

**2023–2024**



**Business/NP**  
**Progress Level Criteria**  
**for Performance**  
**Excellence**

**Effective June 2023**

## Note from the CEO:

Thank you for taking the time to consider applying for the Quality Texas Foundation Regional Program (QTFRP) Progress Level of Recognition (35 pages and a five-page Organizational Profile). Your organization may have started at our Commitment Level 20-page application (with five-page Organization Profile). If this is your first entry with QTFRP, 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 Organizational Leadership/Examiner training by the QTFRP (see [www.quality-texas.org/training](http://www.quality-texas.org/training) for dates and locations. This training is where QTFRP teaches your personnel how to become valued internal coach for your organization by informing the participants how to respond/write the responses to the questions and the reasons behind the questions. QTFRP teaches the test! 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. Our satisfaction rate over the past eight years has been 98%.

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.

Progress Level (35 pages + 5 pages OP); 5 pages OP, Cat 1 (3 pages), Cat 2 (4 pages), Cat 3 (4 pages), Cat 4 (4 pages), Cat 5 (5 pages), Cat 6 (4 pages), and Cat 7 (11 pages).

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

Dr. Mac McGuire, CEO

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# About the Baldrige Excellence Framework

*The Baldrige Excellence Framework empowers your organization to reach its goals, improve results, and become more competitive.*

Thousands of organizations around the world use the Baldrige Excellence Framework to improve and get sustainable results. Those recognized as national role models receive the Malcolm Baldrige National Quality Award, a Presidential award. At the Quality Texas Foundation, there have been 21 national recipients and fifty-seven state award recipients.

## What can Baldrige do for my organization?

Whether your organization is new, is growing, or has existed for many years, it faces daily and long-term challenges. It also has strengths that have served you well so far. The Baldrige Excellence Framework helps you identify and leverage your strengths and prepare to face your challenges. It helps you address issues that are important to your organization:

- Understanding what it takes to be competitive or just continue organizational success and achieve long-term success in your environment
- Getting your leaders, managers, and workforce all on the same page
- Ensuring that your employees understand and can contribute to the drivers of your organization's success
- Understanding, and meeting or exceeding, customer, patient/family, or student/family requirements and expectations
- Ensuring that your operations are efficient and lead to short- and long-term success

As a result, you will be better able to position your organization to succeed and accomplish your mission—with a sense of greater clarity and with alignment among your leaders, employees, customers, and key partners.

**Criteria for Performance Excellence.** By answering the questions in the Criteria for Performance Excellence, you explore your strengths and your opportunities for improvement in seven critical aspects of managing and performing as an organization (called categories):

**1. Leadership: How do you share your vision and lead your organization? How do you ensure good governance?**

**2. Strategy: How do you prepare for the future?**

**3. Customers: How do you listen to, satisfy, and engage your customers?**

**4. Measurement, analysis, and knowledge management: How do you use reliable data and information to make decisions?**

**5. Workforce: How do you engage and empower your people?**

**6. Operations: How do you ensure efficient and effective operations that deliver customer value?**

**7. Results: How well are you doing?**

The linkages among these categories provide a systems perspective on your organization. Some of these linkages are:

- the connections between your approaches in categories 1–6 and the results you achieve (category 7);
- (2) the connection between workforce planning and strategic planning; and (3) the need for customer and market knowledge in creating your strategy and action plans.

**Scoring guidelines.** With Baldrige, just having stated processes or sets of results is not enough. You can assess the maturity of your responses based on four evaluation dimensions for the process categories and four for the results category.

**Processes** are the methods your organization uses to accomplish its work. With the Baldrige framework, you assess and improve your processes along four dimensions:

1. **Approach:** How do you accomplish your organization's work? How systematic and effective are your key approaches?
2. **Deployment:** How consistently are your key approaches used in relevant parts of your organization?
3. **Learning:** How well have you evaluated and improved your key approaches? How well have improvements been shared within your organization? Has new knowledge led to innovation?
4. **Integration:** How well do your approaches reflect your current and future organizational needs? How well are processes and operations harmonized across your organization to achieve key organization-wide goals?

**Results** are assessed along these four dimensions:

1. **Levels:** What is your current performance on a meaningful measurement scale?
2. **Trends:** Are the results improving, staying the same, or getting worse?

3. ***Comparisons:*** How does your performance compare with that of competitors, or with benchmarks or industry leaders?
4. ***Integration:*** Are you tracking results that are important to your organization? Are you using the results in decision making?

As you respond to the Criteria questions and assess your responses against the scoring guidelines, you will begin to identify strengths and gaps—first within the Criteria categories and then among them. The coordination of key processes, and feedback between your processes and your results, will 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.

**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**
- Customer-focused excellence**
- Valuing people**
- Agility and resilience**
- Organizational learning**
- Focus on success and innovation**
- Management by fact**

- **Societal contributions**
- **Ethics and transparency**
- **Delivering value and results**

## How do I get started?

However, you plan to use the Baldrige framework, the Baldrige community is there to help your organization learn, grow, and improve. See the following pages and visit <https://www.quality-texas.org> to see the possibilities.

*The [Baldrige] Criteria help you link your strategy, your human capital process, your leadership development process, and all of your core operations together and help them focus on what your customers actually want.*

*—Scott McIntyre, President and CEO, Managing Partner, Guidehouse (formerly Baldrige Award recipient PricewaterhouseCoopers Public Sector Practice)*

## How to Use the Baldrige Excellence Framework

Whether your organization is large or small, you can use the Baldrige Excellence Framework for improvement. Your experience with Baldrige will help you decide where to begin.

The Quality Texas Foundation can help you assess your level of expertise and where your journey should begin. Please contact Lin Wrinkle-McGuire, COO, at [linwrinkle@quality-texas.org](mailto:linwrinkle@quality-texas.org) or Dr. Mac McGuire, CEO at [drmac@quality-texas.org](mailto:drmac@quality-texas.org) for more information.

There are three different applications. Business/NFP is the most often used. Healthcare has a healthcare version if the primary customers are patients and families. Education has an education version if the primary customers are students and families.

### If you are just learning about the Baldrige framework . . .

Here are some ways to begin using the Baldrige framework to improve your organization.

**Step 1: Scan the questions in the Organizational Profile.** Discussing the answers to these questions with your senior leadership team might be your first Baldrige self-assessment.

**Step 2: Study the 11 Baldrige core values and concepts.** Consider how your organization measures up in relation to the core values. Are there any improvements you should be making?



**Step 3: Review the criteria on the website for your particular industry ([www.quality-texas.org](http://www.quality-texas.org)).**

**Step 4: Review the questions in the titles of the 17 Criteria for Performance Excellence items of the Commitment Level (normal starting point) to reach a basic understanding of the Criteria and your organization's performance.**

**Step 5: Contact QTF for additional information and how to learn more.**

**Step 6: Enroll in the Pre-Examiner Training with QTF.** This training is specifically designed for those who are new to the Baldrige process.

**Step 7: Enroll in the Organizational Leadership/Examiner Training with QTF.**

**Step 8: Consider the Leadership, Strategic Planning, Writing Seminars, and Workforce Engagement Training.** This training has the potential to greatly accelerate your learning and development.

