

2019–2020



Healthcare

Commitment Level Criteria

for

Performance Excellence

Effective June 2019

Note from the CEO:

Thank you for taking the time to consider applying for the Quality Texas Foundation Commitment Level of Recognition (20 pages and a five-page Organizational Profile). Your organization may have started at our Engagement 10-page application (with five-page Organizational Profile). If this is your first entry with Quality Texas Foundation, welcome aboard.

It is our sincere hope that the questions embedded in the five-page organizational profile and your twenty-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 (70 countries) to make systematic improvements to organizations. Proposed steps are shown below.

1) Assign a minimum of five to seven personnel in your office to become Internal/Coach 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 at any level including the Award Level.

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 Commitment Level of Recognition discusses 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 Commitment Application. The following page distribution is for planning purposes only and is not a hard and fast rule.

Commitment Level (20 pages + 5 pages OP;) 5 pages OP, Cat 1 (2 pages), Cat 2 (2 pages), Cat 3 (2 pages), Cat 4 (2 pages), Cat 5 (3 pages), Cat 6 (2 pages), and Cat 7 (7 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!

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Baldrige has a simple purpose.

The purpose of the Baldrige framework is simply to help your organization—no matter its size, sector, or industry—answer three questions: *Is your organization doing as well as it could? How do you know? What and how should your organization improve or change?*

By challenging yourself with the questions that make up the Criteria for Performance Excellence, you explore how you are accomplishing what is important to your organization. The questions (divided into six interrelated process categories and a results category) represent seven critical aspects of managing and performing as an organization:

1. Leadership
2. Strategy
3. Customers
4. Measurement, analysis, and knowledge management
5. Workforce
6. Operations
7. Results

Baldrige promotes a systems perspective.

A systems perspective means managing all the components of your organization as a unified whole to achieve ongoing success. The system's building blocks and integrating mechanism are the core values and concepts, the seven interrelated Criteria categories, and the scoring guidelines.

A focus on core values and concepts. Baldrige is based on a set of beliefs and behaviors. These core values and concepts are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action, feedback, and ongoing success:

- Systems perspective
- Visionary leadership
- Patient-focused excellence
- Valuing people
- Organizational learning and agility
- Focus on success
- Managing for innovation
- Management by fact
- Societal contributions and community health
- Ethics and transparency
- Delivering value and results

A focus on processes. *Processes* are the methods your organization uses to accomplish its work. The Baldrige framework helps you assess and improve your processes along four dimensions:

1. *Approach*: designing and selecting effective processes, methods, and measures
2. *Deployment*: implementing your approach consistently across the organization
3. *Learning*: assessing your progress and capturing new knowledge, including looking for opportunities for improvement and innovation

4. *Integration*: aligning your approach with your organization's needs; ensuring that your measures, information, and improvement systems complement each other across processes and work units; and harmonizing processes and operations across your organization to achieve key organization-wide goals

A focus on results. The Baldrige framework leads you to examine your results from three viewpoints: the external view (*How do your customers and other stakeholders view you?*), the internal view (*How efficient and effective are your operations?*), and the future view (*Is your organization learning and growing?*).

In Baldrige, results include all areas of importance to your organization. This composite of measures ensures that your strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short and longer-term goals. The Baldrige framework helps you evaluate your results along four dimensions:

1. *Levels*: your current performance on a meaningful measurement scale
2. *Trends*: the direction and rate of change of your results
3. *Comparisons*: your performance relative to that of other, appropriate organizations, such as competitors or organizations similar to yours, and to benchmarks or industry leaders
4. *Integration*: the extent to which the results you track are important to your organization and the extent to which you are using them to support your organizational goals and revise plans

A focus on linkages. The linkages among the Criteria categories are an essential element of the systems perspective provided by the Baldrige framework. Some examples of these linkages are

- the connections between your processes and the results you achieve;
- the need for data in the strategic planning process and for improving operations;
- the connection between workforce planning and strategic planning;
- the need for customer and market knowledge in establishing your strategy and action plans; and
- the connection between your action plans and any changes needed in your work systems.

A focus on improvement. The Baldrige framework helps you understand and assess how well you are accomplishing what is important to your organization: how mature and how well deployed your processes are, how good your results are, whether your organization is learning and improving, and how well your approaches address your organization's needs. The Baldrige scoring guidelines are based on the process and results dimensions described above.

As you respond to the Criteria questions and gauge your responses against the scoring guidelines, you will begin to identify strengths and gaps—first within the Criteria categories and then among them. When you use the Baldrige framework to manage your organization's performance, the coordination of key processes, and feedback between your processes and your results, lead to cycles of improvement. As you continue to use the framework, you will learn more and more about your organization and begin to define the best ways to build on your strengths, close gaps, and innovate.

Begin with 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. Items in blue are changes from previous years.

Organizational Profile

The **Organizational Profile** is a snapshot of your organization and its strategic environment.

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

a. Organizational Environment

(1) HEALTH CARE SERVICE Offerings What are your main HEALTH CARE SERVICE 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 HEALTH CARE SERVICES?

(2) Mission, Vision, Values, and Culture What are your mission, vision, and values? Other than values, what are the characteristics of your organizational culture, if any? 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 in your needs with regard to your workforce? What are

- your workforce or employee groups and segments;
- the educational requirements for different employee groups and segments;
- the key drivers that engage them;
- your organized bargaining units (union representation), if any; and
- your special health and safety requirements, if any?

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

(5) Regulatory Environment What are your key applicable occupational health and safety regulations; accreditation, certification, or registration requirements; industry standards; and environmental, financial, and HEALTH CARE SERVICE delivery regulations?

b. Organizational Relationships

(1) Organizational Structure What are your organizational leadership structure and governance structure? What structures and mechanisms make up your organization's leadership system? What are the reporting relationships among your governance board, senior leaders, and parent organization, as appropriate?

(2) Patient, Other CUSTOMERS and STAKEHOLDERS What are your KEY market SEGMENTS, patient, and other CUSTOMER groups, and STAKEHOLDER groups, as appropriate? What are their KEY requirements and expectations for your HEALTH CARE SERVICES, patient and other customer support services, and operations, including any differences among the groups?

(3) Suppliers, Partners, and Collaborators What are your KEY types of suppliers, PARTNERS, and COLLABORATORS? What role do they play in producing and delivering your key HEALTH CARE SERVICES and customer support services, and in enhancing your competitiveness? What role do they play in contributing and implementing INNOVATIONS in your organization? What are your key supply-network requirements?

Notes

P.1a(1). Health care service offerings are the goods and services you offer in the marketplace. Mechanisms for delivering products to your patients or other customers might be direct or might be indirect, through contractors, collaborators, or partners.

P.1a(2). If your organization has a stated purpose as well as a mission, you should include it in your response. Some organizations define a mission and a purpose, and some use the terms interchangeably. In some organizations, purpose refers to the fundamental reason that the organization exists. Its role is to inspire the organization and guide its setting of values.

P.1a(2). Your values are part of your organization's culture. Other characteristics of your organizational culture might include shared beliefs and norms that contribute to the uniqueness of the environment within your organization.

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

and interns to accomplish their work should include these groups as part of their workforce.

P.1a(5). Industry standards might include industrywide codes of conduct and policy guidance. Depending on the regions in which you operate, environmental regulations might cover greenhouse gas emissions, carbon regulations and trading, and energy efficiency.

P.1b(1). The Organizational Profile asks for the "what" of your leadership system (its structures and mechanisms). Questions in categories 1 and 5 ask how the system is used.

P.1b(2). Customers include the direct users and potential users of your health care services (patients), as well as referring health care providers and those who pay for your services, such as patients' families, insurers, and other third party payors. Your organization may use another term for patient, such as client, resident, consumer, or member.

P.1b(2). Patient and other customer groups might be based on common expectations, behaviors, preferences, or profiles. Within a group, there may be segments based on differences, commonalities, or both. You might subdivide your market into segments based on health care service lines or

features, service delivery modes, payors, volume, geography, or other defining factors.

P.1b(2). Patient, other customer, stakeholder, and operational requirements and expectations will drive your organization's sensitivity to the risk of service, support, and supply-network interruptions, including those due to natural disasters and other emergencies.

P.1b(3). Your supply network consists of the entities that contribute to producing your health care services and delivering them to your patients and other customers. For some organizations, these entities form a chain, in which one entity directly supplies another. Increasingly, however, these entities are interlinked and exist in interdependent rather than linear relationships. The Health Care Criteria use the term supply network, rather than supply chain, to emphasize the interdependencies among organizations and their suppliers.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

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

a. Competitive Environment

(1) Competitive Position What are your relative size and growth in the health care 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 the health care industry? What key sources of comparative data are available from outside the health care 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?

c. Performance Improvement System

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

Notes

P.2b. Strategic challenges and advantages might be in the areas of business, operations, societal contributions, and workforce. They might relate to health care services or service features, quality and outcomes, finances, organizational structure and culture, emerging technology, digital integration, data and information security, brand recognition and reputation, your supply network, and the health care industry.

