The President's Quality Award Program

2001

Information and Application

OPM
United States Office of Personnel Management

"As your President over the last seven years, I have been committed to building a government that works better, costs less and delivers results that improve the lives of the American people. Through the unqualified dedication, perseverance and commitment to excellence of our nation's federal employees, and through the leadership of Vice President Gore, today, we have delivered on this commitment. Your work is the legacy of the last years of the 20th century, and your work is the beacon that will lead the way for future generations of dedicated public servants."

President Bill Clinton

MESSAGE FROM THE DIRECTOR

The President's Quality Award Program recognizes federal organizations that have improved their overall performance and demonstrated a sustained trend in providing high quality products and services to customers. The Award Criteria are closely aligned with the Malcolm Baldrige National Quality Award Criteria—modified slightly to more clearly address Federal Government operations. Thus, the highest level of Program recognition, the Presidential Award for Quality, is the federal government's equivalent of the Malcolm Baldrige National Quality Award.

The major focus of the Award Program is on results. The Award Criteria lay out an integrated management improvement process for establishing organization performance goals, setting customer service standards, and measuring progress and results in attaining those goals and standards. The Award Criteria are based on core values and operating standards found among the highest performing organizations from all sectors and countries.

Organizations governmentwide benefit from applying the criteria whether they apply for the award or whether they simply use the criteria for self-assessment. The criteria provide a framework for assessing and measuring performance of several important business factors such as customers, products and services, human resources, operational and financial. If an organization applies for the award, a team of improvement experts from government, business, academia and other sectors reviews their application. The team's review gives an objective, external perspective of an organization's performance. The team provides a feedback report that identifies strengths as well as provides useful, actionable feedback for improvement areas. These feedback reports also help organizations focus on key performance gaps, set improvement priorities, plan more strategically, and introduce better and innovative ways to work with customers, partners, suppliers and the workforce.

I am pleased to present the 2001 President's Quality Award Program Information and Application Package. I encourage your agency to apply to the Program and use the Award Criteria to continuously improve.

Janice R Lachance

Janice R. Lachance
Director
U.S. Office of Personnel Management

PROGRAM OVERVIEW

Background

The President's Quality Award Program is administered by the Office of Personnel Management. Created in 1988, the Program includes two awards: the *Presidential Award for Quality* and the *Award for Quality Improvement*. High performing Federal organizations receive these awards on an annual basis. The Award Program may recognize organizations for their accomplishments in quality management and improvement through other awards.

Award Program Purposes

Overall, the Program:

- Recognizes Federal Government organizations that improve their overall performance and capabilities. The organizations demonstrate a sustained trend in providing high-quality products and services, resulting in effective use of taxpayer dollars;
- Promotes sharing of the best management techniques, strategies and performance practices among all Federal Government agencies as well as with State and local governments and the private sector;
- Provides models for organizations to assess their overall performance in delivering continuous value to customers; and
- Provides a systematic, disciplined approach to deal with change by providing a framework or tool for conducting assessments, analysis, training and performance improvement planning.

The Program's Awards

Winners of the Presidential Award for Quality: demonstrate mature approaches to performance excellence that are well deployed throughout their organizations. They have documented world class results and sustained performance improvement over several years.

Winners of the Award for Quality Improvement: demonstrate early positive approaches to performance excellence that are deployed throughout most of the organization. They have attained early preliminary positive results in important areas of their organization's business.

The Program's Performance Excellence Criteria

The Performance Excellence Criteria are closely aligned with the Malcolm Baldrige National Quality Award Criteria (MBNQA), with several modifications to reflect the government environment. The close alignment with the MBNQA promotes cooperation and the exchange of information between public and private sector organizations, and sets the same high standards of excellence for both government and business.

MESSAGE TO FEDERAL EXECUTIVES

As we begin the 21st century, government executives face more complex and intensified management challenges. Demands to reach higher performance levels and demonstrate organizational results are major priorities. Technology improvements require constant adaptation and continuous learning. Customers, business partners and stakeholders have higher expectations of products and services. And a skilled and highly motivated work force is critical to “doing the right things” and “doing things right.”

What Can the President’s Quality Award Program Do For Me?

The President’s Quality Award Program helps you and your organization improve performance, get results and become more responsive to customers. Each year, the Program establishes Performance Excellence Criteria based on characteristics found among the most excellent performing organizations in the world today. The Criteria lay out a “framework” and provide a tool to assess your organization’s performance and improve performance on the critical factors driving your business success.

The Criteria are developed for Federal Government organizations involved in all mission types: research and development, service, regulatory, enforcement, manufacturing, health care, education, and others.

What Are the Benefits of Program Participation?

As a Program applicant, you benefit from an objective review of your organization’s performance and receive valuable feedback that pinpoints strengths and improvement opportunities. Your application is reviewed by a team of well trained Examiners who use the Criteria for evaluation. Former applicants consistently report they gain greater benefits from participating in the Award Program process than from winning an award.

Can My Organization Use the Criteria for Self Assessment?

We encourage organizations to use the Criteria for self assessment. The assessment helps identify strengths and prioritize improvement opportunities on key processes. By using the Criteria, organizations report they improve communication, make effective resource decisions, and motivate the work force by aligning individual and organization performance.

To help meet the challenges of the next century, we encourage you to apply to the Award Program and use the Criteria for self assessment.

"In recognition of your service to customers and commitment to excellence. . ."

Presidential
Award for Quality

Model of the 2000 Award

"In recognition of significant achievement in quality management. . ."

Award for
Quality Improvement

Model of the 2000 Award

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Applications for the
2001 President's Quality Award Program
must be received by
the Office of Personnel Management
no later than
October 4, 2000.

I. CORE VALUES AND CONCEPTS

The President's Quality Award Performance Excellence Criteria are the basis for organizational self-assessment, evaluating an applicant organization and providing feedback to applicants. The Criteria define a quality system, the key elements of a quality improvement effort, and the relative importance and interrelationship of these elements. The Criteria support the Administration's efforts to reinvent the Federal Government and improve overall performance. They have three important roles in helping achieve these objectives:

- They can help organizations improve their performance practices and capabilities.
- They facilitate communication and sharing of best practice information among organizations of all types.
- They serve as a working tool for understanding and managing performance, planning, training, and assessment.

The Criteria are built upon a set of core values and concepts. These values and concepts are the foundation for integrating key performance requirements within a results-oriented framework. These values and concepts are the embedded behaviors found in high performing organizations. The core values and concepts are described below.

Visionary Leadership – *senior leaders' capacity for setting key directions for the organization by action and example*

An organization's senior leaders need to set directions and create a customer focus, clear and visible values, and high expectations. The directions, values and expectations should balance the needs of all your stakeholders. Your leaders need to ensure the creation of strategies, systems, and methods for achieving excellence, stimulating innovation, and building knowledge and capabilities. The values and strategies should help guide all activities and decisions of your organization. Senior leaders should inspire and motivate your entire work force and should encourage involvement, development and learning, innovation, and creativity by all employees.

Through their ethical behavior and personal roles in planning, communicating, coaching, developing future leaders, review of organization performance, and employee recognition, your senior leaders should serve as role models, reinforcing the values and building leadership, commitment, and initiative throughout your organization.

Customer-Driven – *the organization's focus on its customers and the ability to ensure its operations meet their needs*

Quality and performance are judged by an organization's customers. Thus, your organization must take into account all product and service features and characteristics that contribute value to your customers and lead to customer satisfaction, preference, referral, and loyalty. Being customer driven has both current and future components—understanding today's customer expectations and anticipating their future expectations. Value and satisfaction may be influenced by many factors throughout your customer's overall purchase, ownership, and service experiences. These factors include the organization's relationship with customers that helps build trust, confidence, and loyalty.