**Step 9: Attend the Quest for Excellence® Conference, the Baldrige Fall Conference, or the Quality Texas Foundation Baldrige-based conference.** These events highlight the role-model approaches of recipients of the Baldrige Award or Baldrige-based awards. These organizations have used the Baldrige framework to improve performance, innovate, and achieve world-class results. Workshops on Baldrige self-assessment are often offered in conjunction with these conferences.

# Criteria for Performance Excellence

## Items and Point Values

### Organizational Profile

P.1 Organizational Description

P.2 Organizational Situation

Categories and Items	Point Values	Points	Value
<b>Leadership</b>			<b>115</b>
1.1 Senior Leadership		65	
1.2 Governance and Societal Contributions		50	
<b>Strategy</b>			<b>90</b>
2.1 Strategy Development		45	
2.2 Strategy Implementation		45	
<b>Customers</b>			<b>85</b>
3.1 Customer Expectations		40	
3.2 Customer Engagement		45	
<b>Measurement, Analysis, and Knowledge Management</b>			<b>90</b>
4.1 Measurement, Analysis, and Improvement of Organizational Performance		45	
4.2 Information and Knowledge Management		45	
<b>Workforce</b>			<b>85</b>
5.1 Workforce Environment		40	
5.2 Workforce Engagement		45	
<b>Operations</b>			<b>85</b>
6.1 Work Processes		40	
6.2 Operational Effectiveness		45	
<b>Results</b>			<b>450</b>
7.1 Product and Process Results		120	
7.2 Customer Results		80	
7.3 Workforce Results		80	
7.4 Leadership and Governance Results		80	
7.5 Financial, Market, and Strategy Results		90	
<b>TOTAL POINTS</b>			<b>1,000</b>

# Criteria for Performance Excellence

## 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:

- 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 understanding your organization and how it operates and allows you to address unique aspects of your organization in your responses to the Baldrige Criteria questions in categories 1–7. Your responses to all other questions in the Criteria should relate to the organizational context you describe in this profile.
- It helps you identify gaps in key information about your organization and focus on key performance requirements and results.

## Organizational Profile (OP)

The **Organizational Profile** is a snapshot of your organization and its strategic environment. This document now includes notes for Faith-Based Organizations.

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

#### a. Organizational Environment

**(1) Product and/or Service Offerings** What are your main product and/or service offerings? What is the relative importance (including percentage of revenue/budget) of each product or service to your success? What are the delivery methods for these products and/or services?

**(2) MISSION, VISION, VALUES, AND CULTURE** What are your MISSION, VISION, AND VALUES? What are the defining characteristics of your organizational CULTURE? What are your organization's CORE COMPETENCIES, and what is their relationship to your MISSION and VISION?

**(3) WORKFORCE Profile** What is your WORKFORCE profile? What are your WORKFORCE or employee groups and SEGMENTS and the KEY ENGAGEMENT drivers for each? What are the KEY changes you are experiencing in your WORKFORCE CAPABILITY, CAPACITY, and composition?

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

**(5) Regulatory Environment** What are your KEY applicable regulations and accreditation, certification, or registration requirements?

**b. Organizational Relationships**

**(1) Organizational Structure** What are your organizational leadership structure and GOVERNANCE structures? What are your KEY components of your organization's LEADERSHIP SYSTEM? What are the reporting relationships among your GOVERNANCE SYSTEM, SENIOR LEADERS, and parent organization, as appropriate?

**(2) CUSTOMERS and STAKEHOLDERS** What are your KEY market SEGMENTS, CUSTOMER groups, and STAKEHOLDER groups, as appropriate? What are their KEY requirements and expectations for your products and/or services, 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 products and/or 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).** How you deliver products and/or services to your customers might be direct or indirect, through dealers, distributors, collaborators, or channel partners.

*Nonprofit (including government) organizations might refer to their product and/or service offerings as programs or projects.*

*Faith-Based Organizations may have programs such as spiritual health, spiritual education, financial management and spiritual quality of life. This may include geographic areas, identity and culture.*

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

*Faith-Based Organizations may focus on members as customers.*

**P.1a(2).** If your organization has a stated purpose as well as a mission, you should include it in your response here and as appropriate in the process categories. Some organizations define a mission and

a purpose, and some use the terms interchangeably. Purpose refers to the fundamental reason that the organization exists.

**P.1a(3).** As applicable, your workforce profile should include location of your workforce, your organized bargaining units (i.e., union representation), and the special health and safety requirements of the workforce. Your workforce profile should specify any workforce groups the organization has identified for segmenting data. Organizations that also rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer-facing) should include these groups as a part of their workforce. Workforce or employee groups and segments might be based on type of employment or contract-reporting relationship, location (including remote work), work shift/tour of duty, work environment, use of flexible work policies, or other factors. Current and anticipated change impacting your workforce members might relate to scheduling, location, and their requirements and expectations.

**P.1a(5).** Regulations and requirements include any applicable occupational health and safety regulations; industry standards, and environmental, financial, and product regulations. In the Criteria,

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

**P.1b(1).** The organizational leadership and governance structures for privately held businesses, nonprofit organizations for privately held businesses, nonprofit organizations, and government agencies may comprise an advisory board, a family council, or local/regional leaders who are assembled to provide guidance. *For some nonprofit (including government) organizations, reporting relationships might include publicly elected officials, boards and commissions, as well as relationships with major funding sources, such as granting agencies, legislatures, or foundations.*

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

**P.1b(2).** *For some nonprofit (including government) organizations, customers might include members, taxpayers, residents, visitors, businesses, clients, and beneficiaries, and market segments might be referred to as constituencies. For government agencies, the legislature (as a source of funds) may be a key stakeholder.*

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

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

*Faith-Based Organizations may include geographic areas, denomination, identity and culture.*

**P.1b(3).** Your supply network consists of the entities involved in producing and delivering your products and/or services to your customers and offering post-sales support. 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 Criteria use the term *supply network*, to emphasize the interdependencies among organizations and their suppliers. The term *supply network* represents an evolution and maturity in supply-chain management.

*For additional guidance on this item, see the [Criteria Commentary](#) [Baldrige Criteria Commentary | NIST](#)*

## 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 your industry or the markets you serve? HOW many and what types of competitors do you have?

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

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

### b. Strategic Context

What are your KEY strategic challenges and advantages?

### 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.2a.** *Nonprofit organizations must often compete with other organizations and alternative sources of similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.*

*Like nonprofit organizations, Faith-Based Organizations may compete for membership, programs, and services with other Faith-Based Organizations. Markets refer to the geographic area served.*

**P.2b.** Strategic challenges and advantages might be in the areas of business, operations, societal contributions, and workforce. They might relate to products, finances, organizational structure and culture, emerging technology, digital integration, data and information security, brand recognition and reputation, your supply network, globalization, and the environment and climate.

*Throughout the Criteria, "business" refers to a nonprofit (or government) organization's main mission*

*area or enterprise activity.*

**P.2c.** The Baldrige Scoring System 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 science, or employing other improvement tools.