P.2c. The Baldrige Scoring System (pages 29–34) uses performance improvement through learning and integration as a dimension in assessing the maturity of organizational approaches and their

deployment. This question is intended to set an overall context for your approach to performance improvement. The approach you use should be related to your organization’s needs. Approaches that are compatible with the overarching systems approach provided by the Baldrige framework might include implementing a Lean Enterprise System, applying Six Sigma methodology, using PDCA methodology, using standards from ISO (e.g., the 9000 or 14000 series, or sector-specific standards), using decision or implementation science, or employing other improvement tools.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

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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.

For additional information to assist in understanding of each category 1-7, see the Baldrige Excellence Framework at http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm.

After completing the Organizational Profile where you are asked to identify what is most important to your organization, proceed to answer each of the following questions as fully as possible. Please remember to reference the eligibility and Commitment level application instructions checklist documents located under the Applicants tab on our website at www.quality-texas.org.

1 Leadership

The Leadership category asks how senior leaders' personal actions guide and sustain your organization. It also asks about your organization's governance system and how your organization fulfills its legal, ethical, and societal responsibilities.

1.1 Senior Leadership: How do your senior leaders lead the organization?

Process

In your response, include answers to the following questions:

a. VISION, AND VALUES

- (1) **VISION and VALUES** HOW do SENIOR LEADERS set your organization's VISION and VALUES?
- (2) **Promoting Legal and ETHICAL BEHAVIOR** HOW do SENIOR LEADERS' actions demonstrate their commitment to legal and ETHICAL BEHAVIOR?

b. Communication

HOW do SENIOR LEADERS communicate with and engage the entire WORKFORCE, KEY PARTNERS, PATIENTS AND OTHER KEY CUSTOMERS?

c. Mission and Organizational Performance

- (1) **Creating an Environment for Success** How do senior leaders create an environment for success now and in the future?
- (2) **Creating a Focus on Action** HOW do SENIOR LEADERS create a focus on action to achieve the organization's MISSION?

Notes

1.1. In health care organizations with separate administrative/operational and health-care-provider leaders, the term "senior leaders" refers to both sets of leaders and the relationship between them.

1.1. Your organizational performance results should be reported in items 7.1–7.5. Results related to the effectiveness of leadership and the leadership system should be reported in item 7.4.

1.1a(1). Your organization's vision should set the context for the strategic objectives and action plans you describe in items 2.1 and 2.2.

1.1b. Two-way communication may include use of social media, such as delivering periodic messages through internal and external websites, tweets, blogging, and patient and workforce electronic forums, as well as monitoring external social media outlets and responding, when appropriate.

1.1b. Senior leaders' direct role in motivating the workforce may include participating in reward and recognition

programs.

1.1b. Organizations that rely heavily on volunteers to accomplish their work should also discuss efforts to communicate with and engage the volunteer workforce.

1.1c(1). A successful organization is capable of addressing current organizational needs and, by addressing risk, agility, and strategic management, is capable of preparing for its future business, market, and operating environment. In creating an environment for success, leaders should consider both external and internal factors. Factors might include risk appetite and tolerance, organizational culture, work systems, the potential need for transformational changes in structure and culture, workforce capability and capacity, resource availability, core competencies, and the need for technological and organizational innovation. Other factors include risks and opportunities arising from emerging technology, data integration, data and information security, and environmental considerations.

1.1c(2). Senior leaders' focus on action considers your strategy, workforce, work systems, and assets. It includes taking

intelligent risks, and implementing innovations and ongoing improvements in performance and productivity, taking the actions needed to achieve your strategic objectives (see

2.2a[1]), and possibly establishing plans for managing major organizational change or responding rapidly to significant new information.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

1.2 Governance and Societal Responsibilities: How do you govern and make societal contributions? Process

In your response, include answers to the following questions:

a. Organizational GOVERNANCE

- (1) **GOVERNANCE System** HOW does your organization ensure responsible GOVERNANCE?
- (2) **PERFORMANCE Evaluation** HOW do you evaluate the PERFORMANCE of your SENIOR LEADERS and your GOVERNANCE board?

b. Legal and ETHICAL BEHAVIOR

- (1) **Legal and Regulatory Behavior** HOW do you address and anticipate legal, regulatory, and community concerns with your HEALTH CARE SERVICES and operations?
- (2) **ETHICAL BEHAVIOR** HOW does your organization promote and ensure ETHICAL BEHAVIOR in all interactions?

c. Societal Responsibilities

- (1) **Societal Well-Being** HOW do you consider societal well-being and benefit as part of your strategy and daily operations?
- (2) **Community Support** HOW does your organization actively support and strengthen your KEY communities?

Notes

1.2. Societal contributions in areas critical to your ongoing marketplace success should also be addressed in Strategy Development (item 2.1) and Operations (category 6). Key societal results should be reported as Leadership and Governance Results (item 7.4).

1.2. The health and safety of your workforce are not addressed in this item; you should address these workforce factors in items 5.1 and 6.2, respectively.

1.2a(1). The governance board's review of organizational performance and progress, if appropriate, is addressed in 4.1(b).

1.2a(1). Transparency in the operations of your governance system should include your internal controls on governance processes. For some privately held businesses and nonprofit (including government) organizations, an external advisory board may provide some or all governance board functions.

1.2a(2). The evaluation of leaders' performance might be supported by peer reviews, formal performance management reviews, and formal or informal feedback from and surveys of the workforce and other stakeholders.

1.2b(1). Proactively preparing for any adverse societal impacts and concerns may include conservation of natural resources and effective supply-network management processes, as appropriate. *Nonprofit organizations should*

report, as appropriate, how they meet and surpass regulatory and legal requirements and standards that govern fundraising and lobbying.

1.2b(2). Measures or indicators of ethical behavior might include the percentage of independent board members, measures of relationships with stockholder and nonstockholder constituencies, instances of ethical conduct or compliance breaches and responses to them, survey results showing workforce perceptions of organizational ethics, ethics hotline use, and results of ethics reviews and audits. Measures or indicators of ethical behavior might also include evidence that policies, workforce training, and monitoring systems are in place for conflicts of interest; protection and use of sensitive data, information, and knowledge generated through synthesizing and correlating these data; and proper use of funds.

1.2c(1). Areas of societal well-being and benefit to report are those that are in addition to the compliance processes you describe in 1.2b(1). They might include organizational or collaborative efforts to improve the environment; strengthen local community services, education, health, and emergency preparedness; address societal inequities; and improve the practices of trade, business, or professional associations.

1.2c(2). Areas for organizational involvement in supporting your key communities might include areas that leverage your core competencies. Actions to build community health are population-based services that support the general health of the communities in which you operate. Such

services will likely draw on your core competencies and might include the identification of community health needs, health education programs, immunization programs, health screenings, wellness and prevention programs, indigent care, and programs to eliminate health disparities, perhaps through partnerships with community organizations.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

2 Strategy

The **STRATEGY** Category asks **HOW** your organization develops **STRATEGIC OBJECTIVES** and **ACTION PLANS**, implements them, changes them if circumstances require, and measures progress.

2.1 Strategy Development: How do you develop your strategy?

Process

In your response, include answers to the following questions:

a. Strategy Development PROCESS

- (1) **Strategic Planning PROCESS** HOW do you conduct your strategic planning?
- (2) **INNOVATION** HOW does your strategy development PROCESS stimulate and incorporate INNOVATION?
- (3) **Strategy Considerations** HOW do you collect and analyze relevant data and develop information for your strategic planning PROCESS?
- (4) **WORK SYSTEMS and CORE COMPETENCIES** How do you decide which key processes will be accomplished by your workforce and which by external suppliers, partners, AND COLLABORATORS?

b. STRATEGIC OBJECTIVES

- (1) **KEY STRATEGIC OBJECTIVES** What are your organization's KEY STRATEGIC OBJECTIVES and your timetable for achieving them?
- (2) **STRATEGIC OBJECTIVE Considerations** HOW do your STRATEGIC OBJECTIVES achieve appropriate balance among varying and potentially competing organizational needs?

Notes

2.1. This item deals with your overall organizational strategy, which might include changes in product offerings and customer engagement processes. However, you should describe the product design and customer engagement strategies, respectively, in items 6.1 and 3.2, as appropriate.

2.1. Strategy development refers to your organization's approach to preparing for the future. In developing your strategy, you should consider your level of acceptable enterprise risk. To make decisions and allocate resources, you might use various types of forecasts, projections, options, scenarios, knowledge (see 4.2b for relevant organizational knowledge), analyses, or other approaches to envisioning the future in order to make decisions and allocate resources. Strategy development might involve key suppliers, distributors, partners, and customers.