Being customer driven means much more than defect and error reduction, merely meeting specifications, or reducing complaints. Nevertheless, defect and error reduction and elimination of causes of dissatisfaction contribute to your customers' view of your organization and are thus also important parts of being customer driven. In addition, your organization's success in recovering from defects and mistakes ("making things right for your customer") is crucial to retaining customers and building customer relationships.

Customer driven organizations address not only the product and service characteristics that meet basic customer requirements, but also address those features and characteristics that differentiate products and services from those of competitors or similar organizations. Such differentiation might be based upon new or modified offerings, combinations of product and service offerings, customization of offerings, rapid response, or special relationships.

Being customer-driven is thus a strategic concept. It is directed toward customer retention, market share gain, growth, and ultimately program success. It demands constant sensitivity to changing and emerging customer, market, and mission requirements, and the factors that drive customer satisfaction and retention. It demands anticipating changes in the marketplace and public expectations. Being customer driven thus demands awareness of developments in technology, and rapid and flexible responses to customer and market requirements. Customer requirements drive the organization's strategic plan of how it will realize its goals—how it will achieve performance results that lead to customer satisfaction, while recognizing the inherent differences in relationships with different categories of customers. Processes are developed to meet customer needs, measurement systems are developed to track progress, and information is collected and used to improve work processes and the products and services delivered to customers. In high-performing organizations, everyone in the organization shares the vision, has a sense of community and commitment to a common purpose of meeting customer requirements, and works together to create an alignment of the goals of the organization.

Organizational and Personal Learning – *the ability of the organization to acquire, share and use knowledge to improve*

Achieving the highest levels of performance requires a well executed approach to organizational and personal learning. Organizational and personal learning is a goal of visionary leaders. The term organizational learning refers to continuous improvement of existing approaches and processes and adaptation to change, leading to new goals and/or approaches. Learning needs to be "embedded" in the way your organization operates. The term embedded means that learning: (1) is a regular part of the daily work; (2) is practiced at personal, work unit, and organizational levels;

(3) results in solving problems at their source; (4) is focused on sharing knowledge throughout your organization; and (5) is driven by opportunities to do better. Sources for learning include employee ideas, research and development, customer input, and benchmarking or other comparative performance information gathering.

Organizational learning can result in: (1) enhancing value to customers through new and improved products and services; (2) developing new business opportunities; (3) reducing errors, defects, waste, and related costs; (4) improving responsiveness and cycle-time performance; (5) increasing productivity and effectiveness in the use of all resources throughout your organization; and (6) enhancing your organization's performance in fulfilling its public responsibilities and service as a good citizen.

Employee success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in employee personal learning through education, training, and opportunities for continuing growth. Opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and to better link training to your organizational needs. Education and training programs may benefit from advanced technologies, such as computer-based learning and satellite broadcasts.

Personal learning can result in: (1) more satisfied and versatile employees; (2) greater opportunity for organizational cross-functional learning; and (3) an improved environment for innovation.

Thus, learning is directed not only toward better products and services, but also toward being more responsive and efficient—giving the organization and your employees marketplace sustainability and performance advantages.

Valuing Employees and Partners – *commitment to employees and partners in order to optimize the opportunities for success in their work environment*

An organization's success in improving performance depends increasingly on the knowledge, skills, innovative creativity, and motivation of its employees and partners.

Valuing employees means committing to their satisfaction, development, and well being. Increasingly, this involves more flexible, high performance work practices tailored to employees with diverse workplace and home life needs.

Major challenges in the area of work force development include: (1) demonstrating your leaders' commitment to your employees; (2) providing recognition opportunities that go beyond the normal compensation system; (3) providing opportunities for development and growth within your organization; (4) sharing your organization's knowledge so your employees can better serve your customers and contribute to achieving your strategic objectives; (5) creating an environment that encourages risk taking; and (6) aligning human resources management with business plans and strategic change processes.

Addressing these challenges requires the acquisition and use of employee-related data on skills, satisfaction, motivation, safety, and well being. Such data need to be tied to indicators of organization or unit performance, such as program impact indicators, customer satisfaction, customer retention, and productivity. Through this approach, human resources management may be better integrated and aligned with business directions.

Organizations need to build internal and external partnerships to better accomplish overall goals.

Internal partnerships might include labor-management cooperation, such as agreements with your unions. Partnerships with employees might entail employee development, cross-training, or new work organizations, such as high performance work teams. Internal partnerships also might involve creating network relationships among your work units to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education organizations. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products and services. Also, partnerships might permit the blending of your organization’s core competencies or leadership capabilities with the complementary strengths and capabilities of partners, thereby enhancing overall capability, including speed and flexibility.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means of regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method of developing employees.

Agility – *ensuring flexibility and the capacity to act speedily*

Success in meeting public expectations of the Government demands creating a capacity for rapid change and flexibility. All aspects of electronic commerce require more rapid, flexible, and customized responses. Government organizations, as well as businesses, face ever-shorter cycles for introductions of new or improved products and services. Faster and more flexible response to customers is now a more critical requirement. Major improvements in response time often require simplification of work units and processes and / or the ability for rapid changeover from one process to another. Cross-trained employees are vital assets in such a demanding environment.

A major success factor in meeting challenges is the design-to-introduction (product generation) cycle time. To meet the demands of rapidly changing work environments, organizations need to carry out stage-to-stage integration (concurrent engineering) of activities from research to product / service delivery.

All aspects of time performance are becoming increasingly important and should be among your key process measures. Other important benefits can be derived from this focus on time. Time improvements often drive simultaneous improvements in organization, quality, cost, and productivity.

Focus on the Future – *operating strategically and possessing a long-range orientation*

Pursuit of sustainable growth and mission or market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, employees, suppliers, the public, and your community. Your organization should anticipate many factors in your strategic planning efforts, such as customers' expectations, new business and partnering opportunities, the increasingly global economy, technological developments, changing expectations of Congress and the Executive Branch, changing customer and market segments, evolving regulatory requirements, community / societal expectations, and new thrusts by alternative service and product providers. Short and long-term plans, strategic objectives, and resource allocations need to reflect these influences. Major components of a future focus include developing employees and suppliers, seeking opportunities for innovation, and fulfilling public responsibilities.

Managing for Innovation – *the capacity to develop creative and effective products and solutions*

Innovation is making meaningful change to improve an organization's products, services, and processes and create new value for the organization's stakeholders. Innovation should focus on leading your organization to new dimensions of performance. Innovation is no longer strictly the purview of research and development units. Innovation is important for key product and service processes and for support processes. Organizations should be structured in such a way that innovation becomes part of the culture and daily work.

Management by Fact – *reliance on data and analysis in decision making*

Organizations depend upon the measurement and analysis of performance. Such measurements must derive from your organization's strategy and provide critical data and information about key processes, outputs and results. Many types of data and information are needed for performance measurement, management, and improvement. Performance measurement areas include customer, product, and service; operations, market, and competitive comparisons; and supplier, employee, and cost and financial.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making and operational improvement within your organization. Analysis entails using data to determine trends, projections, and cause and effect—that might not be evident without analysis. Data and analysis support a variety of purposes, such as planning, reviewing your overall performance, improving operations, and comparing your performance with others working in similar environments or with “best practices” benchmarks.

A major consideration in performance improvement involves the selection and use of performance measures or indicators. The measures or indicators you select should best represent the factors that lead to improved customer, operational, and financial performance. A comprehensive set of measures or indicators tied to customer and/or organization performance requirements represents a clear basis for aligning all activities with your organization’s goals. Through the analysis of data obtained from the tracking processes, the measures or indicators themselves may be evaluated and changed to better support such goals. For example, measures selected to track product and service quality may be judged by how well improvement in these measures correlates with improvement in customer satisfaction.