*For additional guidance on this item, see the [Criteria Commentary](#) [Baldrige Criteria Commentary | NIST](#)*

# 1 Leadership (115 pts.)

The **Leadership** category asks HOW SENIOR LEADERS' personal actions guide and sustain your organization. It also asks about your organization's GOVERNANCE SYSTEM; HOW your organization fulfills its legal and ethical responsibilities; and HOW it makes societal contributions.

## 1.1 Senior Leadership: HOW do your senior leaders lead the organization? (65 pts.)

### a. MISSION, VISION, and VALUES

**(1) Establishing MISSION, VISION, and VALUES HOW do SENIOR LEADERS set your organization's MISSION, VISION and VALUES? HOW do SENIOR LEADERS deploy the MISSION, VISION and VALUES through your LEADERSHIP SYSTEM, to the WORKFORCE, to KEY suppliers and PARTNERS, and to CUSTOMERS and other STAKEHOLDERS, as appropriate?**

**(2) Promoting Legal and ETHICAL BEHAVIOR HOW do SENIOR LEADERS' personal actions demonstrate their commitment to legal and ETHICAL BEHAVIOR?**

**b. Communication HOW do SENIOR LEADERS communicate with and engage the entire WORKFORCE, KEY PARTNERS, and KEY CUSTOMERS? HOW do they encourage frank, two-way communication? HOW do they communicate KEY decisions and needs for organizational change?**

### c. Focus on Organizational Performance

**(1) Creating an Environment for Success HOW do SENIOR LEADERS create an environment for success now and in the future? HOW do they**

- create and reinforce your organizational CULTURE, and a CULTURE that fosters CUSTOMER and WORKFORCE engagement, DIVERSITY, equity, and inclusion;
- cultivate organizational AGILITY and RESILIENCE, accountability, organization and individual LEARNING, INNOVATION, and INTELLIGENT RISK taking?

**(2) Creating a Focus on Action HOW do SENIOR LEADERS create a focus on action to achieve the organization's MISSION and VISION? HOW do SENIOR LEADERS**

- create a focus on action that will improve the organization's performance and work toward achieving the VISION;
- in setting expectations for organizational PERFORMANCE, include a focus on creating a balancing VALUE for CUSTOMERS and other STAKEHOLDERS?

## Notes

**1.1.** Your responses In Category 1 should align with the components of your leadership system listed In P.1b(1).

**1.1** This item deals specifically with senior leaders and how they lead the organization. Other items focus on the organization.

**1.1** Results related to the effectiveness of leadership and the leadership system should be reported in item 7.4.

**1.1.** In leading their organizations and focusing on success, senior leaders should consider the entire workforce (whether in-person, hybrid, or remote).

**1.1a(1).** Your organization's mission and vision should set the context for the strategic opportunities, strategic objectives, and action plans you describe in P.2b and items 2.1 and 2.2.

**1.1b.** Organizations that rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer-facing) should also discuss efforts to communicate with these segments. See the first note on item 5.1) Similarly, organizations that rely heavily on suppliers should discuss efforts to communicate with and engage key suppliers.

**1.1c(1).** In creating an environment for success, leaders should also consider both external and internal factors. Factors might

include risk appetite and tolerance; the need for technological and organizational innovation, including risks and opportunities arising from emerging technology, data integration, and digitization; readiness for short- and long-term disruptions; organizational culture; work systems; the potential need for changes in structure and culture; workforce capability and capacity; resource availability; societal benefit and social equity; and core competencies.

**1.1c(1).** Fostering equity means supporting the fair treatment of all customers, workforce members, and all other key stakeholders of the organization. Inclusion refers to promoting the full participation and supporting them to feel a sense of belonging.

**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. Senior leaders' focus on action also includes the actions needed to achieve your strategic objectives (see 2.2a[1]) and may involve establishing change management plans for major organizational change or responding rapidly to significant information from social media or other input.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)



## **1.2 Governance and Societal Contributions: HOW do you govern your organization and make societal contributions? (50 pts.)**

### **a. Organizational GOVERNANCE**

**(1) GOVERNANCE SYSTEM HOW does your organization ensure responsible GOVERNANCE? HOW does your GOVERNANCE SYSTEM review and achieve the following?**

- accountability for SENIOR LEADERS' actions;
- fiscal accountability;
- transparency in operations; and
- succession planning for SENIOR LEADERS?

**(2) PERFORMANCE Evaluation HOW do you evaluate the PERFORMANCE of your SENIOR LEADERS and your GOVERNANCE SYSTEM? HOW do you use PERFORMANCE evaluations in determining executive compensation?**

**(3) Organizational PERFORMANCE HOW does your GOVERNANCE SYSTEM review the organization's PERFORMANCE?**

### **b. Legal and ETHICAL BEHAVIOR**

**(1) Legal and Regulatory Compliance HOW do you address current and anticipated future legal, regulatory, and community concerns with your products and operations? HOW do you**

- address any adverse societal impacts of your products and operations, and
- anticipate public concerns with your future products and operations?

**(2) ETHICAL BEHAVIOR HOW do you require and foster ETHICAL BEHAVIOR in all interactions? What are your KEY PROCESSES and MEASURES or INDICATORS for requiring and fostering ETHICAL BEHAVIOR in your GOVERNANCE structure; throughout your organization; and in interactions with your WORKFORCE, CUSTOMERS, PARTNERS, suppliers, and other STAKEHOLDERS?**

### **c. Societal Contributions**

**(1) Societal Well-Being HOW do you incorporate societal well-being and benefit into your strategy and daily operations?**

**(2) Community Support HOW do you actively support and strengthen your KEY communities? What are your KEY communities? HOW do you identify them and determine areas for organizational involvement?**

## 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).

**1.2a(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.

*For nonprofit (including government) organizations that serve as stewards of public funds, areas of emphasis are stewardship of those funds and transparency in operations.*

**1.2a(1).** In protecting stakeholder interests, the governance system should consider and approve appropriate levels of risk for the organization, recognizing the need to accept risk as part of running a successful organization.

**1.2a(2).** The evaluation of leaders' performance might be supported by peer reviews, formal performance management reviews, and formal or informal feedback from surveys of the workforce and other stakeholders. For some privately held businesses and nonprofit and government organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.

**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 unethical conduct or compliance breaches and responses to them, survey results showing workforce perceptions of organizational ethics, ethics hotline use, percentage of allegations substantiated, and results of ethics reviews and audits. Such measures or indicators 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.** *Some charitable organizations may contribute to society and support their key communities totally through the mission related activities described in response to other Criteria questions. In such cases, it is appropriate to respond here with any "extra efforts" through which you support these communities.*

**1.2c(1).** Societal well-being has become both an organizational differentiator and a strategic mandate across sectors. Areas of societal well-being and benefit to report are those that go beyond the compliance processes you describe in 1.2b(1). They might include organizational or collaborative efforts to improve the environment and advance the sustainability of natural resources (e.g., through a circular economy); strengthen community services, education, health, and emergency preparedness; address social inequities; and

improve the practices of trade, business, or professional associations. These efforts may have local, regional, national, or global impacts.

**1.2c(2).** Areas for organizational involvement in supporting your key communities might include areas that leverage your core competencies or may

focus on helping to address systemic challenges that impact health, education, or economic opportunities.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 2 Strategy (90 pts.)

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? (45 pts.)