2.1. The term "strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new health care services; redefinition of key

patient and other customer groups or market segments; definition or redefinition of your role in your business ecosystem (your network of partners, suppliers, collaborators, competitors, patients, other customers, communities, and other relevant organizations inside and outside the health care sector that serve as potential resources); differentiation of your brand; new core competencies; acquisitions or entry into new services to improve access, grow revenue, or reduce costs; new partnerships, alliances, or roles within them; and new staff or volunteer relationships. It might also be directed toward becoming a high-reliability organization, a provider of a high-end or customized service, an integrated service provider, or an employer of choice, or toward meeting a community or public health care need.

2.1a(1). Organizational agility refers to the capacity for rapid change in strategy. Operational flexibility refers to the ability to adjust your operations as opportunities or needs arise, including as a result of strategic changes.

2.1a(3). Data and information may come from a variety of internal and external sources and in a variety of forms. Data are available in increasingly greater volumes and at greater speeds. The ability to capitalize on data and information, including large datasets (“big data”), is based on the ability to analyze the data, draw conclusions, and pursue actions, including intelligent risks.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

2.1a(3). Integration of data from all sources to generate strategically relevant information is a key consideration. Data and information might relate to patient, other customer, and market requirements, expectations, opportunities, and risks; financial, societal, ethical, regulatory, technological, security and cybersecurity, and other potential opportunities and risks; your core competencies; the competitive environment and your performance now and in the future relative to competitors and comparable organizations; your culture, policies, and procedures to ensure patient safety and avoid medical errors; your clinical outcomes; policies and procedures for access to and equity of care; technological and other key innovations or changes that might affect your health care services and the way you operate, as well as the rate of innovation; workforce and other resource needs; your ability to capitalize on diversity; opportunities to redirect resources to higher-priority services or areas; your ability to prevent and respond to disasters and emergencies; changes in the local or national economy; requirements for and strengths and weaknesses of your partners and supply network; changes in your parent organization; and other factors unique to your organization.

2.1a(3). Your strategic planning should address your ability to mobilize the necessary resources and knowledge to execute the strategic plan. It should also address your ability to execute contingency plans or, if circumstances require, to shift strategy and rapidly execute new or changed plans.

2.1a(4). Your work systems are the coordinated combination of internal work processes and external resources you need to develop and produce health care services, deliver them to your patients and other customers, and succeed in your marketplace. External resources might include partners, suppliers, collaborators, competitors, customers, and other entities or organizations that are part of your business ecosystem. Decisions about work systems involve protecting intellectual property, capitalizing on core competencies, and mitigating risk.

2.1b(1). Strategic objectives should focus on your specific challenges, advantages, and opportunities—those most important to your ongoing success and to strengthening your overall performance and your success now and in the future.

In your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

- (1) **ACTION PLAN Development** What are your KEY short- and longer-term ACTION PLANS?
- (2) **ACTION PLAN Implementation** HOW do you DEPLOY your ACTION PLANS?
- (3) **Resource Allocation** HOW do you ensure that financial and other resources are available to support the achievement of your ACTION PLANS while meeting current obligations?
- (4) **WORKFORCE Plans** What are your KEY WORKFORCE plans to support your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS?
- (5) **PERFORMANCE MEASURES** What KEY PERFORMANCE MEASURES or INDICATORS do you use to track the achievement and EFFECTIVENESS of your ACTION PLANS?
- (6) **PERFORMANCE PROJECTIONS** For these KEY PERFORMANCE MEASURES or INDICATORS, what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning horizons?

b. Action Plan Modification HOW do you establish and implement modified ACTION PLANS if circumstances require a shift in plans and rapid execution of new plans?

Notes

2.2. The development and deployment of your strategy and action plans are closely linked to other Criteria items. The following are examples of key linkages:

Item 1.1: how your senior leaders set and communicate organizational direction

Category 3: how you gather customer and market knowledge as input to your strategy and action plans and to use in deploying action plans

Category 4: how you measure and analyze data and manage knowledge to support key information needs, support the development of strategy, provide an effective basis for performance measurements, and track progress on achieving strategic objectives and action plans

Category 5: how you meet workforce capability and capacity needs, determine needs and design your workforce development and learning system, and implement workforce-related changes resulting from action plans

Category 6: how you address changes to your work processes resulting from action plans

Item 7.1: specific accomplishments relative to your organizational strategy and action plans

Item 7.5: results for overall strategy and action plan achievement

2.2a(6). Measures and indicators of projected performance might consider new ventures; organizational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations in services and technology.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

3 Customers

The Customers category asks how your organization engages its patients and other customers for ongoing marketplace success, including how your organization listens to the voice of the customer, serves and exceeds patients' and other customers' expectations, and builds long-term relationships with patients and other customers.

Process

3.1 Customer Expectations: How do you listen to your customers and determine products and services to meet their needs?

In your response, include answers to the following questions:

a. Listening to Patients and Other Customers

- (1) **Current Patients and Other CUSTOMERS** HOW do you listen to, interact with, and observe patients and other CUSTOMERS to obtain actionable information?
- (2) **Potential Patients and Other CUSTOMERS** HOW do you listen to potential patients and other CUSTOMERS to obtain actionable information?

b. Patient and Other CUSTOMER Segmentation and Service Offerings

- (1) **Patient and Other Customer Segmentation** HOW do you determine Patient and other CUSTOMER groups and market segments?
- (2) **Service Offerings** HOW do you determine HEALTH CARE SERVICE offerings?

Notes

3.1. Your results on performance relative to key product features should be reported in item 7.1.

3.1a(1). Your patient and other 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 control.

3.1a(1). Your listening methods should include all stages of your involvement with patients and other customers. These stages might include relationship building, the active relationship, and a follow-up strategy, as appropriate.

3.1b(2). In identifying health care service offerings, you should consider all the important characteristics of services that patients and other customers receive in each stage of

their relationship with you. The focus should be on features that affect patients' and other customers' preference for and loyalty to you and your brand—for example, features that affect their view of clinical and service quality and that differentiate your offerings from those of competing organizations. Those features might include extended hours, family support services, ease of access to and use of your services, timeliness, cost, and assistance with billing/administrative processes and transportation. Key service features might also take into account emerging technology and factors such as the privacy and security of patient and other customer data.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

3.2 Customer Engagement: How do you build relationships with patients and other customers and determine satisfaction and engagement? Process

In your response, include answers to the following questions:

a. Patient and Other Customer Relationships and Support

(1) **Relationship Management** How do you build and manage relationships with patients and other customers?

(2) **Patient and Other Customer Access and Support** How do you enable patients and other customers to seek information and support?

(3) **Complaint Management** How do you manage patient and other customer complaints?

b. Determination of Patient and Other Customer Satisfaction and Engagement

(1) **Satisfaction, Dissatisfaction, and Engagement** How do you determine patient and other customer satisfaction, dissatisfaction, and engagement?

(2) **Satisfaction Relative to Other Organizations** How do you obtain information on patients' and other customers' satisfaction with your organization relative to other organizations?

c. Use of Voice-of-the-Customer and Market Data How do you use voice-of-the-customer and market data and information?

Notes

3.2. Results for customer perceptions and actions (outcomes) should be reported in item 7.2.

3.2b(1). Determining dissatisfaction should be seen as more than reviewing low satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

3.2b(2). Information you obtain on relative satisfaction may include comparisons with competitors; comparisons with other organizations that deliver similar health care services in a noncompetitive marketplace; or comparisons obtained through third-party surveys or surveys endorsed or required by payors, such as the Consumer Assessment of

Healthcare Providers and Systems (CAHPS). Such information may also include information on why customers choose your competitors over you.

3.2c. Patient and other customer data and information should be used to support the overall performance reviews addressed in 4.1b. Voice-of-the-customer and market data and information to use might include aggregated data on complaints and, as appropriate, data and information from social media.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

4 Measurement, Analysis, and Knowledge Management

The Measurement, Analysis, and Knowledge Management category asks HOW your organization selects, gathers, analyzes, manages, and improves its data, information, and KNOWLEDGE ASSETS; how it uses review findings to improve its PERFORMANCE; and HOW it learns.

4.1 Measurement, Analysis, and Improvement of Organizational Performance:

How do you measure, analyze, and then improve organizational performance?

Process.

In your response, include answers to the following questions:

a. PERFORMANCE MEASURES

- (1) **PERFORMANCE MEASURES** HOW do you use data and information to track daily operations and overall organizational PERFORMANCE?
- (2) **Comparative Data** HOW do you select comparative data and information to support fact-based decision making?
- (3) **Measurement Agility** HOW do you ensure that your PERFORMANCE measurement system can respond to rapid or unexpected organizational or external changes and provide timely data?

b. PERFORMANCE ANALYSIS and Review HOW do you review organization's PERFORMANCE and capabilities?

c. PERFORMANCE Improvement

- (1) **Future PERFORMANCE** HOW do you project your organization's future PERFORMANCE?
- (2) **Continuous Improvement and INNOVATION** HOW do you use findings from PERFORMANCE reviews to develop priorities for continuous improvement and opportunities for INNOVATION?