Public Responsibility and Citizenship – *proactive and responsive commitment to the needs and concerns of the community and larger public*

An organization’s leadership needs to stress its responsibilities to the public and needs to practice good citizenship. These responsibilities refer to basic expectations of your organization—business ethics and protection of public health, safety, and the environment. Health, safety, and the environment include your organization’s operations as well as the life cycles of your products and services. Also, organizations need to emphasize resource conservation and waste reduction at their source. Planning should anticipate adverse impacts, from facilities management, production, distribution, transportation, use, and disposal of your products. Plans should seek to prevent problems, to provide a forthright response if problems occur, and to make available information and support needed to maintain public awareness, safety, and confidence.

For many organizations, the product design stage is critical from the point of view of public responsibility. Design decisions impact your production process and the content of municipal and industrial wastes. Effective design strategies should anticipate growing environmental demands and related factors.

Organizations should not only meet all local, State and Federal laws and regulatory requirements, they should treat these and related requirements as opportunities for continuous improvement “beyond mere compliance.” This requires the use of appropriate measures in managing performance.

Practicing good citizenship refers to leadership and support—within the limits of your organization’s resources—of publicly important purposes. Such purposes might include providing support to education and health care in the community, environmental excellence, resource conservation, community service, industry and business practices, and sharing of non-sensitive information. Leadership as an organization citizen also entails influencing other organizations, private and public, to partner for these purposes. For example, your organization could lead efforts to help define the obligations of other government entities to their communities.

Focus on Results and Creating Value – *the orientation to managing toward key outcomes for mission accomplishment and meeting customer needs*

An organization's performance measurements need to focus on key results. Results should be focused on creating and balancing value for all your stakeholders—customers, employees, suppliers and partners, Congress, the White House, the community, and the public at large. By creating value for all your stakeholders, your organization builds loyalty and contributes to growing the economy. To meet the sometimes conflicting and changing aims that balancing value implies, organization strategy needs to explicitly include all stakeholder requirements. This will help to ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short and long-term priorities, to monitor actual performance, and to provide a focus for improving results. The government executive has the basic responsibility of balancing the necessity of being entrepreneurial with their responsibility for directed missions and functions.

Systems Perspective – *the ability of the organization to view its operations holistically and understand how its parts interact; the ability to align activities effectively*

The Performance Excellence Criteria provide a systems perspective for managing your organization and achieving performance excellence. The core values and the seven PQA Categories form the building blocks of the system. However, successful management of the overall enterprise requires synthesis and alignment. Synthesis means looking at your organization as a whole and focusing on what is important to the whole enterprise. Alignment means concentrating on key organizational linkages among requirements given in the Categories.

Alignment means that your senior leaders are focused on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and build on your business results. Alignment means linking your key strategies with your key processes and aligning your resources to improve overall performance and satisfy customers.

Thus, a systems perspective means managing your whole enterprise, as well as its components, to achieve performance improvement.

II. 2001 PERFORMANCE EXCELLENCE CRITERIA

SECTION II

2001 CATEGORIES / ITEMS			POINT VALUES
1	Leadership		125
	1.1 Organizational Leadership	90	
	1.2 Organization Responsibility and Citizenship	35	
2	Strategic Planning		95
	2.1 Strategy Development	45	
	2.2 Strategy Deployment	50	
3	Customer Focus		95
	3.1 Customer and Market Knowledge	45	
	3.2 Customer Satisfaction and Relationships	50	
4	Information and Analysis		95
	4.1 Measurement of Organizational Performance	45	
	4.2 Analysis of Organizational Performance	50	
5	Human Resource Focus		95
	5.1 Work Systems	35	
	5.2 Employee Education, Training, and Development	30	
	5.3 Employee Well Being and Satisfaction	30	
6	Process Management		95
	6.1 Product and Service Processes	50	
	6.2 Support Processes	20	
	6.3 Supplier and Partnering Processes	25	
7	Business Results		400
	7.1 Customer-Focused Results	125	
	7.2 Financial Performance Results	50	
	7.3 Human Resource Results	75	
	7.4 Supplier and Partner Results	75	
	7.5 Organizational Effectiveness Results	75	
	TOTAL POINTS		1000

Note: The Scoring System used with an assessment of the Criteria Items can be found on pages 79-82.

The Program's Performance Excellence Criteria

The Performance Excellence Criteria are closely aligned with the Malcolm Baldrige National Quality Award Criteria (MBNQA), with several modifications to reflect the Government environment.

Specifically:

- Terminology is changed selectively throughout the document to reflect the Federal Government rather than the unique environments of business, health care and education.
- One set of Criteria exists for Federal Government organizations. The Criteria apply to organizations involved in all mission types: research and development, service, regulatory, enforcement, manufacturing, health care, education, and others. The MBNQA has separate Criteria for four organization types: large, small, education and health care.
- The point values for several Categories and Items are slightly different. The differences reflect the relative importance of these Categories and Items in effective Government organizations.

The close alignment with the MBNQA promotes cooperation and exchange of information between public and private sector organizations and sets the same high standards of excellence for both the Government and business. The Criteria are updated on an annual basis to reflect the best approaches within the private and public sectors used to systematically improve performance. Federal organizations view the Criteria as a proven framework to guide their customer-focused performance efforts.

Key Features of the Criteria:

- They focus on business results in five key areas: customer-focused results, financial performance results, human resource results, supplier and partner results, and organizational effectiveness results.
- They are non-prescriptive. They do not describe specific approaches, measures, tools, technologies or systems for performance improvement nor emphasize factors to be evaluated as part of an organization's performance reviews.
- They are adaptable. Though the Criteria are made of results-oriented requirements, organizations have latitude to decide how to best meet the requirements. Since there are many possible organizational structures and approaches for getting positive results, organizations have the flexibility to select the best way, depending upon many factors such as organization type, size, strategy, and stage of development.
- They support a systems approach to organization-wide goal alignment. Alignment in the Criteria is built around connecting and reinforcing key process measures derived from the organization's strategy. The measures link directly to customer value and overall performance.
- They support results-based diagnosis. The Criteria relate directly to improving organization performance; nothing is included merely for purposes of an award. The scoring guidelines offer a way to profile strengths and improvement opportunities. Whether done by an external Award Program Examiner team, or conducted internally by the organization, the diagnosis is a valuable management tool to evaluate and improve a wide range of management systems and strategies.

SECTION II

1 Leadership (125 pts.) CRITERIA

The *Leadership* Category examines how your organization's senior leaders address values and performance expectations, as well as focus on customers and other stakeholders, empowerment, innovation, learning and organizational directions. Also examined is how your organization addresses its societal responsibilities and community involvement.

Leadership addresses how the senior leaders guide the organization in setting directions and seeking future opportunities. Primary attention is given to how the senior leaders set and deploy clear values and high performance expectations that address the needs of all stakeholders. The Category also includes the organization's responsibilities to the public and how the organization practices good citizenship.

1.1 Organizational Leadership *(90 pts.)*

Describe how senior leaders guide your organization and review organizational performance.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Senior Leadership Direction

(1) How do senior leaders set, communicate, and deploy: a) organizational values, b) performance expectations, and c) a focus on creating and balancing value for customers and other stakeholders? Include communication and deployment to all employees through your leadership structure.

(2) How do senior leaders establish and reinforce an environment for empowerment and innovation, and encourage and support organizational and employee learning?

(3) How do senior leaders set directions and seek future opportunities for your organization?

b. Organizational Performance Review

(1) How do senior leaders review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing organizational needs? Include the key performance measures regularly reviewed by your senior leaders.

(2) How do you translate organizational performance review findings into priorities for improvement and opportunities for innovation and reinvention?

(3) What are your key recent performance review findings, priorities for improvement, and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners and key customers to ensure organizational alignment?

(4) How do senior leaders use organizational performance review findings and employee feedback to improve their leadership effectiveness and the effectiveness of management throughout the organization?

Notes:

N1. Senior leaders are normally defined as the highest ranking official and those leaders reporting directly to that official. For some organizations, senior leaders may include union leadership.

*N2. Your organizational performance results should be reported in **Items 7.1, 7.2, 7.3, 7.4,** and **7.5**.*

For definitions of the following key terms, see pages 94-98 and 101: alignment, approach, deployment, empowerment, measures and indicators, performance, and value.