#### a. Strategy Development PROCESS

**(1) Strategic Planning PROCESS** HOW do you conduct your strategic planning? What are your short- and longer-term planning horizons?

**(2) Strategy Considerations** HOW do you collect and analyze relevant data and develop information for use in your strategic planning PROCESS? HOW do you consider the following KEY elements and risks as part of your strategy?

- Your STRATEGIC CHALLENGES and STRATEGIC ADVANTAGES
- Potential changes and disruptions in your regulatory and external environment, including natural disasters, threats, or other emergencies
- INNOVATIONS and technological changes affecting your products, services, operations, or markets

**(3) STRATEGIC OPPORTUNITIES and INTELLIGENT RISKS** HOW do you identify STRATEGIC OPPORTUNITIES and stimulate INNOVATION?

**(4) Outsourcing and CORE COMPETENCIES** HOW do you decide which KEY PROCESSES will be accomplished by your WORKFORCE and which by external suppliers, PARTNERS, and COLLABORATORS? HOW do those decisions consider your STRATEGIC OBJECTIVES; your CORE COMPETENCIES; and the CORE COMPETENCIES of potential suppliers, PARTNERS, and COLLABORATORS?

#### b. STRATEGIC OBJECTIVES

**(1) KEY STRATEGIC OBJECTIVES** What are your organization's KEY STRATEGIC OBJECTIVES and their most important related GOALS? What is your timetable for accomplishing them?

**(2) Considerations** HOW do your STRATEGIC OBJECTIVES achieve appropriate balance among varying and competing organizational needs? HOW do your STRATEGIC OBJECTIVES address your STRATEGIC CHALLENGES and leverage your CORE COMPETENCIES, STRATEGIC ADVANTAGES, and STRATEGIC OPPORTUNITIES?

## Notes

**2.1.** This item deals with your overall organizational strategy, which might include changes in customer engagement processes and product offerings. However, you should describe the customer engagement and product design strategies, respectively, in items 3.2 and 6.1, 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. Strategy development might involve key suppliers, collaborators, distributors, partners, and customers.

*For some nonprofit organizations, strategy development might involve organizations providing similar services or drawing from the same donor population or volunteer workforce.*

**2.1.** The term "strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products; redefinition of key customer groups or market segments; definition or redefinition of your role in your business ecosystem (your network of partners, suppliers, collaborators, competitors, customers, communities, and other relevant organization inside and outside your sector or industry that server as potential resources); differentiation of your

brand; new core competencies; revenue growth, divestitures; mergers and acquisitions, new partnerships, alliances, or roles within them; and new employee or volunteer relationships. It might also be directed toward meeting a community or public need.

**2.1a(1).** 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 develop and execute contingency plans or, if circumstances require, to shift strategy and rapidly execute new or changed plans.

**2.1a(2)** Your overall approach to risk management should be described in 6.2c(3).

**2.1a(3).** This question focuses on identifying strategic opportunities that stimulate innovations. Report your process for determining which innovations to pursue in 4.2c.

**2.1b.** 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. Strategic objectives should align with your short- and long-term horizons/milestones.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## **2.2 Strategy Implementation: HOW do you implement your strategy? (45 pts.)**

### **a. ACTION PLAN Development and DEPLOYMENT**

**(1) ACTION PLANS HOW do you develop your ACTION PLANS? What are your KEY short- and longer-term ACTION PLANS?**

**(2) ACTION PLAN Implementation HOW do you DEPLOY your ACTION PLANS? HOW do you DEPLOY your ACTION PLANS to your WORKFORCE and to KEY suppliers, PARTNERS, and COLLABORATORS, as appropriate, to ensure that you achieve your KEY STRATEGIC OBJECTIVES?**

**(3) Resource Allocation HOW do you ensure that financial and other resources are available to support the achievement of your ACTION PLANS while you meet current obligations? HOW do you allocate these resources to support the plans?**

**(4) WORKFORCE Plans What are your KEY WORKFORCE plans to support the achievement of your KEY 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 your short- and longer-term planning horizons?**

**b. ACTION PLAN Modification HOW do you recognize and respond when circumstances require a shift in ACTION 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 learning and development 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 (results) relative to your organizational strategy and action plans

Item 7.5: results for overall strategy and action plan achievement

**2.2a(4).** In developing your workforce plans, consider the impacts on your different workforce segments in relation to and alignment with organizational objectives around workforce demographics, diversity, and location (e.g., in-person, hybrid, and remote).

**2.2a(6).** 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. Your process for projecting future performance should be reported in 4.1c(1).

**2.2b.** Circumstances that might require shifts in action plans and rapid execution of new plans include disruptive internal and external events, changes in the competitive environment, changing economic conditions, the emergence of disruptive technologies, and sudden changes in customer requirements and expectations.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

### 3 CUSTOMERS (85 pts.)

The **CUSTOMERS** category asks HOW your organization engages its CUSTOMERS for ongoing success, including HOW your organization listens to CUSTOMERS, determines products and/or services to meet their needs, builds long-term CUSTOMER relationships, and enhances the CUSTOMER experience.

#### 3.1 CUSTOMER Expectations: HOW do you listen to your CUSTOMERS and determine products and/or services to meet their needs? (40 pts.)

##### a. CUSTOMER Listening

**(1) Current CUSTOMERS** HOW do you listen to, interact with, and observe CUSTOMERS to obtain actionable information? HOW do your listening methods vary for different CUSTOMERS, CUSTOMER groups, or market segments?

**(2) Potential CUSTOMERS** HOW do you listen to potential CUSTOMERS to obtain actionable data and information?

##### b. CUSTOMER Segmentation and Product Offerings

**(1) CUSTOMER Segmentation** HOW do you determine your CUSTOMER groups and market segments? HOW do you use information on CUSTOMERS, markets, and product offerings to identify current and anticipated future CUSTOMER groups and market segments?

**(2) Product and/or Service Offerings** HOW do you determine product and/or service offerings? HOW do you determine CUSTOMER and market needs, requirements, and expectations for product and/or service offerings?

#### Notes

**3.1.** Customer data and information should be used to support your strategy development process in item 2.1, your performance analysis and review in 4.1, and your product design in item 6.1. Voice-of-the-customer and market data and information to use might include aggregated data on satisfaction, dissatisfaction, and complaints and, as appropriate, data and information from social media and other web-based or digital sources.

**3.1.** Your results on performance relative to key product and/or service features should be reported in item 7.1.

**3.1.** *For additional considerations on the products and business of nonprofit (including government) organizations, see the notes to P.1 and P.2.*

**3.1a(1).** The customer life cycle begins in the product and/or service pre-sale period and continues through all stages of your involvement with the customer. These stages might include relationship building, the active business relationship, and an exit strategy, as appropriate.



**3.1b(2).** In identifying product and/or service offerings, you should consider all the important characteristics of products and services and their performance throughout their full life cycle and the full consumption chain. The focus should be on features that affect customers' preference for and loyalty to you and your brand—for example, unique or innovative features that differentiate your products or features that differentiate them from competing or other organizations' offerings. Those latter features might include

price, reliability, value, delivery, timeliness, product customization, technology, ease of use, environmental or social stewardship, customer or technical support, the sales relationship, ease of transactions, a virtual customer experience, and the privacy and security of customer data.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 3.2 CUSTOMER Engagement: HOW do you build relationships and enhance the CUSTOMER experience? (45 pts.)