Notes

4.1. The questions in this item are closely linked to each other and to other Criteria items. The following are examples of key linkages:

- Your organizational performance measurement (4.1a)—including the comparative data and information you select, and the performance measures reported throughout your Criteria item responses—should inform your organizational performance reviews (4.1b).
- Organizational performance reviews (4.1b) should reflect your strategic objectives and action plans (category 2), and the results of organizational performance analysis and review should inform your strategy development and implementation, and your priorities for improvement and opportunities for innovation (4.1c).
- Your performance projections for your key action plans should be reported in 2.2a(6).
- Your organizational performance results should be reported in items 7.1–7.5.

4.1a. Data and information from performance measurement should be used to support fact-based decisions that set and

align organizational directions and resource use at the work unit, key process, department, and organization levels.

4.1a(2). The comparative data and information you select should be used to support operational and strategic decision making. Comparative data and information are obtained by benchmarking and by seeking competitive comparisons. Benchmarking is identifying processes and results that represent best practices and performance for similar activities, inside or outside your industry. Competitive comparisons relate your performance to that of competitors and other organizations providing similar products and services.

4.1a(3). Agility in your measurement system might be needed in response to regulatory changes, other changes in the political environment, innovations in organizational processes or business models, new competitor offerings, or productivity enhancements. Responses to such changes might involve, for example, adopting different performance measures or adjusting the intervals between measurements.

4.1b. Performance analysis includes examining performance trends; organizational, health care industry, and technology projections; and comparisons, cause-effect relationships, and correlations. This analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, such analysis draws on all types of data: health care outcome, patient- and other customer-related, financial and market, operational, and competitive/comparative. The analysis should also draw on publicly mandated measures, when appropriate, and might also be informed by internal or external Baldrige

assessments.

4.1b. Rapid response to changing organizational needs and challenges may include responding to the need for transformational change in your organizational structure and work systems.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

4.2 Information and Knowledge Management: How do you manage your information and organizational knowledge assets? Process

In your response, include answers to the following questions:

a. Data and Information

- (1) **Quality** How do you verify and ensure the quality of organizational data and information?
- (2) **Availability** How do you ensure the availability of organizational data and information?

b. Organizational Knowledge

- (1) **Knowledge Management** How do you build and manage organizational knowledge?
- (2) **Best Practices** How do you share best practices in your organization?
- (3) **Organizational LEARNING** How do you use your knowledge and resources to embed LEARNING in the way your organization operates?

Notes

4.2a(2). Information technology systems include, for example, physical devices and systems (hardware); software platforms and applications; and externally based information systems, such as those stored in the cloud or outside your organization's control. Your response might include information related to the interoperability and effective use of electronic health records within your organization.

4.2a(2). The security of your information technology systems is not addressed in this item. You should address this as part of your overall security and cybersecurity management in item 6.2.

4.2b(1). Blending and correlating data from different sources may involve handling big data sets and disparate types of data and information, such as data tables, video,

and text, and may involve data analytics and data science techniques. Organizational knowledge constructed from these data may be speculative and may reveal sensitive information about organizations or individuals that must be protected from use for any other purposes.

4.2b(3). Embedding learning in the way your organization operates means that learning (1) is a part of everyday work; (2) results in solving problems at their source; (3) is focused on building and sharing knowledge throughout your organization; and (4) is driven by opportunities to bring about significant, meaningful change and to innovate.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

5 Workforce

The **WORKFORCE** category 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.

5.1 Workforce Environment: How do you build an effective and supportive workforce environment?

Process

In your response, include answers to the following questions:

a. **WORKFORCE CAPABILITY** and **CAPACITY**

- (1) **CAPABILITY and CAPACITY** HOW do you assess your **WORKFORCE CAPABILITY** and **CAPACITY** needs?
- (2) **New WORKFORCE Members** HOW do you recruit, hire, place, and retain new **WORKFORCE** members?
- (3) **WORKFORCE Change Management** HOW do you prepare your **WORKFORCE** for changing **CAPABILITY** and **CAPACITY** needs?
- (4) **Work Accomplishment** HOW do you organize and manage your **WORKFORCE**?

b. **WORKFORCE Climate**

- (1) **Workplace Environment** HOW do you ensure workplace health, security, and accessibility for the **WORKFORCE**?
- (2) **WORKFORCE Benefits and Policies** HOW do you support your **WORKFORCE** via services, benefits, and policies?

Notes

5. Results related to workforce environment and engagement should be reported in item 7.3. People supervised by a contractor should be addressed in categories 2 and 6 as part of your larger work system strategy and your internal work processes. For organizations that also rely on volunteers, workforce includes these volunteers.

5.1a(1). Your assessment of workforce capability and capacity needs should consider not only current needs, but also future requirements based on the strategic objectives and action plans you identify in category 2 and the future performance you discuss in 4.1c(1).

5.1a(3). Preparing your workforce for changing capability and capacity needs might include training, education, frequent communication, consideration of workforce employment and employability, career counseling, and outplacement and other services.

5.1a(3), 5.1a(4). Organizing and managing your workforce

may involve organizing the workforce for change as you address changes in technology, your external environment, culture, or strategic objectives.

5.1b(1). Workplace accessibility maximizes productivity by eliminating barriers that can prevent people with disabilities from working to their potential. A fully inclusive workplace is physically, technologically, and attitudinally accessible.

5.1b(1). If workplace environmental factors and their performance measures or targets differ significantly for your different workplace environments, you should include these differences in your response. You should address workplace safety in item 6.2 as part of your overall safety system.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

5.2 Workforce Engagement: How do you engage your WORKFORCE for retention and HIGH-PERFORMANCE?

Process

In your response, include answers to the following questions:

a. Assessment of WORKFORCE ENGAGEMENT

- (1) **Drivers of ENGAGEMENT** HOW do you determine KEY drivers of WORKFORCE ENGAGEMENT?
- (2) **Assessment of ENGAGEMENT** HOW do you assess WORKFORCE ENGAGEMENT?

b. Organizational Culture HOW do you foster an organizational culture that is characterized by open communication, HIGH-PERFORMANCE, and an engaged WORKFORCE?

c. PERFORMANCE MANAGEMENT AND Development

- (1) **PERFORMANCE Management** HOW does your LEARNING and development system support the personal development of WORKFORCE members and your organization's needs?
- (2) **PERFORMANCE Development** How does your learning and development system support the personal development of workforce members and your organization's needs?
- (3) **LEARNING and Development EFFECTIVENESS** HOW do you evaluate the EFFECTIVENESS and efficiency of your LEARNING and development system?
- (3) **Career Progression** HOW do you manage career progression for your WORKFORCE and your future leaders?

Notes

5.2a(1). Drivers of workforce engagement (identified in P.1a[3]) refer to the drivers of workforce members' commitment, both emotional and intellectual, to accomplishing the organization's work, mission, and vision.

5.2a(2). Other indicators to use in assessing and improving workforce engagement might include workforce retention, absenteeism, grievances, safety, and productivity.

5.2c(1). *In some government organizations, compensation systems are set by law or regulation; therefore, reward and recognition systems must use other options.*

5.2c(2). Your response should include how you address any considerations for workforce development, learning,

and career progression that are unique to your organization.

These might include development opportunities that address your organization's core competencies, strategic challenges, and action plans; organizational change and innovation; improvements in customer focus; and the reinforcement of new knowledge and skills on the job. Your response should also consider the breadth of development opportunities you might offer, including education, training, coaching, mentoring, and work-related experiences.

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

6 Operations

The Operations category asks **HOW** your organization designs, manages, improves, and innovates its products and **WORK PROCESSES** and improves operational **EFFECTIVENESS** to deliver **CUSTOMER VALUE** and achieve ongoing organizational success.

6.1 Work Processes: How do you design, manage, and improve your key products and work processes? Process

In your response, include answers to the following questions:

a. Product and PROCESS Design

- (1) **Determination of Product and Process Requirements** HOW do you determine KEY product and WORK PROCESS requirements?
- (2) **Key Work Processes** What are your organization's key WORK PROCESSES?
- (3) **Design Concepts** How do you design your products and WORK PROCESSES to meet requirements?

b. PROCESS Management and Improvement

- (1) **PROCESS Implementation** HOW does your day-to-day operation of WORK PROCESSES ensure that they meet KEY PROCESS requirements?
- (2) **Support PROCESSES** HOW do you determine our KEY support PROCESSES?
- (3) **Product and PROCESS Improvement** HOW do you improve your WORK PROCESSES to improve products and PERFORMANCE, ENHANCE YOUR CORE COMPETENCIES, and reduce variability?

c. Supply-Network Management How do you manage your supply network?

d. INNOVATION MANAGEMENT HOW do you pursue opportunities for INNOVATION?

