture and values.

**EXCELLENCE.** See *performance excellence*.

**GOALS.** Future conditions or performance levels that your organization intends or desires to attain. See also *performance projections*.

**GOVERNANCE.** The system of management and controls exercised in the stewardship of your organization.

**HIGH PERFORMANCE.** Ever-higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time.

**HOW.** The systems and processes that your organization uses to achieve its mission requirements.

**INNOVATION.** Making meaningful change to improve products, processes, or organizational effectiveness and create new value for stakeholders. The outcome of innovation is a discontinuous or breakthrough change.

**INTEGRATION.** The harmonization of plans, processes, information, resource decisions, work­ force capability and capacity, actions, results, and analyses to support key organization-wide goals. See also *alignment*.

**KEY.** Major or most important; critical to achieving your intended outcome.

**KNOWLEDGE ASSETS.** Your organization’s accumulated intellectual resources; the knowledge possessed by your organization and its workforce in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities.

**LEARNING.** New knowledge or skills acquired through evaluation, study, experience, and innovation.

**LEVELS.** Numerical information that places or positions your organization’s results and performance on a meaningful measurement scale.

**MEASURES AND INDICATORS.** Numerical

information that quantifies the input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organization (outcomes).

**MISSION.** Your organization’s overall function.

**PARTNERS.** Key organizations or individuals who are working in concert with your organization to achieve a common goal or improve performance. Typically, partnerships are formal arrangements. See also *collaborators*.

**PERFORMANCE.** Outputs and their outcomes obtained from processes, products, and customers that permit you to evaluate and compare your organization’s results to performance projections, standards, past results, goals, and other organizations’ results.

**PERFORMANCE EXCELLENCE.** An integrated approach to organizational performance management that results in (1) delivery of ever- improving value to customers and stakeholders, contributing to ongoing organizational success;

(2) improvement of your organization’s overall effectiveness and capabilities; and (3) learning for the organization and for people in the workforce.

**PERFORMANCE PROJECTIONS.** Estimates of

your organization’s future performance. See also

*goals*.

**PROCESS.** Linked activities with the purpose of producing a product or service for a customer (user) within or outside your organization.

**RESULTS.** Outputs and outcomes achieved by your organization.

**SEGMENT.** One part of your organization’s customer, market, product offering, or workforce base.

**SENIOR LEADERS.** Your organization’s senior management group or team.

**STRATEGIC ADVANTAGES.** Those marketplace benefits that exert a decisive influence on your organization’s likelihood of future success. These advantages are frequently sources of current

and future competitive success relative to other providers of similar products.

**STRATEGIC CHALLENGES.** Those pressures that exert a decisive influence on your organization’s likelihood of future success. These challenges

are frequently driven by your organization’s anticipated competitive position in the future relative to other providers of similar products.

**STRATEGIC OBJECTIVES.** The aims or

responses that your organization articulates to address major change or improvement, competitiveness or social issues, and business advantages. See also *action plans*.

**SYSTEMATIC.** Well-ordered, repeatable, and exhibiting the use of data and information so that learning is possible.

**TRENDS.** Numerical information that shows the direction and rate of change of your organization’s results or the consistency of its performance over time.

**VALUE.** The perceived worth of a product, process, asset, or function relative to its cost and possible alternatives.

**VALUES.** The guiding principles and behaviors that embody how your organization and its people are expected to operate.

**VISION.** Your organization’s desired future state.

**VOICE OF THE CUSTOMER.** Your process for capturing customer-related information.

**WORK PROCESSES.** Your organization’s most important internal value-creation processes.

**WORK SYSTEMS.** How your organization’s work is accomplished, consisting of the internal work processes and external resources you need to develop and produce products, deliver them to your customers, and succeed in your marketplace.

**WORKFORCE.** All people actively supervised by your organization and involved in accomplishing your organization’s work, including paid employees (e.g., permanent, part-time, temporary, and telecommuting employees, as well as contract employees supervised by your organization) and volunteers, as appropriate.

**WORKFORCE CAPABILITY.** Your organization’s ability to accomplish its work processes through its people’s knowledge, skills, abilities, and competencies.

**WORKFORCE CAPACITY.** Your organization’s ability to ensure sufficient staffing levels to accomplish its work processes and deliver your products to customers, including the ability to meet seasonal or varying demand levels.

**WORKFORCE ENGAGEMENT.** The extent of workforce members’ emotional and intellectual commitment to accomplishing your organization’s work, mission, and vision.

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