### a. CUSTOMER Experience

**(1) Relationship Management** HOW do you acquire and retain CUSTOMERS by building and managing relationships? HOW do you build a more CUSTOMER-focused organizational CULTURE?

**(2) CUSTOMER Access and Support** HOW do you enable CUSTOMERS to do business with you, seek information, and obtain support? HOW do your PROCESSES or mechanisms vary for different CUSTOMERS, CUSTOMER groups, or market SEGMENTS, as appropriate?

**(3) Complaint Management** HOW do you manage CUSTOMER complaints? HOW do you resolve complaints promptly and EFFECTIVELY and recover your CUSTOMERS' confidence?

**(4) Fair Treatment** HOW do your CUSTOMER experience PROCESSES promote and ensure fair treatment for different CUSTOMERS, CUSTOMER groups, and market SEGMENTS?

### b. Determination of CUSTOMER Satisfaction and Engagement

**(1) Satisfaction, Dissatisfaction, and Engagement** HOW do you determine CUSTOMER satisfaction, dissatisfaction, and engagement? HOW do your determination methods differ among your CUSTOMER groups and market SEGMENTS, as appropriate? HOW do you take action on the RESULTS of satisfaction, dissatisfaction, and engagement determination methods?

#### Notes

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

**3.2a.** You should ensure that your approaches for managing customer relationships, enabling customers to seek information and support, and managing complaints promote fairness, equity, and inclusion, and that they do not inadvertently discriminate.

**3.2b.** Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. It should be

independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

**3.2b.** Information on relative satisfaction may include comparisons with competitors, comparisons with other organizations that deliver similar products in a noncompetitive marketplace, or comparisons obtained through trade or other organizations. Such information may also include information on why customers choose your competitors over you.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

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

The **Measurement, Analysis, and Knowledge Management** category asks HOW your organization measures, analyzes, reviews, and improves organizational PERFORMANCE and HOW you manage your information and organizational KNOWLEDGE ASSETS.

### 4.1 Measurement, Analysis, Review, and Improvement of Organizational Performance: HOW do you measure, analyze, review, and improve organizational performance? (45 pts.)

#### a. PERFORMANCE Measurement

**(1) PERFORMANCE MEASURES** HOW do you track data and information on daily operations and overall organizational PERFORMANCE? HOW do you select, collect, align, and integrate data and information to use in tracking daily operations and overall organizational performance?

**(2) Comparative Data** HOW do you select comparative data and information to support fact-based decision making?

#### b. PERFORMANCE ANALYSIS and Review, and Improvement

**(1) HOW do you analyze and review your organization's PERFORMANCE and capabilities?** HOW do you use your KEY organizational PERFORMANCE MEASURES, as well as comparative data, in these reviews?

**(2) HOW do you use findings from your PERFORMANCE reviews to identify 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. Your performance measurement, analysis, and review system should include measures for all key parts of your organization, including your leadership (category 1, strategy (category 2), customers (category 3), workforce (category 5), and operations (category 6).

**4.1a(1).** Modifying or adjusting your measures To provide timely data to address rapid or unexpected organizational or external changes may involve adopting

difference performance measures or adjusting the intervals between measurements. These modifications might be necessary to respond to regulatory or other changes in the political or societal environment, disasters and emergencies, innovations in organizational processes or business models, new competitor offerings, or productivity enhancements.

**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.

**4.1b.** Performance analysis includes examining performance trends; organizational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations. These analyses 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: product performance, customer-related, financial and market, operational, and competitive. These analyses should also draw on publicly mandated measures, when appropriate, and might also be informed by internal or external Baldrige assessments. Analysis may involve digital data analytics and data science techniques that detect patterns in large volumes of data (“big data”) and interpret their meaning. Such activities may

be conducted internally or in partnership with suppliers, partners, or collaborators with the requisite expertise.

**4.1b(1).** Organizational performance reviews should include data on your strategic objectives and action plans (category 2), as well as data on your leadership (category 1), customers (category 3, workforce (category 5), and operations (category 6. The results of organizational performance analysis and review should inform your strategy development and implementation, operations, priorities for continuous improvement, and opportunities for innovation. Rapid response to changes in your operating environment might include the need to adjust your performance expectations.

**4.1b(2).** Priorities for continuous improvement should be considered as part of your performance improvement process in 6.1b. Opportunities for innovation should be considered as part of your process for pursuing potential innovations in 4.2c.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## **4.2 Information and Knowledge Management: HOW do you manage your information and your organizational knowledge assets? (45 pts.)**

### **a. Data and Information**

**(1) Quality HOW do you verify and ensure the quality of organizational data and information?** HOW do you manage digital and other data and information to ensure their accuracy and validity, integrity and reliability, and currency?

**(2) Availability HOW do you ensure the availability of organizational data and information?** HOW do you make needed data and information available in a user-friendly format and timely manner to your WORKFORCE, suppliers, PARTNERS, COLLABORATORS, and CUSTOMERS, as appropriate?

**(3) Cybersecurity HOW do you secure sensitive or privileged data and information, information technology assets, and Internet-enabled SYSTEMS?** HOW do you manage physical and digital data; information; and KEY networked, cloud-based, and/or Internet-enabled SYSTEMS to ensure confidentiality and appropriate physical and digital access?

### **b. Organizational Knowledge**

**(1) Knowledge Management HOW do you build and manage organizational knowledge?** HOW do you collect and transfer WORKFORCE knowledge; and blend and correlate data from different sources to build new knowledge?

**(2) Best Practices HOW do you identify and share best practices in your organization?** HOW do you determine best practices from internal and external organizational sources, and implement them across your organization with KEY suppliers, PARTNERS, and COLLABORATORS, as appropriate?

**c. Pursuit of INNOVATION HOW do you determine which opportunities for INNOVATION to pursue?** HOW do you make financial and other resources available to pursue these opportunities?

### **Notes**

**4.2a(2).** Information technology systems include, for example, physical devices and systems (hardware); software platforms and applications; externally based information systems, such as those stored in the cloud or outside your organization's control.

**4.2a(3).** Managing cybersecurity includes protecting against the loss of sensitive information about employees, customers, and organizations; protecting assets, including intellectual Property; and protecting against the financial, legal, and

reputational aspects of breaches.

**4.2b(1).** Building and managing organizational knowledge from different sources may involve handling big data sets and disparate types of data and information, such as data tables, video, audio, photos, and text. Analyzing data and information may involve using artificial intelligence, digital data analytics, and data science techniques that detect patterns in large volumes of data and interpret their meaning. Using these techniques to make decisions with human consequences requires

deploying technology and leveraging data in a way that protects information about organizations and individuals.

**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; and (5) enables agile and sustainable processes.

**4.2c.** Your process for pursuing potential innovations should carefully evaluate all

opportunities, including those identified in your strategic planning process (2.1a), your customer listening (3.1a), your product and service determination (3.1b[2]), your performance reviews (4.1b), your knowledge management system (4.2b[1]), and by your workforce and other stakeholders. Your assessment should consider which opportunities are intelligent risks worth pursuing and should balance the need for thoughtful assessment with importance of implementing the innovation in a timely manner.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 5 WORKFORCE (85 pts.)

