

Lessons Learned From Baldrige The Top 3 Things to Consider When Implementing the Baldrige Criteria

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In 1988, my company, Globe Metallurgical, was fortunate enough to be recognized as one of the inaugural Malcolm Baldrige winners, along with Motorola and the Commercial Nuclear Fuel Division of Westinghouse. At that time, I was Vice President of Administration at Globe, serving as both Chief Quality Officer and Chief Human Resource Officer.

I first heard of the Baldrige Award process at an ASQC conference near Dallas. I thought we might have a chance with Baldrige since Globe had done very well with audits performed by our key customers, particularly Ford and General Motors. While I had just a weekend to get the application ready and submitted, it must have shown some promise because we were selected for a site visit, and then, of course, we won.

I have to admit that it was not the "prettiest" application one would ever see. In fact, I spelled "Baldrige" wrong (Baldrige). In all, it was primitive compared to today's standards, but the content is what matters most.

The days that followed were memorable, to say the least. There was a tremendous interest in the award process and the first-year winners. Invitations to speak came from all corners of the world. I remember speaking one day at a local college and two days later speaking in Moscow. From there it was New York, Toronto, London, Paris, Sydney, Singapore, Auckland, and everywhere in between. At Globe, we expanded our customer base to Asia and Europe, and much of the growth was fueled by the notoriety we received in winning the Baldrige Award. And by the year 1990 I had delivered over 300 speeches on four continents. In September, 1990, I was delivering a number of talks throughout Australia when I was diagnosed with a malignant brain tumor while in Tasmania, I owe my life to a remarkable fellow, Dr. Tim Mooney.

The people that I got to know best and from whom I learned perhaps the most were Bill Smith at Motorola and Jim Fici at Westinghouse. We appeared together on at least 50 occasions. Bill was considered the "Father of Six Sigma," and his wry, yet dry, delivery approach was the source of great amusement for Jim Fici and me. And Jim was a most enjoyable person with whom to spend those

countless hours on planes.

I left Globe and started Leach Quality in 1990, subsequently guiding another 15 companies to winning the Baldrige Award to date. Those of you who are familiar with the Baldrige process know that I have seen the most minute details in how those companies operate. The scope of the Baldrige criteria is very broad, and covers all the approaches in managing a company, as well as how they are deployed, aligned and integrated.

I have seen first hand what works, what doesn't work, the best deployment approaches, and the impact that this has on the company. In short, if you go about it right, you are going to end up with extremely high customer satisfaction, outstanding operational results, high employee morale and unprecedented financial performance. The really good part is that you realize all of that before you even win the award, and it just gets better after you win. I have had a number of CEOs from Baldrige-winning clients tell me after the fact that while winning the award was perhaps the biggest single "event" in the history of the company, the real lasting positive impact comes from adhering to the criteria.

So, what are these Lessons Learned? Here are my thoughts on the Top 3:

1. Give the Job of Implementing the Criteria to Someone Who Can Get It Done

- With the scope of the criteria being so broad, it is very unlikely that your company will already be doing everything the criteria require
- Many department heads are not wild about accepting change, especially when things are already going well
- Thus, the job of overseeing the implementation of the Baldrige criteria requirements has to have authority to make it happen
- This is perhaps the biggest problem I have seen with regard to implementation and success using the criteria

2. Address All of the Criteria Requirements

- Baldrige Examiners must address each element of the criteria when evaluating an application, so it is imperative to develop an approach to address each element and deploy these approaches, as appropriate, throughout the company
- Having evaluated hundreds of Feedback Reports, not addressing all the criteria requirements is perhaps the most common reason for an "Opportunity for Improvement" from Baldrige examiners
- Many of the criteria are very complex, and the only clear way to address many of them is in a Table format. I have seen applicants submit a long narrative to address a very complex question, and it is often unclear that all the elements are being addressed
- Plus, the criteria are all there for a reason, and do not assume they do not relate to your company. If you are going to get the most out of this, address them all

3. Proactively Evaluate and Improve Every Process To me, this is the most important aspect of getting the most benefit from using the criteria, and is one of the key elements that differentiates the Baldrige criteria from other "audit" processes, such as the use of ISO 9000 criteria

- Although there are no longer specific questions at the end of each criteria item asking

how you evaluate and improve that specific process, take it for granted that literally every process must be proactively evaluated and improved. Your Improvement Process must be discussed in general terms in P.2.c of the Organizational Profile, and it must be discussed in specific terms for specific criteria being addressed