For additional description of this Item, see page 12.

1.2 Organization Responsibility and Citizenship *(35 pts.)*

Describe how your organization addresses its responsibilities to the public and how your organization practices good citizenship.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Responsibilities to the Public

(1) How do you address the impacts on society of your products, services, and operations? Include your key practices, measures, and targets for regulatory and legal requirements and for risks associated with your products, services, and operations.

(2) How do you anticipate public concerns with current and future products, services, and operations? How do you prepare for these concerns in a proactive manner?

(3) How do you ensure ethical business practices in all stakeholder transactions and interactions?

b. Support of Key Communities

How do your organization, your senior leaders, and your employees actively support and strengthen your key communities? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

Notes:

*N1. Public responsibilities in areas critical to your organization also should be addressed in Strategy Development (**Item 2.1**) and in Process Management (**Category 6**). Key results, such as results of regulatory/legal compliance or environmental improvements through the use of "green" technology or other means should be reported in Organizational Effectiveness Results (**Item 7.5a[2]**).*

*N2. Society impact results directly related to the organization's mission should be reported in Organizational Effectiveness Results (**Item 7.5a**).*

N3. Areas of community support appropriate for inclusion in 1.2b might include efforts to strengthen local community services, education, the environment, and practices of trade, business, or professional associations.

*N4. Health and safety of customers, including users and visitors, are included in Item 1.2. Health and safety of employees are not addressed in Item 1.2; these are addressed in **Item 5.3**.*

For additional description of this Item, see page 13.

1 Leadership — DESCRIPTION

1.1 Organizational Leadership

Purpose

This Item examines the key aspects of your organization's leadership and the roles of your senior leaders, with the aim of creating and sustaining a high performance organization.

Requirements

You are asked how senior leaders set directions, communicate and deploy values and performance expectations, and take into account the expectations of customers, employees, suppliers, the Congress, the public and other stakeholders. This includes how leaders create an environment for innovation, learning, and knowledge sharing. You are also asked how your senior leaders review overall organizational performance, what key performance measures they regularly review, and how review findings are used to drive improvement and change, including your leaders' effectiveness.

Comments

- Leadership's central roles in setting directions, creating and balancing value for all stakeholders, and driving performance are the focus of this Item. Success requires a strong future orientation and a commitment to both improvement and change. Increasingly, this requires creating an environment for learning and innovation, as well as the means for rapid and effective application of knowledge.

- The organizational review called for in this Item is intended to cover all areas of performance, thereby providing a picture of the "state of health" of your organization. This includes not only how well you are currently performing, but also how well you are moving toward the future. It is anticipated that the review finding will provide a reliable means to guide both improvement and change, tied to your organization's own key objectives, success factors, and measures. Therefore, an important component of your senior leaders' organizational review is the translation of the review findings into an action agenda, sufficiently specific for deployment throughout your organization and to your suppliers/partners and key customers.

- It is important to depict how the reviews and employee feedback are used to improve leadership effectiveness.

1.2 Organization Responsibility and Citizenship

Purpose

This Item addresses how your organization fulfills its public responsibilities and encourages, supports, and practices good citizenship.

Requirements

You are asked how your organization addresses current and future impacts on society in a proactive manner and how it ensures ethical business practices in all stakeholder interactions. The impacts and practices are expected to cover all relevant and important areas—products, services, and operations.

You also are asked how your organization, your senior leaders, and your employees identify, support, and strengthen key communities as part of good citizenship practices.

Comments

- An integral part of performance management and improvement is proactively addressing legal and regulatory requirements and risk factors. Addressing these areas requires establishing appropriate measures and/or indicators that senior leaders track in their overall performance review. Your organization should be sensitive to issues of public concern, whether or not these issues are currently embodied in law.
- Citizenship implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities include employee community service that is encouraged and supported by your organization.
- Examples of organizational community involvement include: influencing the adoption of higher standards in education by communicating employability requirements to schools and school boards; partnering with other government organizations and health care providers to improve health in the local community by providing education and volunteer services to address public health issues; and partnering to influence trade and business associations to engage in beneficial, cooperative activities, such as sharing best practices to improve overall U.S. global competitiveness and environment.

2 Strategic Planning (95 pts.) CRITERIA

The *Strategic Planning* Category examines your organization's strategy development process, including how your organization develops strategic objectives, action plans, and related human resource plans including diversity planning. Also examined are how strategy and plans are deployed and performance is tracked.

Strategic Planning addresses strategic and action planning, and deployment of plans. The Category stresses that customer-driven quality and operational performance excellence are key strategic issues that need to be integral parts of your organization's overall planning.

Specifically:

- customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, new markets, and market share—key factors in competitiveness, profitability, and business and / or mission success; and
- operational performance improvement contributes to short-term and longer-term productivity growth and cost / price competitiveness. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening competitive and performance fitness.

The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes with the organization's strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities.

The Strategic Planning Category examines how your organization:

- understands the key customer, market, mission, and operational requirements as input to setting strategic directions. This helps ensure that ongoing process improvements are aligned with the organization's strategic directions.
- optimizes the use of resources, ensures the availability of trained employees, and ensures bridging between short-term and longer-term requirements that may entail capital expenditures, supplier development, etc.; and
- ensures that deployment will be effective—that there are mechanisms to transmit requirements and achieve alignment on three basic levels: (1) the organization / senior leader level; (2) the key process level; and (3) the work-unit / individual-job level.

The Strategic Planning Category requirements are intended to encourage strategic thinking and acting—to develop a basis for a distinct competitive position in the marketplace and / or program / mission driven environment. These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles. Also, the Category does not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives compete for limited resources. In most cases, priority setting depends heavily upon a cost rationale. However, there also might be critical requirements such as societal responsibilities that are not driven by cost considerations alone.

The Category is generally consistent with and supportive of the requirements of the Government Performance and Results Act. The focus of the Criteria is on planning strategically without regard to organizational level. If strategic plans are developed by higher levels within the overall organization, the applicant's response should focus on its own strategic planning process and how its planning process and plans fit into the parent organization's overall plans, such as those developed pursuant to the Government Performance and Results Act.

2.1 Strategy Development *(45 pts.)*

Describe your organization's strategy development process to strengthen organizational performance and competitive position. Summarize your key strategic objectives.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Strategy Development Process

(1) What is your strategic planning process? Include a description of how you develop strategy and strategic objectives. Also include key steps and key participants in the process.

(2) How do you consider the following key factors in setting strategic direction? Include how relevant data and information are gathered and analyzed. The factors are:

- customer and market/mission needs/expectations, including new product/service opportunities
- your competitive and mission environment and capabilities, including use of new technology
- financial, societal, and other potential risks
- your human resource capabilities and needs
- your operational capabilities and needs, including resource availability
- your supplier and/or partner capabilities and needs

b. Strategic Objectives

What are your key strategic objectives and your timetable for accomplishing them? In setting objectives, how do you evaluate various options to assess how well they respond to the factors in 2.1a(2) most important to your performance/mission accomplishment?

Notes:

N1. Strategy development refers to your organization's approach (formal or informal) to a future-oriented basis for business decisions, resource allocations, and management. Such development might utilize various types of forecasts, projections, options, scenarios, and/or other approaches to addressing the future.

N2. You should interpret the word strategy broadly. It might be built around or lead to any or all of the following: new products, services, and markets; revenue or mission growth; cost reduction; business acquisitions; new programs or missions; and new partnerships and alliances. Strategy might be directed toward becoming a preferred supplier, a low-cost producer, a market innovator, and/or a high-end or customized service provider. Strategy might depend upon or require you to develop different kinds of capabilities, such as rapid response, customization, market understanding, lean or virtual manufacturing, relationships, rapid innovation, technology management, leveraging assets, business process excellence, and information management. Responses to Item 2.1 should address the key factors from your point of view.