The **WORKFORCE** category asks HOW your organization assesses WORKFORCE CAPABILITY and CAPACITY and provides a workplace climate to support 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? (40 pts.)

#### a. WORKFORCE CAPABILITY and CAPACITY

**(1) CAPABILITY and CAPACITY Needs** HOW do you assess your WORKFORCE CAPABILITY and CAPACITY needs?

**(2) New WORKFORCE Members** HOW do you recruit, hire, and onboard new WORKFORCE members? HOW do you ensure that your WORKFORCE represents the DIVERSITY of ideas, CULTURES, and thinking of your hiring and CUSTOMER communities?

**(3) WORKFORCE Change** HOW do you prepare your WORKFORCE for changing CAPABILITY and CAPACITY needs? HOW do you balance the needs of your WORKFORCE and your organization to ensure continuity, prevent WORKFORCE reductions, and minimize the impact of any necessary reductions?

**(4) Work Accomplishment** HOW do you organize and manage your WORKFORCE? HOW do you organize and manage your WORKFORCE to capitalize on your organization's CORE COMPETENCIES?

#### b. WORKFORCE Climate

**(1) Workplace Environment** HOW do you address workplace health and accessibility for the WORKFORCE?

**(2) WORKFORCE Compensation and Benefits** HOW do you support your WORKFORCE via compensation and benefits?

### 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. Organizations that rely on volunteers and/or temporary staff members to perform core work (producing output that is necessary and/or customer-facing) should include them as members of the workforce. Workforce approaches

should include these segments as appropriate to the functions they fulfill for the organization.

**5.1a.** Workforce capability and capacity planning addresses the organization's needs; individual workforce members' needs are addressed in other areas of category 5.

**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.

**5.1a(3).** Preparing your workforce for change might include preparing for (1) alternate workplaces or telework, (2) changes in customer or product requirements that lead to the use of new technology, (3) redesigned work systems, or (4) organizational transformation. Such preparation might include training, education, frequent communication, consideration of workforce employment and employability, career counseling, and other services. Preparing your workforce for change might also include addressing potential workforce burnout in times of staffing shortages or increased workload caused by emergencies or other unplanned circumstances.

**5.1a(4), 5.1b(1).** Your organization should consider the multiple sites where employees work, including those who regularly work at home or other alternate sites through telework or remote-work arrangements.

**5.1b(1).** Workplace accessibility eliminates barriers that can prevent people with disabilities from working to their potential. Fully inclusive workplaces are physically, technologically, and attitudinally accessible without bias.

**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.

**5.1b(1).** Workplace safety and security should be addressed in item 6.2c(1) as part of your overall safety system, which fosters the safety of employees and all other people in your workplace.

**5.1b(2).** Fair compensation can be defined as adequate and appropriate pay for an employee's work based on the individual's experience and performance in relation to job requirements, as well as in alignment with relevant industry, market, and/or competitor comparisons.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)



## **5.2 WORKFORCE Engagement: HOW do you engage your WORKFORCE for retention and high performance? (45 pts.)**

### **a. Assessment of WORKFORCE ENGAGEMENT**

**(1) Drivers of ENGAGEMENT HOW do you determine the KEY drivers of WORKFORCE engagement?** HOW do you determine these drivers for different WORKFORCE groups and SEGMENTS?

**(2) Assessment of ENGAGEMENT HOW do you assess WORKFORCE engagement?** What assessment methods and MEASURES do you use to determine WORKFORCE satisfaction, WORKFORCE dissatisfaction, and WORKFORCE ENGAGEMENT?

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

### **c. PERFORMANCE Management and Development**

**(1) PERFORMANCE Management HOW does your WORKFORCE PERFORMANCE management SYSTEM support HIGH PERFORMANCE?** HOW does it consider WORKFORCE compensation, reward, recognition, retention, and incentive practices?

**(2) PERFORMANCE Development HOW does your LEARNING and development SYSTEM support the personal development of WORKFORCE members and your organization's needs?**

**(3) Career Development HOW do you manage career development for your WORKFORCE and your future leaders?** HOW do you carry out succession planning for management, leadership, and other KEY positions?

**(4) Equity and Inclusion HOW do you ensure that your PERFORMANCE management, PERFORMANCE development, and career development PROCESSES promote equity and inclusion for a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?**

### **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. Organizations should review these drivers periodically to ensure that they reflect any

significant changes affecting workforce members; for example, a transition to regular off-site work or hybrid work-site arrangements.

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

safety, and productivity. Determining workforce dissatisfaction should be seen as more than reviewing low workforce satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

**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 delivering a positive customer experience; 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 [Baldrige Criteria Commentary | NIST](#)

## 6 Operations (85 pts.)

The **Operations** category asks HOW your organization designs, manages, and improves its products and/or services and WORK PROCESSES, and ensures 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/or service requirements? (45 pts.)**

#### **a. Product and/or Service PROCESS Design**

**(1) Product and/or Service Requirements** HOW do you determine KEY product and/or service requirements?

**(2) Product and/or Service Design** HOW do you design your products and/or services to meet these KEY requirements?

**(3) PROCESS Requirements** HOW do you determine your KEY WORK PROCESS and support PROCESS requirements?

**(4) PROCESS Design** HOW do you determine your KEY WORK PROCESSES and support PROCESS requirements?

#### **b. PROCESS Management and Improvement**

**(1) PROCESS Implementation** HOW does your day-to-day operation of KEY WORK PROCESSES and support PROCESSES ensure that they meet your KEY PROCESS requirements? What KEY PERFORMANCE MEASURES or INDICATORS and in-process MEASURES do you use to control and improve your KEY WORK PROCESSES and support PROCESSES?

**(2) PROCESS Improvement** HOW do you improve your KEY WORK PROCESSES and support PROCESSES to improve product and/or service and PROCESS PERFORMANCE?

### **Notes**

**6.1.** The results for product and/or service performance and process performance should be reported in item 7.1.

**6.1.** Efforts to reduce adverse environmental and societal impacts associated with products and/or services should consider the design, material sourcing, production, delivery, and consumption of your products and/or services, as well as the disposal or reuse of your products. This

consideration should be informed by the concepts and practices of a “circular economy.”

**6.1a(1)** Your product and service requirements should address the key customer requirements and expectations identified in your Organizational Profile and inform applicable process requirements asked for in 6.1a(3), such as your internal process capability, supply-network capability, and partner and collaborator capability.

**6.1a(3).** Your key support processes should support your key work (value-creation) processes. They might include processes that support leaders and other workforce members engaged in, for example, product design and delivery, customer interaction, and business and enterprise management. Other examples might include accounting, purchasing, marketing, human resource management, and regulatory compliance.

**6.1a(3).** Process design also includes the need to innovate or extensively redesign a process due to changes in requirements or technology, or the need to incorporate digital technology, such as enhanced automation, the Internet of Things,

artificial intelligence, and cloud operations. Agility may be needed when work processes need to change as a result of overall work system changes, such as bringing a supply-chain process in-house to avoid disruptions in supply due to unpredictable external events, or conversely outsourcing a product or process formerly carried out in-house.