Notes

6.1. The results of improvements in product and process performance should be reported in item 7.1.

6.1a(3). Process design also includes the need to extensively redesign a process due to changes in requirements or other factors. Agility may be needed when work processes need to change as a result of overall work system changes, such as bringing a supply-network product or process in-house to avoid disruptions in supply due to unpredictable external events, or outsourcing a product or process formerly carried out in-house.

6.1b(2). Your key support processes should support your value-creation processes. They might include processes that support leaders and other workforce members engaged in, for example, product design and delivery, customer interactions, and business and enterprise management. Examples might include accounting and purchasing.

6.1b(3). Your approaches to improve process performance and reduce variability should be part of the performance

improvement system you describe in P.2c in the Organizational Profile.

6.1c. To ensure that suppliers are positioned to meet operational needs and enhance your performance and your customers' satisfaction, you might partner with suppliers or form alliances among multiple organizations within the supply network for mutual benefit. Communication of expectations and feedback to suppliers should be two-way, allowing suppliers to express what they need from you and other organizations within the supply network. For many organizations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

6.1d. Your process for managing opportunities for innovation should capitalize on strategic opportunities identified in 2.1a(2).

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

6.2 Operational Effectiveness: How do you ensure effective management of your operations? Process

In your response, include answers to the following questions:

a. **PROCESS Efficiency and EFFECTIVENESS** How do you manage the cost, efficiency, and effectiveness of your operations?

b. **Security and Cybersecurity** How do you ensure the security and cybersecurity of sensitive or privileged data and information and of key assets?

c. **Safety and Emergency Preparedness**

(1) **Safety** HOW do you provide a safe operating environment?

(2) **Business Continuity** HOW do you ensure that your organization is prepared for disasters or emergencies?

Notes

6.2b. For examples of what your information technology systems might include, see the note to 4.2a(2).

6.2b. Managing cybersecurity includes protecting against the loss of sensitive information about employees, patients, other customers, and organizations; protecting assets, including intellectual property; and protecting against the financial, legal, and reputational aspects of breaches. There are many sources for general and industry-specific cybersecurity standards and practices. Many are referenced in the *Framework for Improving Critical Infrastructure Cybersecurity* (<https://www.nist.gov/cyberframework>). The *Baldrige Cybersecurity Excellence Builder* (<https://www.nist.gov/baldrige/products-services>) is a self-assessment tool incorporating the concepts of the Cybersecurity Framework

and the Baldrige systems perspective.

6.2c(2). Disasters and emergencies might be related to weather, climate, utilities, security, or a local or national emergency. The extent to which you prepare for disasters or emergencies will depend on your organization's environment and its sensitivity to disruptions of operations. Acceptable levels of risk will vary depending on the nature of your health care services, supply network, and stakeholder needs and expectations.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

7 Results

The Results category asks about your organization's performance and improvement in all key areas—health care and process results; customer results; workforce results; leadership and governance results; and financial, market, and strategy results..

7.1 Health Care and Process Results: What are your health care performance and process effectiveness results?

Results

Provide data and information to answer the following questions:

a. **Health Care and CUSTOMER-Focused Service RESULTS** What are your RESULTS for your patient and other Customer service processes?

b. **WORK PROCESS EFFECTIVENESS RESULTS**

(1) **PROCESS EFFECTIVENESS and Efficiency** What are your process EFFECTIVENESS and efficiency results?

(2) **Safety and Emergency Preparedness** WHAT are your safety and emergency preparedness RESULTS?

c. **Supply-Network Management RESULTS** What are your supply-chain management RESULTS?

Notes

7. There is not a one-to-one correspondence between results items and Criteria categories 1–6. Results should be considered systemically, with contributions to individual results items frequently stemming from processes in more than one Criteria category.

The Baldrige scoring system (pages 29–34) asks for current, trended, comparative, and segmented data, as appropriate, to provide key information for analyzing and reviewing your organizational performance (item 4.1), to demonstrate use of organizational knowledge (item 4.2), and to provide the operational basis for patient- and other customer-focused results (item 7.2) and for financial and market results (item 7.5).

In a few areas, your results may be qualitative in nature or not amenable to trending over time. Some examples are results for governance accountability, training hours for suppliers on new services or processes, and results for limited or one-time projects or processes.

Comparative data and information are obtained by benchmarking (inside and outside your industry, as appropriate) and by seeking competitive comparisons. In a few cases, such as results for projects or processes that are unique to your organization, comparative data may not be available or appropriate.

7.1. Results should include those for representative key measures that are publicly reported and/or mandated by regulators, accreditors, or payors, such as the Healthcare Effectiveness Data and Information Set (HEDIS), Centers for Medicare and Medicaid Services (CMS) quality and

value-based payment model measures, outpatient measures, Agency for Healthcare Research and Quality (AHRQ) measures, and quality measures related to accountable care organizations, as appropriate.

7.1a. Health care results and results for patient and other customer service processes should relate to the key requirements and expectations you identify in P.1b(2), which are based on information gathered through processes you describe in category 3. The measures or indicators should address factors that affect patient and other customer preference, such as those listed in the notes to P.1b(2) and 3.1b.

7.1b. Results should address the key operational requirements you identify in the Organizational Profile and in category 6.

7.1b. Appropriate measures and indicators of work process effectiveness might include error rates; patient safety results; timeliness of delivery; results for externally provided health care services and processes; rates and results of health care service and work system innovation; work layout improvements; changes in supervisory ratios; Occupational Safety and Health Administration (OSHA)-reportable incidents; measures or indicators of the success of emergency drills or simulations, such as cycle time, containment, and the meeting of standards; and results for work relocation or contingency exercises.

7.1c. Appropriate measures and indicators of supply network performance might include supplier and partner audits; just-in-time delivery; and acceptance results for externally provided services and processes. Measures and indicators of contributions to enhancing your performance might include those for improvements in downstream

supplier services delivered directly to patients and other customers.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

7.2 Customer-Focused Results: What are your customer-focused performance results? Results

Provide data and information to answer the following questions:

a. Patient- and Other CUSTOMER-Focused RESULTS

- (1) **CUSTOMER Satisfaction** What are your Patient and other CUSTOMER satisfaction and dissatisfaction RESULTS?
- (2) **CUSTOMER ENGAGEMENT** What are your Patient and other CUSTOMER ENGAGEMENT RESULTS?

Notes

7.2. Results for patient and other customer satisfaction, dissatisfaction, and engagement should relate to the patient and other customer groups and market segments you identify in P.1b(2) and to the listening and determination methods you report in category 3.

7.2a(1). Results from any of the CAHPS surveys should be included if your organization reports these measures.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

7.3 Workforce-Focused Outcomes: What are your workforce-focused performance results? Results

Provide data and information to answer the following questions:

a. **WORKFORCE-FOCUSED RESULTS**

- (1) **WORKFORCE CAPABILITY and CAPACITY** What are your **WORKFORCE CAPABILITY and CAPACITY RESULTS**?
- (2) **WORKFORCE Climate** What are your **WORKFORCE climate RESULTS**?
- (3) **WORKFORCE ENGAGEMENT** What are your **WORKFORCE ENGAGEMENT RESULTS**?
- (4) **WORKFORCE Development** What are your **WORKFORCE and leader development RESULTS**?

Notes

7.3. Results reported in this item should relate to the processes, measures, and indicators you report in category 5. Your results should also respond to the key work process needs you report in category 6 and to the action plans and workforce plans you report in item 2.2. Responses should

include results for independent practitioners, volunteers, and health profession students, as appropriate.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

7.4 Leadership and Governance Outcomes: What are your senior leadership and governance results?

Results

Provide data and information to answer the following questions:

a. Leadership, GOVERNANCE, and Societal Responsibility RESULTS

- (1) **Leadership** What are your RESULTS for SENIOR LEADERS' communication and engagement with the WORKFORCE, PARTNERS, patients, and other CUSTOMERS?
- (2) **GOVERNANCE** What are your RESULTS for GOVERNANCE accountability?
- (3) **Law and Regulation** What are your legal and regulatory RESULTS?
- (4) **Ethics** What are your RESULTS for ETHICAL BEHAVIOR?
- (5) **Society** What are your RESULTS for societal well-being and support of your key communities?

Notes

7.4. Responses should relate to the communication processes you identify in item 1.1 and the governance, legal and regulatory, ethics, and societal contribution processes and measures you report in item 1.2. Workforce-related occupational safety and health results (e.g., OSHA-reportable incidents) should be reported in 7.1b(2) and 7.3a(2).

7.4a(2). Responses might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters.

7.4a(4). For examples of measures of ethical behavior and stakeholder trust, see the note to 1.2b(2).

7.4a(5). Measures of contributions to societal well-being might include those for reduced energy consumption, the use of renewable energy resources and recycled water, reduction of your carbon footprint, waste reduction and utilization, alternative approaches to conserving resources (e.g., increased virtual meetings).

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).

7.5 Financial and Market Outcomes: What are your results for financial viability and strategy implementation?

Results

Provide data and information to answer the following questions:

a. Financial and Market RESULTS

(1) **Financial PERFORMANCE** What are your financial PERFORMANCE RESULTS?