*N3. Item 2.1 addresses overall organizational directions and strategy that might include changes in services, products, and/or product lines. However, the Item does not address product and service design; these factors are addressed in **Item 6.1**.*

N4. For organizations whose strategies are developed by higher levels (e.g., agency headquarters, etc.), this item should describe how the organization provides input to the parent organization's strategy development process and how the applicant organization's own strategy is developed consistent with that of higher levels.

N5. The approach toward strategic planning and objectives outlined in this Category is intended to be consistent with, and supportive of, the strategic planning requirements of the Government Performance and Results Act.

For definitions of the following key terms, see pages 99 and 100: process and strategic planning.

For additional description of this Item, see pages 18.

SECTION II

2.2 Strategy Deployment *(50 pts.)*

Describe your organization's strategy deployment process. Summarize your organization's action plans and related performance measures. Project the performance of these key measures into the future.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Action Plan Development and Deployment

(1) How do you develop action plans that address your key strategic objectives? What are your key short-and longer-term action plans? Include key changes, if any, in your products/services and/or your customers/markets.

(2) What are your key human resource requirements and plans, based on your strategic objectives and action plans?

(3) How do you allocate resources to ensure accomplishment of your overall action plan?

(4) What are your key performance measures and/or indicators for tracking progress relative to your action plans?

(5) How do you communicate and deploy your strategic objectives, action plans, and performance measures/indicators to achieve overall organizational alignment?

b. Performance Projection

(1) What are your two-to-five year projections for key performance measures and/or indicators? Include key performance targets and/or goals, as appropriate.

(2) How does your projected performance compare with competitors, key benchmarks, and past performance, as appropriate? What is the basis for these comparisons?

Notes:

N1. Action plan development and deployment are closely linked to other Items in the Criteria. Examples of key linkages are:

- ***Item 1.1*** *for how senior leaders set and communicate directions;*
- ***Category 3*** *for gathering knowledge on customers, markets and/or mission requirements as input to your strategy and action plans, and for deploying action plans;*
- ***Category 4*** *for information and analysis to support development of strategy, to provide an effective performance basis for performance measurements, and to track progress relative to strategic objectives and action plans;*
- ***Category 5****, particularly* ***Items 5.1*** *and* ***5.2****, for work system needs, employee education, training, and development needs, and related human resource factors resulting from action plans;*
- ***Category 6*** *for process requirements resulting from your action plans; and*
- ***Item 7.5*** *for accomplishments relative to your organizational strategy.*

N2. Measures and/or indicators of projected performance (2.2b) might include changes resulting from new program services, business ventures, new value creation, market entry and/or shifts, changing societal needs related to program mission and/or significant anticipated innovations in products, services, and/or technology.

N3. In responding to Area 2.2a(2), related human resource plans might include:

- *recruitment, including critical skill categories and expected or planned changes in work force demographics;*
- *how the organization evaluates and improves its human resource planning and practices and alignment of these with strategic directions; and*
- *changes in: (a) work design and/or organization to improve knowledge creation/sharing, flexibility, innovation and rapid response; (b) employee development, education and training; (c) performance appraisal; and (d) compensation, recognition, and benefits.*

For definitions of the key terms, see pages 94 and 97: action plans, measures and indicators.

For additional description of this Item, see page 19.

2 Strategic Planning — DESCRIPTION

2.1 Strategy Development

Purpose

This Item addresses how your organization sets strategic directions and develops your strategic objectives, with the aim of strengthening your overall organizational performance and competitiveness. This Item may include a description of how the organization develops strategic and performance plans to meet the provisions of the Government Performance and Results Act.

Requirements

You are asked to outline your organization's strategic planning process, including the key participants. You are asked how you consider the key factors that affect your organization's future. These factors cover external and internal influences on your organization. You are asked to address each factor and outline how relevant data and information are gathered and analyzed.

Finally, you are asked to summarize your key strategic objectives and your timetable for accomplishing them.

Comments

- This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect the organization's future opportunities and directions—taking as long a view as possible. This approach is intended to provide a thorough and realistic context for the development of a customer- and market-focused strategy to guide ongoing decision making, resource allocation, and overall management.

- This Item is intended to cover all types of missions, businesses, competitive situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action, but do not imply formalized planning, planning departments, planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new program or business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.

- This item focuses on competitive leadership, which usually depends upon revenue growth and operational effectiveness. Competitive leadership requires a view of the future that includes not only the markets or segments in which your organization operates, but also how it operates. How it operates presents many options and requires that you understand the strengths and weaknesses of your organization and those of similar organizations or competitors. Although no specific time horizon is included, the thrust of this Item is sustained competitive leadership.

2.2 Strategy Deployment

Purpose

This Item addresses how your organization translates your strategic objectives into action plans to accomplish the objectives and to enable assessment of progress relative to your action plans. The aim is to ensure that your strategies are deployed for goal achievement. The strategy might include how the organization deploys strategic and performance plans to meet the provisions of the Government Performance and Results Act.

Requirements

You are asked how you develop action plans that address your organization's key strategic objectives. You are asked to summarize your key short- and longer-term action plans. Particular attention is given to products / services, customers / markets, human resource requirements, and resource allocations.

You also are asked to specify key measures and / or indicators used in tracking progress relative to the action plans and how you communicate and align strategic objectives, action plans, and performance.

Finally, you are asked to provide a two-to-five year projection of key performance measures and / or indicators, including key performance targets and / or goals. This projected performance is the basis for comparing past performance and performance relative to competitors, similar organizations, and benchmarks, as appropriate.

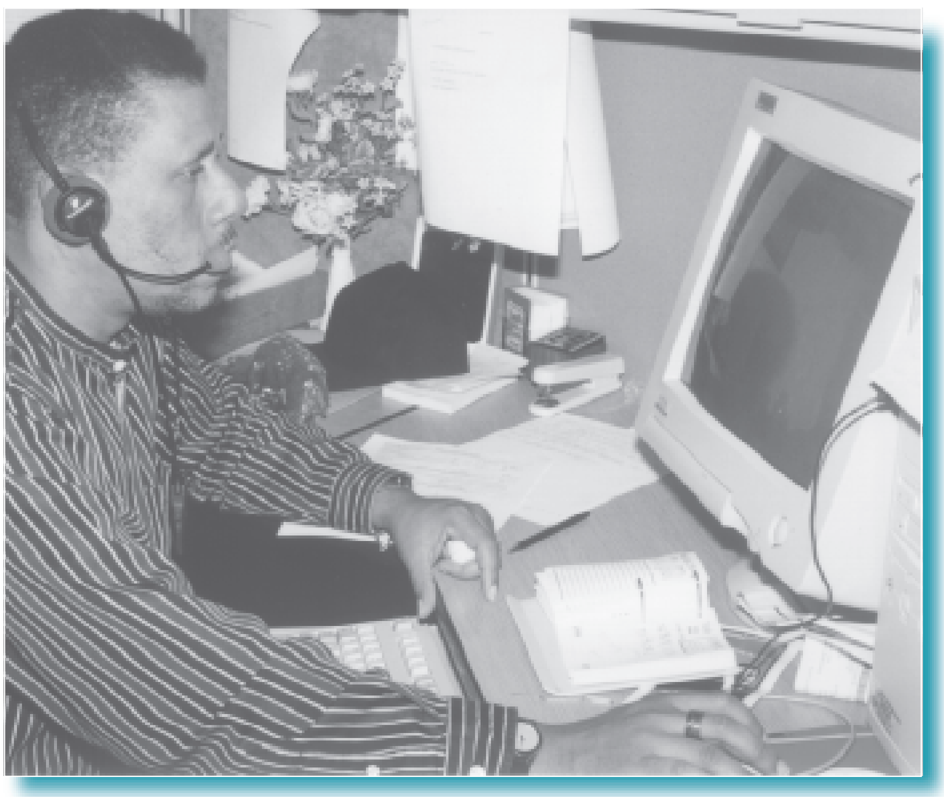
Comments

- This Item calls for information on how your action plans are developed and deployed. Accomplishment of action plans requires the definition of resource requirements and performance measures, as well as aligning work unit, supplier, and / or partner plans. Of central importance is how you achieve alignment and consistency—for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all work units. In addition, performance measures are critical to performance tracking. Critical action plan resource requirements include human resource plans that support your overall strategy.
- Examples of possible human resource plan elements are:
  - redesign of your work organization and / or jobs to increase employee empowerment and decision making;

- initiatives to promote greater labor-management cooperation, such as union partnerships;
- initiatives to foster knowledge sharing and organizational learning;
- modification of your compensation and recognition systems to recognize team, organizational, customer, or other performance attributes.
- education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future employees, and / or establishment of technology-based training capabilities.