**6.1b(2).** Your tools and methods to improve process performance should be part of the performance improvement system you describe in P.2c in the Organizational Profile.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## **6.2 Operational Effectiveness: HOW do you ensure effective management of your operations? (40 pts.)**

**a. Operational Efficiency and EFFECTIVENESS HOW do you manage the cost, efficiency, and EFFECTIVENESS of your operations?** HOW do you incorporate cycle time, PRODUCTIVITY, and other efficiency and EFFECTIVENESS factors into your WORK PROCESSES?

**b. Supply-Network Management HOW do you manage your supply network?** HOW do you select suppliers that are qualified and positioned to meet your operational needs, enhance your PERFORMANCE, support your STRATEGIC OBJECTIVES, and enhance your CUSTOMERS' satisfaction?

### **c. Safety, Business Continuity and RESILIENCE, and Risk Management**

**(1) Safety HOW do you provide a safe and secure operating environment for your WORKFORCE and other people in your workplace?**

**(2) Business Continuity and RESILIENCE HOW do you ensure that your organization can anticipate, prepare for, and recover from disasters, emergencies, or other disruptions?** HOW does you consider risk, prevention, protection, continuity of operations, and recovery, and the opportunities for innovation or transformation in the event of disruptions?

**(3) Risk Management What is your organization's overall APPROACH to risk management?** HOW does this APPROACH address the risks associated with your legal and regulatory compliance; products and/or services; WORKFORCE; finances; technology; supply network, as appropriate; and operations?

## **Notes**

**6.2a.** The impact of your operations on society and the environment is increasingly becoming an important expectation of many customers and stakeholders and should be among your considerations.

**6.2b.** 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 your ecosystem to form a supply network. Such networks reduce dependencies on sole-source suppliers and provide greater resilience than a

traditional supply chain. 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.

**6.2c(2).** Disasters and emergencies might be short- or longer-term and might be related to weather; climate; utilities; security; or a local or national health or other emergency. The extent to which you prepare such events will depend on your organization's environment and its sensitivity to

short- and longer-term disruptions of operations. Acceptable levels of risk will vary depending on the nature of your products, services, supply network, and stakeholder needs and expectations.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 7 Results (450 pts.)

The **Results** category asks about your organization's PERFORMANCE and improvement in all KEY areas—product and PROCESS RESULTS; CUSTOMER RESULTS; WORKFORCE RESULTS; leadership and GOVERNANCE RESULTS; and financial, marketplace, and strategy RESULTS.

### 7.1 Product and PROCESS Results: What are your product and/or service and PROCESS PERFORMANCE results? (120 pts.)

**a. CUSTOMER-Focused Product and Service Results** What are your RESULTS for your products and/or services? What are your RESULTS for KEY MEASURES or INDICATORS of the PERFORMANCE of products and services that are important to and directly serve your CUSTOMERS?

#### **b. Work PROCESS EFFECTIVENESS RESULTS**

**(1) PROCESS EFFECTIVENESS and Efficiency** What are your PROCESS EFFECTIVENESS and efficiency RESULTS? What are your results for KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY WORK PROCESSES and support PROCESSES, including PRODUCTIVITY, cycle time, and other appropriate MEASURES of PROCESS EFFECTIVENESS, efficiency, security and cybersecurity?

**(2) Safety and Emergency Preparedness** What are your safety and emergency preparedness RESULTS? What are your RESULTS for KEY MEASURES or INDICATORS of the EFFECTIVENESS of your organization's safety SYSTEM and its preparedness for disasters, emergencies, or other disruptions?

**c. Supply-Network Management Results** What are your supply-network management results?

### Notes

7. 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 asks for current, trended, comparative, and segmented data, as appropriate, to provide key information for analyzing and reviewing your organizational performance (item 4.1),

building organizational knowledge (item 4.2), and providing the operational basis for customer-focused results (item 7.2); workforce-focused results (item 7.3); leadership results (item 7.4); and financial, marketplace, and strategy results (item 7.5).

In a few areas, your results may be qualitative or not amenable to trending over time. Some examples are results for governance accountability, for accreditation, and for limited or one-time

projects. 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. In those situations, other sources might include best past performance, organizational budget, internal targets or goals, or internal projections.

**7.1a.** Results for your products and/or services should relate to the key product and service requirements that you identify in 6.1a(10) and your customer requirements and expectations you identify in P.1b(2). These are based on information gathered through processes you describe in category 3. The measures or indicators should address factors that affect customer preference, such as those listed in the notes to P.1b(2) and 3.1b.

**7.1a.** *For some nonprofit (including government) organizations, funding sources*

*might mandate product or service performance measures. These measures should be identified and reported here.*

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

**7.1b.** Efforts to reduce waste in your processes and products and/or services should be reported here. Overall efforts to contribute to society and the environment should be reported in 7.4a(5).

**7.1b(1).** Report your results for key measures or indicators of innovation in 7.5b.

**7.1b(2).** When possible, the effectiveness of your emergency preparedness should focus on outcomes, learning, and results, beyond training activities and compliance.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)



## **7.2 CUSTOMER Results: What are your CUSTOMER-focused performance results? (80 pts.)**

### **a. CUSTOMER-Focused Results**

**(1) CUSTOMER Satisfaction What are your CUSTOMER satisfaction and dissatisfaction RESULTS?** What are your results for KEY MEASURES or INDICATORS of CUSTOMER satisfaction and dissatisfaction?

**(2) CUSTOMER ENGAGEMENT What are your CUSTOMER ENGAGEMENT RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of CUSTOMER ENGAGEMENT, including those for building CUSTOMER relationships and enhancing the CUSTOMER experience?

### **Notes**

7.2. Results for customer satisfaction, dissatisfaction, and engagement should relate to the customer groups and market segments you identify in P.1b(2) and the listening

and determination methods you report in category 3.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 7.3 WORKFORCE Results: What are your WORKFORCE-focused performance results? (80 pts.)

### a. WORKFORCE-Focused Results

**(1) WORKFORCE CAPABILITY and CAPACITY** What are your **WORKFORCE CAPABILITY and CAPACITY RESULTS?** What are your RESULTS for KEY MEASURES of WORKFORCE CAPABILITY and CAPACITY, including appropriate skills and staffing LEVELS?

**(2) WORKFORCE Climate** What are your **RESULTS for workplace health and for WORKFORCE compensation and benefits?** What are your RESULTS for KEY MEASURES or INDICATORS of your WORKFORCE climate, including those for WORKFORCE health, security, accessibility, and compensation and benefits, as appropriate?

**(3) WORKFORCE ENGAGEMENT and Retention** What are your **WORKFORCE ENGAGEMENT RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of WORKFORCE satisfaction, WORKFORCE dissatisfaction, WORKFORCE retention, and WORKFORCE ENGAGEMENT?

**(4) WORKFORCE Development** What are your **WORKFORCE and leader development RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of WORKFORCE and leader development?

### 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 report results for all workforce segments identified in the Organizational Profile, including those working

virtually (from their homes or other alternate sites) or those who have hybrid work-site arrangements. Organizations that rely on volunteers or temporary staff members to accomplish core work (producing Output that is necessary and/or customer-facing) should report results for them, as appropriate.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## 7.4 Leadership and GOVERNANCE Results: What are your senior leadership and GOVERNANCE results? (80 pts.)