(2) **Marketplace PERFORMANCE** What are your marketplace PERFORMANCE RESULTS?

b. Strategy Implementation RESULTS What are your RESULTS for the achievement for your organizational strategy and ACTION PLANS?

Notes

7.5a. Results should relate to the financial measures you report in 4.1a(1) and the financial management approaches you report in item 2.2.

7.5a(1). Aggregate measures of financial return might include those for return on investment (ROI), operating margins, profitability, or profitability by market segment or patient or other customer group. Measures of financial viability might include those for liquidity, debt-to-equity ratio, days cash on hand, asset utilization, cash flow, bond ratings, accountable care organization or shared savings programs, and value-based purchasing financial results, as appropriate. For nonprofit health care organizations, measures of performance to budget might include additions to or subtractions from reserve funds, cost avoidance or savings, responses to budget decreases,

lowering of costs to patients or other customers or return of funds as a result of increased efficiency, administrative expenditures as a percentage of budget, and the cost of fundraising versus funds raised.

7.5b. Measures or indicators of strategy and action plan achievement should relate to the strategic objectives and goals you report in 2.1b(1), the elements of risk you report in 2.1a(3), and the action plan performance measures and projected performance you report in 2.2a(5) and 2.2a(6), respectively.

For additional guidance on this item, see the Health Care Criteria Commentary (<https://www.nist.gov/baldrige/baldrige-criteria-commentary-health-care>).



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 Care; <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. Action plan development is the critical stage in planning when you make strategic objectives and goals specific so that you can effectively deploy them throughout the organization in an understandable way. In the Criteria, deploying action plans includes creating aligned measures for all affected departments and work units. Deployment might also require specialized training for some workforce members or recruitment of personnel.

For example, a strategic objective for a supplier in a highly competitive industry might be to develop and maintain price leadership. Action plans could entail designing efficient processes, creating an accounting system that tracks activity-level costs, and aligning processes and accounting systems across the organization. To deploy the action plans, the supplier might need to train work units and teams in setting priorities based on costs and benefits. Organizational-level analysis and review would likely emphasize productivity growth, cost control, and quality. 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. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the work unit level. See also INTEGRATION.

ANALYSIS. The examination of facts and data to provide a basis for effective decisions. Analysis often involves determining cause-effect relationships. Overall organizational analysis guides you in managing work systems and work processes toward achieving key business results and attaining strategic objectives.

Although individual facts and data are important, they do not usually provide an effective basis for acting or setting priorities. Effective actions depend on an understanding of relationships, which is derived from the analysis of facts and data.

ANECDOTAL. In a response to a Criteria item, information that lacks specific methods; measures; deployment mechanisms; and evaluation, improvement, and learning

factors. Anecdotal information frequently consists of examples and describes individual activities rather than systematic processes. For example, in an anecdotal response to how senior leaders deploy performance expectations, you might describe a specific occasion when a senior leader visited all of your organization's facilities. On the other hand, in properly describing a systematic process, you might include the methods all senior leaders use to communicate performance expectations regularly to all locations and workforce members, the measures leaders use to assess the effectiveness of the methods, and the tools and techniques you use to evaluate and improve the methods. See also SYSTEMATIC.

APPROACH. The methods your organization uses to carry out its processes. Besides the methods themselves, approach refers to the appropriateness of the methods to the item requirements and your organization's operating environment, as well as how effectively your organization uses those methods.

Approach is one of the factors considered in evaluating process items. For further description, see the Scoring System.

BASIC QUESTION. The most central concept of a Criteria item, as presented in the item title question. For an illustration, see Criteria for Performance Excellence Structure (page 2).

BENCHMARKS. Processes and results that represent the best practices and best performance for similar activities, inside or outside your organization's industry. Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (nonincremental) or "breakthrough" improvement.

Benchmarks are one form of comparative data. Other forms include industry data collected by a third party (frequently industry averages), data on competitors' performance, and comparisons with similar organizations that are in the same geographic area or that provide similar products and services in other geographic areas.

CAPABILITY, WORKFORCE. See WORKFORCE CAPABILITY.

CAPACITY, WORKFORCE. See WORKFORCE CAPACITY.

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, possibly specialized capabilities that are central to fulfilling your mission or that provide an advantage in your marketplace or service environment. Core competencies are frequently challenging for competitors or suppliers and partners to imitate, and they may provide an ongoing competitive advantage. The absence of a needed core competency may result in a significant strategic challenge or disadvantage for your organization in the marketplace.

Core competencies may involve technological expertise, unique service offerings, a marketplace niche, or business acumen in a particular area (e.g., business acquisitions).

CUSTOMER. An actual or potential user of your organization's products, programs, or services (all referred to as products in the Criteria). Customers include the end users of your products, as well as others who are immediate purchasers or users, such as distributors, agents, or organizations that process your product as a component of theirs. The Baldrige framework addresses customers broadly, referencing your current and future customers, as well as your competitors' customers.

Customer-focused excellence is a Baldrige core value embedded in the beliefs and behaviors of high-performing organizations. Customer focus impacts and should be a factor in integrating your organization's strategic directions, work systems and work processes, and business results.

See also *STAKEHOLDERS* for the relationship between customers and others who might be affected by your products.

CUSTOMER ENGAGEMENT. Your customers' investment in or commitment to your brand and product offerings. It is based on your ongoing ability to serve their needs and build relationships so that they will continue using your products. Characteristics of engaged customers include retention, brand loyalty, willingness to make an effort to do business—and increase their business—with you, and willingness to actively advocate for and recommend your brand and product offerings.

CYCLE TIME. The time required to fulfill commitments or complete tasks. Cycle time refers to all aspects of time performance, such as time to market, order fulfillment time, delivery time, changeover time, customer response time, and other key measures of time. Improvement in cycle time might involve any or all of these.

Time performance and speed are important to improving competitiveness and overall performance.

DEPLOYMENT. The extent to which your organization applies an approach in addressing the requirements of a Criteria item. Evaluation of deployment considers how broadly and deeply the approach is applied in relevant work units throughout your organization.

Deployment is one of the factors considered in evaluating process items. For further description, see the Scoring System.

DIVERSITY. Personal differences among workforce members that enrich the work environment and are representative of your hiring and customer communities. These differences address many variables, such as race, religion, color, gender, national origin, disability, sexual orientation, age and generation, education, geographic origin, and skill characteristics, as well as ideas, thinking, academic disciplines, and perspectives.

The Criteria refer to valuing and benefiting from the diversity of your workforce hiring and customer communities. Capitalizing on both in building your workforce increases your opportunities for high performance; customer, workforce, and community satisfaction; and customer and workforce engagement.

EFFECTIVE. How well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) evaluating how well the process is aligned with the organization's needs and how well it is deployed, or (2) evaluating the outcome of the measure as an indicator of process or product performance.

EMPOWERMENT. Giving people the authority and responsibility to make decisions and take actions. When people are empowered, decisions are made closest to the front line, where work-related knowledge and understanding reside.

The purpose of empowering people is to enable them to satisfy customers on first contact, improve processes and increase productivity, and improve your organization's performance results, as well as to encourage collaboration. An empowered workforce requires information to make appropriate decisions; thus, your organization must provide that information in a timely and useful way.

ENGAGEMENT, CUSTOMER. See *CUSTOMER ENGAGEMENT*.

ENGAGEMENT, WORKFORCE. See *WORKFORCE ENGAGEMENT*.

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. They distinguish right from wrong.

Senior leaders should be role models for these principles of behavior. The principles apply to all people involved in your organization, from temporary workforce members to members of the board of directors. These principles benefit from regular communication and reinforcement. Although the Baldrige framework does not prescribe a particular model for ensuring ethical behavior, senior leaders have the responsibility for the alignment of your organization's mission and vision with its ethical principles. Ethical behavior encompasses interactions with all stakeholders, including your workforce, shareholders, customers, partners, suppliers, and local community.

Well-designed and clearly articulated ethical principles empower people to make effective decisions with great confidence. In some organizations, ethical principles also serve as boundary conditions restricting behavior that otherwise could have adverse impacts on your organization and/or society.

See also the related core value, Ethics and Transparency.

EXCELLENCE. See PERFORMANCE EXCELLENCE.

GOALS. Future conditions or performance levels that your organization intends or desires to attain. Goals can be both short and longer term. They are ends that guide actions. Quantitative goals, frequently referred to as targets, include a numerical point or range. Targets might be desired performance based on comparative or competitive data. Stretch goals are goals for desired major, discontinuous (nonincremental) or "breakthrough" improvements, usually in areas most critical to your organization's future success.

Goals can serve many purposes, including

- clarifying strategic objectives and action plans to indicate how you will measure success,
- fostering teamwork by focusing on a common end,
- encouraging out-of-the-box thinking (innovation) to achieve a stretch goal, and
- providing a basis for measuring and accelerating progress.