• Projections and comparisons in this Item are intended to encourage your organization to improve its ability to understand and track dynamic, competitive performance factors. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to competitors or similar organizations, and relative to your own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

• In addition to improvement relative to past performance, similar organizations, and to competitors, projected performance also might include changes resulting from new programs or business ventures, entry into new markets, product / service innovations, or other strategic thrusts.



SECTION II

3 Customer Focus (95 pts.) CRITERIA

The *Customer Focus* Category examines how your organization determines requirements, expectations, and preferences of customers and markets. Also examined is how your organization builds relationships with customers and determines their satisfaction.

Customer Focus addresses how the organization seeks to understand the voices of customers and of the marketplace. The Category stresses relationship enhancement as an important part of an overall listening and learning strategy. Customer satisfaction results provide vital information for understanding customers and the marketplace. In many cases, such results and trends provide the most meaningful information, not only on customers' views but also on their marketplace behaviors—repeat business and positive referrals.

3.1 Customer and Market Knowledge *(45 pts.)*

Describe how your organization determines short- and longer-term requirements, expectations, and preferences of current and potential customers, markets and/or mission-related segments to ensure the relevance of current products/services and to develop new opportunities.

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Customer and Market Knowledge

(1) How do you determine or target customers, customer groups, and/or market/mission-related segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?

(2) How do you listen and learn, and use the analysis of data and information to determine key requirements and drivers of purchase decisions for current, former, and potential customers? If determination methods differ for different customers and/or customer groups, include the key differences.

(3) How do you determine and/or project key product/service features and their relative importance/value to customers for purposes of current and future marketing, product planning, and other business developments, as appropriate? How do you use relevant information from current and former customers, including marketing/sales information, customer retention, won/lost analysis, and complaints, in this determination?

(4) How do you keep your listening and learning methods, and keep them current with business needs and directions?

Notes:

N1. This Item addresses external customers only—those outside of the organization. Responses should also take into account the differing requirements of various categories of customers often served by government organizations, such as entitled and mandated customers in addition to the traditional voluntary customers.

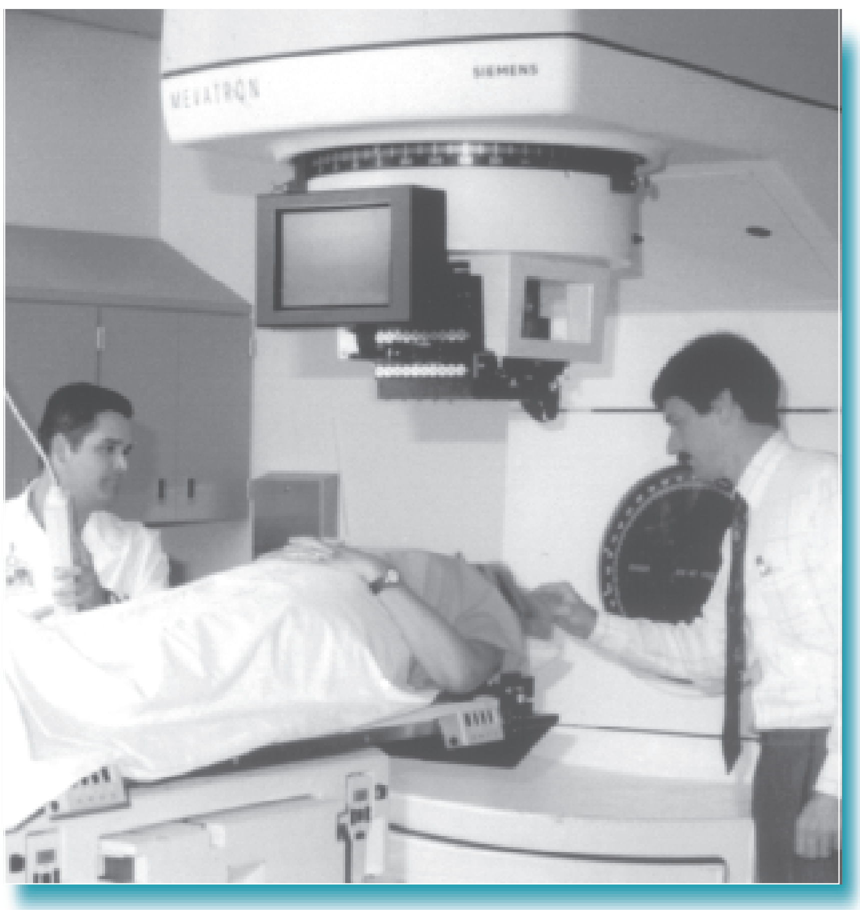
N2. If your products and services are provided to end users via other organizations, such as private contractors, State and local governments, or non-profit organizations, customer group responses to 3.1a(1) should take into account the requirements and expectations of both the end users and these intermediate organizations.

N3. Product and service features [3.1a(3)] refer to all important characteristics and to the performance of products and services throughout their full life cycle. The focus should be primarily on features that bear upon customer preference and repurchase or use loyalty—for example, those features that differentiate products and services from competing (or similar government) offerings. Those features might include such factors as price, value, delivery, customer or technical support, and the program marketing or outreach relationship. Many government agencies must also consider non-competitive factors such as fairness and mandated services to entitled customers.

*N4. Information about customers and markets is requested as a key input to strategic development (**Item 2.1**), to design products and services (**Items 6.1, 6.2**), and to help leaders set direction for the organization (**Item 1.1**). However, strategy development could also generate the need for new or additional customer and market information, including new information gathering methods, and new customers and segments from which to gather information.*

For definitions of the following key term, see page 95: customer

For additional description of this Item, see page 25.



3.2 Customer Satisfaction and Relationships *(50 pts.)*

Describe how your organization determines and enhances the satisfaction of customers, builds relationships to improve current offerings, addresses current and projected customer and market- or mission-related business needs, and develops new opportunities.

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Customer Relationships

(1) How do you determine key access mechanisms to facilitate the ability of customers to conduct business, seek assistance and information, and make complaints? Include a summary of your key mechanisms.

(2) How do you determine key customer contact requirements and deploy these requirements to all employees involved in the response chain?

(3) What is your complaint management process? Include how you ensure that complaints and suggestions are managed effectively and promptly. How are the data and information aggregated and analyzed for overall organizational improvement?

(4) How do you build relationships with customers for repeat business and/or positive referral? Indicate key distinctions for different markets, customer groups, and market segments.

(5) How do you keep your approaches to customer access and relationships current with business needs and directions?

b. Customer Satisfaction Determination

(1) What processes, measurement methods, and data do you use to determine customer satisfaction and dissatisfaction? Include how your measurements capture actionable information that reflects customers' future business and/or potential for positive referral. Also include any significant differences in processes or methods for different customer groups and/or market/mission-related segments.

(2) How do you follow up with customers on products/services and recent transactions to receive prompt and actionable feedback?

(3) How do you obtain and use information on customer satisfaction relative to competitors or similar organizations and/or benchmarks, as appropriate?

(4) How do you keep your approaches to satisfaction determination current with business needs and directions?