### a. Leadership, GOVERNANCE, Legal, Ethics, and Societal Contribution RESULTS

**(1) Leadership** What are your RESULTS for SENIOR LEADERS' communication and engagement with the WORKFORCE, PARTNERS, and CUSTOMERS? What are your RESULTS for KEY MEASURES or INDICATORS of SENIOR LEADERS' communication and engagement with the WORKFORCE, PARTNERS, and CUSTOMERS to DEPLOY your MISSION, VISION and VALUES, encourage two-way communication, and create a focus on action?

**(2) GOVERNANCE** What are your RESULTS for GOVERNANCE accountability?

**(3) Law and Regulation** What are your legal and regulatory RESULTS? What are your RESULTS for KEY MEASURES or INDICATORS of meeting and surpassing regulatory and legal requirements?

**(4) Ethics** What are your RESULTS for ETHICAL BEHAVIOR? What are your RESULTS for KEY MEASURES or INDICATORS of ETHICAL BEHAVIOR, breaches of ETHICAL BEHAVIOR, and STAKEHOLDER trust in your SENIOR LEADERS and GOVERNANCE?

**(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.

*Some nonprofit organizations might also report results of IRS 990 audits.*

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 environmental protection and those for support of communities, whether local, nationwide, or worldwide. Examples are results 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), global use of enlightened labor practices, and donations of goods or services to promote housing, community health, and food security for all members of communities.

For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)

## **7.5 Financial, Marketplace, and Strategy Results: What are your results for financial and marketplace performance and strategy implementation? (90 pts.)**

### **a. Financial and Market Results**

**(1) Financial PERFORMANCE** What are your financial **PERFORMANCE RESULTS**? What are your RESULTS for KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return, financial viability, and budgetary performance, as appropriate?

**(2) Marketplace PERFORMANCE** What are your marketplace **PERFORMANCE RESULTS**? What are your RESULTS for KEY MEASURES or INDICATORS of marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate?

**b. Strategy Implementation RESULTS** What are your **RESULTS for the achievement of your organizational strategy**? What are your RESULTS for KEY MEASURES or INDICATORS of the achievement of 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 customer group. Measures of financial viability might include those for liquidity, debt-to-equity ratio, days cash on hand, asset utilization, and cash flow.

*For nonprofit (including government) 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 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.*

**7.5a(2).** *For nonprofit organizations, responses might include measures of charitable donations or grants and the number of new programs or services offered and people or entities served.*

**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) and the action plan performance measures and projected performance you report in 2.2a(5) and 2.2a(6), respectively.

**7.5b.** Results for your efforts to innovate should link to your approach for pursuing innovations and taking intelligent risks, as noted in 4.2c. The results should report the innovations as well as the impact on your organization's performance. Example of such results include significant gains in market share and/or revenues related to new markets entered or products/services launched, or significant gains in effectiveness related to redesigned processes, facilities, or operations.

For additional guidance on this item, see For additional guidance on this item, see [Baldrige Criteria Commentary | NIST](#)



## 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.*

**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.

**AGILITY.** A capacity for rapid change and flexibility in operations. Agility may be needed to respond to emergencies or address changes in your operating environment, to take advantage of an immediate opportunity, and/or to address a strategic challenge.

See also RESILIENCE.

**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 data and information to provide a basis for effective decision making. 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.

**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 QUESTIONS.** The most central concept of a Criteria item, as presented in the item title question. For an illustration, see Criteria for Performance Excellence Structure.

**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, 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. Typically, collaborations do not involve formal agreements or arrangements.

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.

**CULTURE.** The shared beliefs, norms, and values that characterize your workforce and are demonstrated within your organization. In high-performing organizations, senior leaders create and reinforce an organization's culture based on the organization's mission, vision, and values.

See also ETHICAL BEHAVIOR and VALUES.

**CUSTOMER.** An actual or potential user of your organization's offerings of products, programs, or services (all referred to as products and/or services 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' emotional and intellectual investment to your brand and product and/or service 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.

**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. When embraced, diversity can drive cultural, economic, and social vitality and innovation.

**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, vision, and values with its ethical principles. Ethical behavior encompasses interactions with all stakeholders, including your workforce, shareholders, customers, partners, suppliers, and local community members.

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.

**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(S). Making meaningful change to improve products, processes, or organizational effectiveness and create new value for stakeholders.**

(The Criteria use the term *innovation* as a process/activity and the term *innovations* to refer to the outcomes.) Innovations are discontinuous or "breakthrough" improvements 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 also entails 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. Innovations may be present in organization's genesis is an innovative idea, process, technology, product, or change in organizational structure or business model.

See also BENCHMARKING, 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 short- or long-term gain or benefit outweighs the potential harm or loss to your organization's 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.** Multiple questions are those listed under the boldface questions. 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 services, and strategies 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 and service, (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 major dimensions (along with results) 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.

**RESILIENCE. An organization's ability to anticipate, prepare for, and recover from disasters, emergencies, and other disruptions, and when disruptions occur, to protect and enhance workforce and customer engagement, supply-network and financial performance, organizational productivity, and community well-being.**

Beyond the ability to “bounce back” to a prior state when a disruption occurs, resilience means having a plan in place that allows your organization to continue operating as needed during disruptions. To achieve resilience, leaders must cultivate the ability to respond quickly to both opportunities and threats, adapt strategy to changing circumstances, and have robust governance with a culture of trust. Organizations must adopt an ecosystem mindset, embrace data-rich though processes, and equip their workforce with ongoing learning of new skills.

See also AGILITY.

**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 major dimensions (along with Processes) 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.

**SYSTEM. A set of interrelated leadership and management elements of an organization used to integrate approaches, establish policies and objectives, and manage processes to achieve those objectives.** The overarching performance system depicted by the Baldrige Excellence Framework consists of six process categories and a results category. Organizational systems establish processes, procedures, and responsibilities for achieving policies and objectives; and they may contain elements such as management structures (e.g., groups or committees), measurements, and multiple integrated systematic approaches used to conduct the work and support the organization. Organizational systems are generally focused internally, whereas the broader concept *work systems* includes work processes and external resources of the organization.

See also WORK SYSTEMS.

**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 and produce customer, stakeholder, and stockholder value.

Your key work processes are always accomplished by your workforce. They 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. In contrast, projects are unique work processes intended to produce an outcome and then go out of existence.

**WORK SYSTEMS. The coordinated combination of internal work processes and external resources you need to develop and produce products, deliver them to your customers, and succeed in your marketplace.** Within your work systems, internal work processes are those that involve your workforce. External resources may include processes performed by your key suppliers, partners, contractors, and collaborators, as well as other components of the supply network needed to produce and deliver your products and carry out your business and support processes.

Decisions about work systems are strategic, as you must decide whether to use internal processes or external resources for maximum efficiency and sustainability in your marketplace. These decisions involve protecting intellectual property, capitalizing on core competencies, and mitigating risk. The decisions you make have implications for your organizational structure, people, work processes, and equipment/technology.

**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, on-site, and remote employees, as well as contract employees supervised by your organization) and some volunteers (e.g., students/interns), 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.