See also PERFORMANCE PROJECTIONS.

GOVERNANCE. The system of management and controls exercised in the stewardship of your organization. Governance includes the responsibilities of your organization's owners/shareholders, board of directors, and senior leaders. Corporate or organizational charters, bylaws, and policies document the rights and responsibilities of each of the

parties and describe how they will direct and control your organization to ensure (1) accountability to owners/shareholders and other stakeholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of the CEO's performance, the establishment of executive compensation and benefits, succession planning, financial and other fiduciary auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

HEALTH CARE SERVICES. All services delivered by your organization that involve professional clinical/medical judgment, including those delivered to patients and to the community. Health care services also include services that are not considered clinical or medical, such as admissions, food services, and billing.

HIGH PERFORMANCE. Ever-higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time. High performance results in improved service and value for customers and other stakeholders.

Approaches to high performance vary in their form, their function, and the incentive systems used. High performance stems from and enhances workforce engagement. It involves cooperation between the management and the workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; empowerment of your people, including personal accountability; and workforce input into planning. It may involve learning and building individual and organizational skills; learning from other organizations; creating flexible job design and work assignments; maintaining a flattened organizational structure, where decision making is decentralized and decisions are made closest to the front line; and effectively using performance measures, including comparisons. Many organizations encourage high performance with monetary and nonmonetary incentives based on factors such as organizational performance, team and individual contributions, and skill building. Also, approaches to high performance usually seek to align your organization's structure, core competencies, work, jobs, workforce development, and incentives.

HOW. The systems and processes that your organization uses to achieve its mission requirements. In responding to "how" questions in Criteria categories 1–6, you should include information on approach (methods and measures), deployment, learning, and integration.

INDICATORS. See MEASURES and INDICATORS.

INNOVATION. Making meaningful change to improve products, processes, or organizational effectiveness and create new value for stakeholders. Innovation involves

adopting an idea, process, technology, product, or business model that is either new or new to its proposed application. The outcome of innovation is a discontinuous or “breakthrough” improvement in results, products, or processes. Innovation benefits from a supportive environment, a process for identifying strategic opportunities, and a willingness to pursue intelligent risks.

Successful organizational innovation is a multistep process of development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that can benefit from change through innovation, whether breakthrough improvement or a change in approach or outputs. Innovation could include fundamental changes in an organization’s structure or business model to accomplish work more effectively.

See also INTELLIGENT RISKS and STRATEGIC OPPORTUNITIES.

INTEGRATION. The harmonization of plans, processes, information, resource decisions, workforce capability and capacity, actions, results, and analyses to support key organization-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of an organizational performance management system operate as a fully interconnected unit.

Integration is one of the factors considered in evaluating both process and results items. For further description, see the Scoring System.

See also ALIGNMENT.

INTELLIGENT RISKS. Opportunities for which the potential gain outweighs the potential harm or loss to your organization’s future success if you do not explore them. Taking intelligent risks requires a tolerance for failure and an expectation that innovation is not achieved by initiating only successful endeavors. At the outset, organizations must invest in potential successes while realizing that some will lead to failure.

The degree of risk that is intelligent to take will vary by the pace and level of threat and opportunity in the industry. In a rapidly changing industry with constant introductions of new products, processes, or business models, there is an obvious need to invest more resources in intelligent risks than in a stable industry. In the latter, organizations must monitor and explore growth potential and change but, most likely, with a less significant commitment of resources.

See also STRATEGIC OPPORTUNITIES.

KEY. Major or most important; critical to achieving your intended outcome. The Criteria, for example, refer to key challenges, plans, work processes, and measures—those that are most important to your organization’s success. They are the essential elements for pursuing or monitoring a desired outcome. Key is generally defined as around the most significant five (e.g., around five key challenges).

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. These knowledge assets reside in your workforce, software, patents, databases, documents, guides, policies and procedures, and technical drawings. Knowledge assets also reside within customers, suppliers, and partners.

Knowledge assets are the know-how that your organization has available to use, invest, and grow. Building and managing knowledge assets are key components of creating value for your stakeholders and sustaining a competitive advantage.

LEADERSHIP SYSTEM. The way leadership is exercised, formally and informally, throughout your organization; the basis for key decisions and the way they are made, communicated, and carried out. A leadership system includes structures and mechanisms for making decisions; ensuring two-way communication; selecting and developing leaders and managers; and reinforcing values, ethical behavior, directions, and performance expectations.

An effective leadership system respects workforce members’ and other stakeholders’ capabilities and requirements, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on your organization’s vision and values and the pursuit of shared goals. It encourages and supports initiative, innovation, and appropriate risk taking; subordinates organizational structure to purpose and function; and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for leaders to conduct self-examination, receive feedback, and improve.

LEARNING. New knowledge or skills acquired through evaluation, study, experience, and innovation. The Baldrige framework refers to two distinct kinds of learning: organizational learning and learning by the people in your workforce. Organizational learning is achieved through research and development, evaluation and improvement cycles, ideas and input from the workforce and stakeholders, the sharing of best practices, and benchmarking. Workforce learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way your organization operates. Learning contributes to a competitive advantage and ongoing success for your organization and workforce.

For further description of organizational and personal learning, see the related core values and concepts: Valuing People, and Organizational Learning and Agility.

Learning is one of the factors considered in evaluating process items. For further description, see the Scoring System.

LEVELS. Numerical information that places or positions your organization's results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

MEASURES AND INDICATORS. Numerical information that quantifies the input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not distinguish between measures and indicators. However, some users of these terms prefer "indicator" (1) when the measurement relates to performance but does not measure it directly (e.g., the number of complaints is an indicator but not a direct measure of dissatisfaction) and (2) when the measurement is a predictor ("leading indicator") of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

MISSION. Your organization's overall function. The mission answers the question, "What is your organization attempting to accomplish?" The mission might define customers or markets served, distinctive or core competencies, or technologies used.

MULTIPLE QUESTIONS. The details of a Criteria item, as expressed in the individual questions under each lettered area to address. The first question in a set of multiple requirements expresses the most important question in that group. The questions that follow expand on or supplement that question. For an illustration, see Criteria for Performance Excellence Structure.

Even high-performing, high-scoring users of the Baldrige framework are not likely to be able to address all the multiple requirements with equal capability or success.

OVERALL QUESTIONS. The most important features of a Criteria item, as elaborated in the first question (the leading question in boldface) in each paragraph under each lettered area to address. For an illustration, see Criteria for Performance Excellence Structure.

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 for a specific aim or purpose, such as to achieve a strategic objective or deliver a specific product.

Formal partnerships usually last for an extended period and involve a clear understanding of the partners' individual and mutual roles and benefits.

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 can be expressed in nonfinancial and financial terms.

The Criteria address four types of performance: (1) product, (2) customer-focused, (3) operational, and (4) financial and marketplace.

Product performance is performance relative to measures and indicators of product and service characteristics that are important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time. For some service organizations, including nonprofit organizations, examples might include program and project performance in the areas of rapid response to emergencies, at-home services, or multilingual services.

Customer-focused performance is performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, and survey results.

Operational performance is workforce, leadership, and organizational performance (including ethical and legal compliance) relative to measures and indicators of effectiveness, efficiency, and accountability. Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, regulatory compliance, fiscal accountability, strategy accomplishment, and community involvement.

Operational performance might be measured at the work-unit, key work process, and organizational levels.

Financial and marketplace performance is performance relative to measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, value added per employee, debt-to-equity ratio, returns on assets, operating margins, performance to budget, the amount in reserve funds, cash-to-cash cycle time, other profitability and liquidity measures, and market gains.

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. The Baldrige Organizational Profile, Criteria, core values and concepts, and scoring guidelines provide a framework and assessment tool for understanding your organization's strengths and opportunities for improvement and, thus, for guiding your planning toward achieving higher performance and striving for excellence.

PERFORMANCE PROJECTIONS. Estimates of your organization's future performance. Projections should be based on an understanding of past performance, rates of improvement, and assumptions about future internal changes and innovations, as well as assumptions about changes in the external environment that result in internal changes. Thus, performance projections can serve as a key tool in managing your operations and in developing and implementing your strategy.

Performance projections state your *expected* future performance. Goals state your *desired* future performance. Performance projections for your competitors or similar organizations may indicate challenges facing your organization and areas where breakthrough performance or innovation is needed. In areas where your organization intends to achieve breakthrough performance or innovation, your performance projections and your goals may overlap.

See also GOALS.

PROCESS. Linked activities with the purpose of producing a product or service for a customer (user) within or outside your organization. Generally, processes involve combinations of people, machines, tools, techniques, materials, and improvements in a defined series of steps or actions. Processes rarely operate in isolation and must be considered in relation to other processes that impact them. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In the delivery of services, particularly those that directly involve customers, process is used more generally to spell out what delivering that service entails, possibly including a preferred or expected sequence. If a sequence is critical, the process needs to include information that helps customers understand and follow the sequence. Such service processes also require guidance for service providers on handling contingencies related to customers' possible actions or behaviors.