Notes:

N1. Customer relationships (3.2a) might include the development of partnerships or alliances.

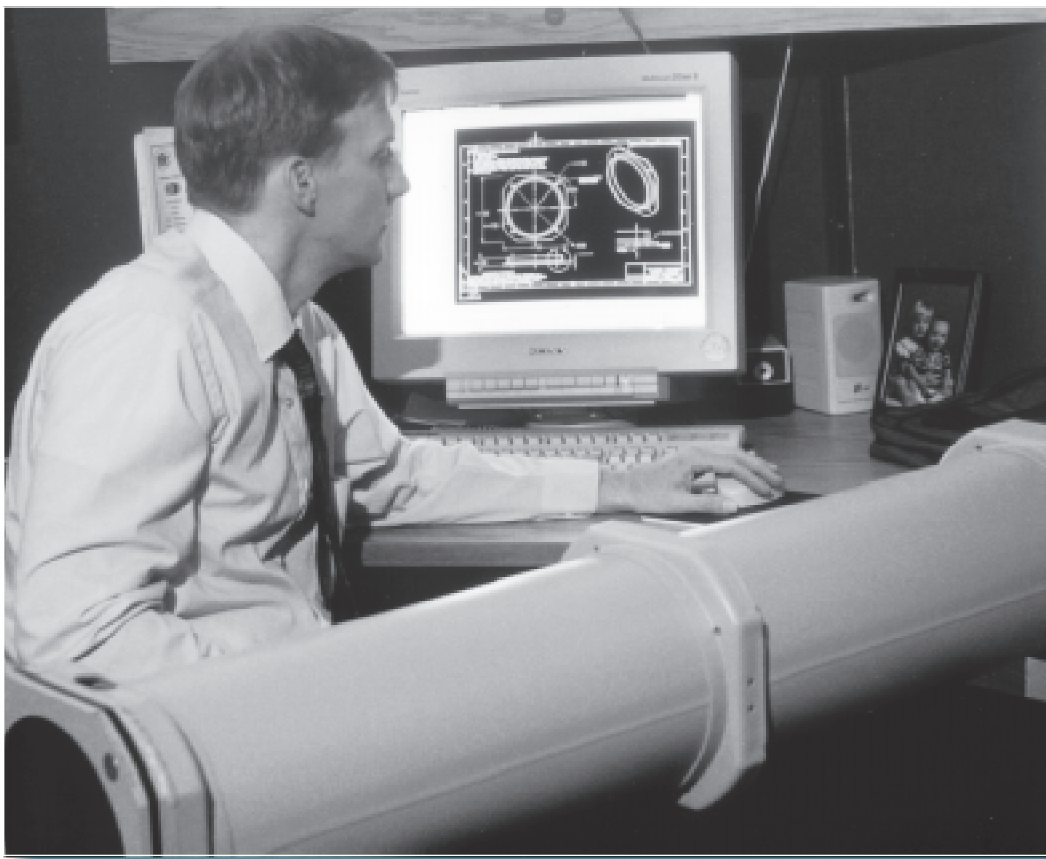
N2. Customer satisfaction and dissatisfaction determination (3.2b) might include any or all of the following: surveys, formal and informal feedback from customers, use of customer account data, and complaints.

N3. Customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Effective (actionable) customer satisfaction measurements provide reliable information about customer ratings of specific product, service, and relationship features, the linkage between these ratings, and the customer's likely future actions—repurchase and/or positive response or referral. Product and service features might include overall value and price.

N4. Customer satisfaction and dissatisfaction results and information on product/service measures that contribute to customer satisfaction or dissatisfaction *should be reported in **Item 7.1**. These latter measures might include trends and levels in performance of customer-desired product features or customer complaint handling effectiveness, such as complaint response time, effective resolution, and percent of complaints resolved on first contact.*

N5. A complant management process may involve a customer advocacy program.

For additional description of this Item, see pages 26.



3 Customer Focus — DESCRIPTION

3.1 Customer and Market Knowledge

Purpose

This Item examines how your organization determines current and emerging customer requirements and expectations. This information is intended to support marketing, business / program development, and planning. In a rapidly changing competitive environment, many factors may affect customer preference and loyalty, making it necessary to listen and learn on a continuous basis.

Requirements

The Item seeks information on how organizations recognize market segments, customers of competitors or similar organizations inside or outside of the government, and / or other potential customers. Accordingly, the Item addresses how the organization tailors its listening and learning to different customer groups and market / mission-related segments. For example, a relationship strategy might be possible with some customers, but not with others. Other information sought relates to sensitivity to specific product and service requirements and their relative importance or value to customer groups. This determination should be supported by use of information and data, such as complaints, gains and losses of customers and enhanced responsibilities established by the parent organization, the White House or Congress. The Item also addresses how the organization improves its listening and learning strategies, with a focus on keeping current with changing business needs and directions.

Comments

- To be effective, listening and learning need to have a close connection with the organization's overall mission and business strategy. For example, if the organization customizes its products and services, the listening and learning strategy needs to be backed by a capable information system—one that rapidly accumulates information about customers and makes this information available, where needed, throughout the organization or elsewhere within the overall value chain.

- A variety of listening and learning strategies are commonly used. Selection depends upon the type and size of the organization and other factors.

- Some examples are:
  - relationship building, including close integration with key customers;
  - rapid innovation and field trials of products and services to better link research and development and design to market needs and / or mission requirements;

- close tracking of technological, competitive, societal, environmental, economic, demographic and other factors that may bear upon customer requirements, expectations, preferences, or alternatives;
- seeking to understand, in detail, customers' value chains and how they are likely to change;
- focus groups with demanding or leading-edge customers;
- training employees, particularly customer-contact employees, in customer listening;
- use of critical incidents, such as complaints, to understand key service attributes from the point of view of customers and customer-contact employees;
- interviewing lost customers to determine the factors they use in their purchase decisions; and won / lost and / or comparative analysis relative to competitors and / or similar organizations ;
- post-transaction follow-up contacts with customers; and
- analysis of major factors affecting key customers.

3.2 Customer Satisfaction and Relationships

Purpose

This Item examines your organization's processes for determining customer satisfaction and building customer relationships, with the aim of acquiring new customers, retaining existing customers, and developing new opportunities.

Requirements

You are asked how:

- you provide easy access for customers and potential customers to seek information or assistance and / or to comment and complain;
- customer contact requirements are determined and deployed;
- your organization aggregates, analyzes, and learns from complaint information;
- you build relationships with customers since business success, business development, and product / service innovation increasingly depend on maintaining close relationships with your customers;
- you keep your approaches to all aspects of customer relationships current with changing business needs and directions since approaches to and bases for relationships may change quickly;
- you address your satisfaction and dissatisfaction determination processes and how they differ for different customer groups, different markets, and market

segments because satisfied customers are a requirement for loyalty, repeat business, and positive referrals; and

- you follow up with customers regarding products, services, and recent transactions, and how you determine the customers' satisfaction relative to competitors or similar organizations so that you may improve future performance.

Comments

- This Item emphasizes how you obtain actionable information from customers. To be actionable, you should be able to tie the information to key business processes, and you should be able to determine cost / revenue or program effectiveness implications for improvement priority setting.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to priority setting for process, product, and service improvements. Effective complaint management includes sharing information throughout the organization so everyone can learn from these customer transactions.
- A key aspect of customer satisfaction determination is satisfaction relative to competitors and competing or alternative offerings. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to customer preference are of critical importance in understanding factors that drive markets and potentially affect longer-term competitiveness.

SECTION II

4 Information and Analysis (95 pts.) CRITERIA

The *Information and Analysis* Category examines your organization's performance measurement system and how your organization analyzes performance data and information.