- The process I recommend stems from working with a number of winners, including Motorola, AT&T, Merrill Lynch, etc. It works regardless of the size of the company or what you do. Here are the steps I recommend you follow:
 - Determine who is going to be on the Improvement Team for each process (If you have multiple offices that perform the same basic functions, I recommend an Office Improvement Team for each, as well as each functional area (Department) within the company)
 - Determine the time that the Team will meet. If there is no set schedule, it will appear that the improvement process is not systematic. Thus, it would be ad hoc, which is a deal killer with Baldrige examiners
 - Determine the key measures that the improvement team will evaluate in its meetings
 - These measures should align with the organization's strategic objectives, as well as customer expectations and specifications
 - The Team must consider input from "outside the box"
 - Benchmarking has always been a fundamental expectation of the criteria, and certainly if you do not have competitive or other benchmark data in Category 7 (Results) to which you compare favorably, you will most certainly not have any chance of winning
 - When improving processes, think in terms of not only competitive data, but how processes are performed, and it is quite acceptable to step outside your industry. For example, if you are not in the overnight package delivery industry, it would still be acceptable to benchmark the employee satisfaction survey at FedEx, which by the way is truly a process worthy of benchmarking
 - Your employees may also be a valuable source of benchmark information and data, although you should not expect them to divulge proprietary information or data from other companies for whom they have worked
 - Previous Baldrige winners are a great source of input. They feel an obligation to share, and quite often are a very rich source of data and information. It is easy to get into the NIST web-site and view not only a synopsis of their winning application, but also obtain the name/contact information of someone at the company to contact
 - The Team should consider "alternative technology," which is also in line with "Thinking Outside the Box," and the sources of input could come from benchmarking, your own R&D efforts, suppliers, etc.
 - Once an improvement is identified, the Team may be empowered to implement it themselves, or there may be an approval process that is required
 - When it is time to implement the improvement (deployment in Baldrige terms), I recommend going all out and institutionalizing the improvement to all applicable parts of the company. This includes communication, changes or development of standard operating procedures, and the

possibility that employees will have to receive some training, which will likely result in the need to develop some new training materials

Years ago when I was a Judge for the *USA Today/Rochester Institute of Technology Quality Cup*, an outstanding example of this whole process was found at the Ritz-Carlton in Naples, Florida. The team had identified problems with their towel folding machine, as well as a problem with the dye fading prematurely in the embroidery of their signature logo on the towels, resulting in expensive rework and removal of towels from customer use. The team went to work and resolved both issues, and while the savings at Naples was fairly significant, the savings across Ritz-Carlton was huge. Of course, Ritz-Carlton went on to win the Baldrige Award twice.

Besides placing your organization into the public eye, which is especially significant for smaller organizations, the former Baldrige winners have collectively been outstanding examples to follow. Sure, there has been a Chapter 11 or two among the winners, but those have been very few, and due primarily to external influences that were out of the company's control. The last numbers I saw showed that publicly held Baldrige winners have outperformed the S&P 500 by a very significant margin since 1988.

But keep in mind that while winning the award is significant, the cost of the journey you have to take to get there pays for itself many times over, and makes your organization better and stronger over time.

And if/when you win the Baldrige or state award, don't hang it up and say "Been there, Done That." Keep the momentum going and take it to the next level. You will not regret it.

So where do you start?

I have heard for years that the state of Texas has the best state quality award system in the country, starting with local organizations such as the Austin Performance Excellence Process to culminating with Quality Texas. I encourage you to conduct a self-evaluation or engage someone to do it for you, which includes applying for one of the awards. Take the feedback you receive and close the gaps that have been identified. You will not regret it.

So how can I say for sure that this process works?

I had the opportunity to start from 'ground zero' with a company called Kool Smiles in 1994 as Executive Vice president of Quality. We provide dental services to children. At that time the company had just four offices, all in the Atlanta area. It was not formally tracking anything related to quality or customer satisfaction.

As expected by the Baldrige criteria, we soon identified the expectations of our stakeholders, especially patients and other customers. We turned this information into measures that directly related to these needs and expectations and set up tracking mechanisms to capture, control and improve them. We also set up measures by which we could assess the impact we were having, such as a customer survey process. Also, we have a Clinic Improvement Team at every clinic and

improvement team active in every department in the company now.

When we began tracking, the average patient had to wait in the lobby 21 minutes to be called to the treatment area, once their paperwork had been turned in to the front desk. Today, that cycle time number is sustained at 7 minutes.

In 2004, 30% of our patients had to wait 30 minutes or more to be seen. Today, that number is sustained at 5%.

When we started tracking Net Promoter Score (NPS), the number was 68%. Today, that number is sustained above 80%, and is as high as any company in a well-known NPS database.

I could go on and on. We do not have one single number with a bad trend. And we have gone from four offices in 2004 (all in metro-Atlanta) to 42 today.