In knowledge work, such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, it implies general

understandings of competent performance in such areas as timing, options to include, evaluation, and reporting. Sequences might arise as part of these understandings.

Process is one of the two dimensions evaluated in a Baldrige-based assessment. This evaluation is based on four factors: approach, deployment, learning, and integration. For further description, see the Scoring System.

PRODUCTIVITY. Measures of the efficiency of resource use.

Although the term is often applied to single factors, such as the workforce (labor productivity), machines, materials, energy, and capital, the concept also applies to the total resources used in producing outputs. Using an aggregate measure of overall productivity allows you to determine whether the net effect of overall changes in a process—possibly involving resource trade-offs—is beneficial.

PROJECTIONS, PERFORMANCE. See PERFORMANCE PROJECTIONS.

RESULTS. Outputs and outcomes achieved by your organization. Results are evaluated based on current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements.

Results are one of the two dimensions evaluated in a Baldrige-based assessment. This evaluation is based on four factors: levels, trends, comparisons, and integration. For further description, see the Scoring System.

SEGMENT. One part of your organization's customer, market, product offering, or workforce base. Segments typically have common characteristics that allow logical groupings. In Criteria results items, segmentation refers to disaggregating results data in a way that allows for meaningful analysis of your organization's performance. It is up to each organization to determine the factors that it uses to segment its customers, markets, products, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups and to tailoring product offerings to meet their needs and expectations. For example, you might segment your market based on distribution channels, business volume, geography, or technologies employed. You might segment your workforce based on geography, skills, needs, work assignments, or job classifications.

SENIOR LEADERS. Your organization's senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports

STAKEHOLDERS. All groups that are or might be affected by your organization's actions and success. Key stakeholders might include customers, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policy makers, funders, and local and professional communities.

See also CUSTOMER.

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 advantages generally arise from either or both of two sources: (1) core competencies, which focus on building and expanding on your organization's internal capabilities, and (2) strategically important external resources, which your organization shapes and leverages through key external relationships and partnerships.

When an organization realizes both sources of strategic advantage, it can amplify its unique internal capabilities by capitalizing on complementary capabilities in other organizations.

See STRATEGIC CHALLENGES and STRATEGIC OBJECTIVES for the relationship among strategic advantages, strategic challenges, and the strategic objectives your organization articulates to address its challenges and advantages.

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. While not exclusively so, strategic challenges are generally externally driven. However, in responding to externally driven strategic challenges, your organization may face internal strategic challenges.

External strategic challenges may relate to customer or market needs or expectations; product or technological changes; or financial, societal, and other risks or needs. Internal strategic challenges may relate to capabilities or human and other resources.

See STRATEGIC ADVANTAGES and STRATEGIC OBJECTIVES for the relationship among strategic challenges, strategic advantages, and the strategic objectives your organization articulates to address its challenges and advantages.

STRATEGIC OBJECTIVES. The aims or responses that your organization articulates to address major change or improvement, competitiveness or social issues, and business advantages. Strategic objectives are generally focused both externally and internally and relate to

significant customer, market, product, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what your organization must achieve to remain or become competitive and ensure its long-term success. Strategic objectives set your organization's longer-term directions and guide resource allocation and redistribution.

See ACTION PLANS for the relationship between strategic objectives and action plans and for an example of each.

STRATEGIC OPPORTUNITIES. Prospects for new or changed products, services, processes, business models (including strategic alliances), or markets. They arise from outside-the-box thinking, brainstorming, capitalizing on serendipity, research and innovation processes, nonlinear extrapolation of current conditions, and other approaches to imagining a different future.

The generation of ideas that lead to strategic opportunities benefits from an environment that encourages nondirected, free thought. Choosing which strategic opportunities to pursue involves consideration of relative risk, financial and otherwise, and then making intelligent choices (intelligent risks).

See also INTELLIGENT RISKS.

SYSTEMATIC. Well-ordered, repeatable, and exhibiting the use of data and information so that learning is possible. Approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. To see the term in use, refer to the Process Scoring Guidelines.

TRENDS. Numerical information that shows the direction and rate of change of your organization's results or the consistency of its performance over time. Trends show your organization's performance in a time sequence.

Ascertaining a trend generally requires a minimum of three historical (not projected) data points. Defining a statistically valid trend requires more data points. The cycle time of the process being measured determines the time between the data points for establishing a trend. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer periods for a meaningful trend.

Examples of trends called for by the Criteria and scoring guidelines include data on product performance, results for customer and workforce satisfaction and dissatisfaction, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

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

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Your organization needs to

understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value among customers and other stakeholders, such as your workforce and the community.

VALUES. The guiding principles and behaviors that embody how your organization and its people are expected to operate. Values influence and reinforce your organization's desired culture. They support and guide the decisions made by every workforce member, helping your organization accomplish its mission and attain its vision appropriately. Examples of values include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and striving for performance excellence every day.

VISION. Your organization's desired future state. The vision describes where your organization is headed, what it intends to be, or how it wishes to be perceived in the future.

VOICE OF THE CUSTOMER. Your process for capturing customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, social media data and commentary, warranty data, marketing and sales information, and complaint data, that affect customers' purchasing and engagement decisions.

WORK PROCESSES. Your organization's most important internal value-creation processes. They might include product design, production, and delivery; customer support; supply-chain management; business; and support processes. They are the processes that involve the majority of your organization's workforce.

Your key work processes frequently relate to your core competencies, the factors that determine your success relative to competitors, and the factors your senior leaders consider important for business growth. Your key work processes are always accomplished by your workforce.

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. Work systems involve your workforce, your key suppliers and partners, your contractors, your

collaborators, and other components of the supply chain needed to produce and deliver your products and carry out your business and support processes.

Decisions about work systems are strategic. These decisions involve protecting and capitalizing on core competencies and deciding what should be procured from or produced outside your organization in order to be efficient and sustainable 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. Your workforce includes team leaders, supervisors, and managers at all levels.

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

Capability may include the ability to build and sustain relationships with customers; to innovate and transition to new technologies; to develop new products and work processes; and to meet changing business, market, and regulatory demands

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. Organizations with high levels of workforce engagement are often characterized by high-performance work environments in which people are motivated to do their utmost for their customers' benefit and the organization's success.

In general, workforce members feel engaged when they find personal meaning and motivation in their work and receive interpersonal and workplace support. An engaged workforce benefits from trusting relationships, a safe and cooperative environment, good communication and information flow, empowerment, and accountability for performance. Key factors contributing to engagement include training and career development, effective recognition and reward systems, equal opportunity and fair treatment, and family-friendliness.

Process Scoring Guidelines (For Use with Categories Commitment Level 1–6)

0% or 5%	<p>No SYSTEMATIC APPROACH to item requirements is evident; information is ANECDOTAL. (A)</p> <ul style="list-style-type: none"> • Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D) • An improvement orientation is not evident; improvement is achieved by reacting to problems. (L) • No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	<p>The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the item is evident. (A)</p> <ul style="list-style-type: none"> • The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the item. (D) • Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) • The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40%, or 45%	<p>An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the item, is evident. (A)</p> <ul style="list-style-type: none"> • The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) • The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L) • The APPROACH is in the early stages of ALIGNMENT with the basic organizational needs identified in response to the Organizational Profile and other process items. (I).
	<p>Because the Criteria is written at the Commitment Level, the organization cannot score above the 30-45% Scoring Range.</p>

Results Scoring Guidelines (For Use with Category 7)

0% or 5%	<p>There are no organizational PERFORMANCE RESULTS, or the RESULTS reported are poor. (Le)</p> <ul style="list-style-type: none"> • TREND data either are not reported or show mainly adverse TRENDS. (T) • Comparative information is not reported. (C) • RESULTS are not reported for any areas of importance to the accomplishment of your organization's MISSION. (I)
10%, 15%, 20%, or 25%	<p>A few organizational PERFORMANCE RESULTS are reported, responsive to the BASIC REQUIREMENTS of the item, and early good PERFORMANCE LEVELS are evident. (Le)</p> <ul style="list-style-type: none"> • Some TREND data are reported, with some adverse TRENDS evident. (T) • Little or no comparative information is reported. (C) • RESULTS are reported for a few areas of importance to the accomplishment of your organization's MISSION. (I)
30%, 35%, 40%, or 45%	<p>Good organizational PERFORMANCE LEVELS are reported, responsive to the BASIC REQUIREMENTS of the item. (Le)</p> <ul style="list-style-type: none"> • Some TREND data are reported, and most of the TRENDS presented are beneficial. (T) • Early stages of obtaining comparative information are evident. (C) • RESULTS are reported for many areas of importance to the accomplishment of your organization's MISSION. (I)
	<p>Because the Criteria is written at the Commitment Level, the organization cannot score above the 30-45% Scoring Range.</p>