Information and Analysis provides the key information necessary to effectively measure performance, manage your organization, and drive improvement of performance and competitiveness. In the simplest terms, Category 4 is the "brain center" for the alignment of your organization's operations and its strategic directions. Collection and analysis of the right information and data is critical. From this information and analysis, your organization determines where it is, if it is going in the direction defined in your strategic plan and how it compares to your competitors or providers of like products or services. Since information and analysis may contain primary sources of competitive advantage and productivity growth, it has strategic considerations.

4.1 Measurement of Organizational Performance *(45 pts.)*

Describe how your organization provides effective performance measurement systems for understanding, aligning, and improving performance at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Measurement of Organizational Performance

(1) How do you address the major components of an effective performance measurement system, including the following key factors?

- selection of measures/indicators, and extent and effectiveness of their use, in daily operations of key processes and systems
- selection and integration of measures/indicators and completeness of data to track your overall organizational performance
- selection, and extent and effectiveness of use of key comparative data and information
- data and information reliability
- a cost/financial understanding of improvement options
- correlations/projections of data to support planning

(2) How do you keep your performance measurement system current with business needs and directions?

Notes:

*N1. The term information and analysis refers to the key metrics used by your organization to measure and analyze performance. Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, organization component and whole organization levels. Because of the key nature of the data and information, they should be linked to the organization's operations, systems and processes described in the **Organization Overview** and **Category 6.***

N2. Deployment of data and information might be web-based, electronic or other means.

Reliability [4.1a(1)] includes reliability of software and delivery systems as well as data accuracy.

N3. For organizations that operate in a market environment, competitive comparisons refer to performance relative to direct competitors in the organization's markets. Many government organizations do not have competitors as such. For those, "competitive comparisons" in the Criteria refer to organizations with similar mission, operations and/or customers.

For definitions of the following key terms, see page 95: benchmarking and competitive comparisons.

For additional description of this Item, see page 31.

4.2 Analysis of Organizational Performance *(50 pts.)*

Describe how your organization analyzes performance data and information to assess and understand overall organizational performance.

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Analysis of Organizational Performance

(1) How do you perform analysis to support your senior leaders' knowledge of organizational performance and your organizational planning? How do you ensure that the analyses address the overall health of your organization, including your key business results and strategic objectives?

(2) How do you ensure that the results of organizational-level analysis are linked to work group and/or functional-level operations to enable effective support for decision making?

(3) How does analysis support daily operations of key systems and processes throughout your organization? Include how this analysis ensures that measures align with action plans.

Notes:

N1. Senior leaders' knowledge of organizational performance includes information needed on a continuous basis, for periodic review (e.g. quarterly reviews), and for organizational planning.

N2. Analysis includes trends, projections, comparisons, and cause-effect correlations intended to support performance reviews and the setting of priorities for resource use. Accordingly, analysis draws upon many types of data: customer-related, financial and market, mission requirements, operational, competitive, and others.

N3. Responses to this Item might include information on agency annual performance reports developed pursuant to the Government Performance and Results Act, and performance measures and measurement systems developed for that purpose.

*N4. Performance results should be reported in **Items 7.1, 7.2, 7.3, 7.4**, and **7.5**.*

For definition of the following key term, see page 95: analysis.

For additional description of this Item, see page 32.

4 Information and Analysis — DESCRIPTION

4.1 Measurement of Organizational Performance

Purpose

This Item examines your organization's selection, management, and use of data and information for performance measurement, in support of organizational planning and performance improvement. The intent of this Item is to show how your selection, management and use of data, information and analysis enables your organization to function as a high performing organization.

Requirements

You are asked how you establish the major components of an effective performance measurement system for your organization. You are asked how you select and use measures and indicators for tracking daily operations and how you select and integrate measures for monitoring overall organizational performance. You also are asked how you ensure data and information reliability since reliability is critical to successful monitoring of operations and to successful data integration for assessing overall performance.

You are asked how you select and use competitive comparisons and benchmarking information to help drive performance improvement.

Finally, you are asked how you keep your organization's performance measurement system current with changing business and mission-related needs.

Comments

- Alignment and integration are key concepts for successful implementation of your performance measurement system. Alignment and integration include: (1) how measures are aligned throughout your organization; (2) how they are integrated to yield organization-wide measures; and (3) how performance measurement requirements are deployed within your organization. The extent and effectiveness of their use to meet performance assessment needs helps your senior leaders track work group, functional level, and/or process level performance on key measures targeted for organization-wide significance and/or improvement.

- Performance data and information are especially important in partnerships, alliances, and supply chains. Your responses to this Item should take into account this strategic use of data and information, and should recognize the need for rapid data validation and reliability assurance given the increasing use of electronic data transfer.

- The use of competitive and comparative information is important to all organizations. It helps alert organizations facing tough competition and high public expectations to threats and new practices from competitors. The major premises for using competitive and comparative information are: (1) your organization needs to know where it stands relative to competitors, similar program / service providers, and to best practices; (2) comparative and benchmarking information often provides the impetus for significant ("breakthrough") improvement or change; and (3) preparation for comparing performance information frequently leads to a better understanding of your processes and their performance. Benchmarking information also may support business analysis and decisions relating to core competencies, alliances, and outsourcing.

- Your effective selection and use of competitive comparisons and benchmarking information and data require: (1) determination of needs and priorities; (2) criteria for seeking appropriate sources for comparisons—from within and outside your organization's business or mission area and / or markets; and (3) use of data and information to set stretch targets and to promote major, non-incremental improvements in areas most critical to your organization's competitive strategy.

4.2 Analysis of Organizational Performance

Purpose

This Item examines your organization's analysis of its performance, as a basis for assessing your overall organizational health. The Item serves as a central analysis point in an integrated performance measurement and management system that relies on financial and non-financial data and information. The intent of analysis is to guide your organization's process management toward the achievement of key business and mission results and strategic objectives.

Requirements

You are asked how you analyze data and information from all parts of your organization to support your senior leaders' assessment of overall organizational health, your organizational planning, and your daily operations.

Comments

- Individual facts and data do not usually provide an effective basis for organizational priority setting. This Item emphasizes that close alignment is needed between your data gathering and information analysis and your organizational performance review and also between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant facts.

- Action depends upon understanding cause / effect connections among processes and between processes and business / performance results. Process actions and their results may have many cost and revenue and / or mission accomplishment implications. Organizations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause / effect connections are often unclear.

- Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely, depending upon your type of organization, size, competitive environment, and other factors. Examples of possible analyses include:
  - how product and service quality improvement correlates with key customer indicators such as customer satisfaction, customer retention, and market share;
  - cost / revenue, cost benefit and cost / effectiveness implications of customer-related problems and problem resolution effectiveness;
  - interpretation of market share changes, where appropriate, in terms of customer gains and losses and changes in customer satisfaction;
  - improvement trends in key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels;
  - relationships between employee / organizational learning and value added per employee;
  - financial benefits derived from improvements in employee safety, absenteeism, and turnover;
  - benefits and costs associated with education and training;
  - benefits and costs associated with improved organizational knowledge management and sharing;
  - how the ability to identify and meet employee requirements correlates with employee retention, motivation, and productivity;
  - cost / revenue and cost effectiveness implications of employee-related problems and effective problem resolution;
  - trends in individual measures of productivity, such as work force productivity; individual or aggregate measures of productivity and quality relative to competitors and / or organizations with similar missions, functions or processes;
  - cost trends relative to competitors and / or similar organizations ;
  - relationships between product / service quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilization, and value added per employee;
  - allocation of resources among alternative improvement projects based on cost / revenue implications and improvement potential;

- comparisons among business units showing how quality and operational performance improvement affect financial performance;
- profit impacts of customer retention;
- cost / revenue, customer, and productivity implications of engaging in and / or expanding electronic commerce;
- trends in aggregate measures such as total factor productivity and;
- trends in economic, market, and stakeholder indicators of value.

• An important part of the senior leaders' organizational review is the translation of review findings into an action agenda—sufficiently specific so that deployment throughout the organization, and to suppliers / partners and key customers is possible.

5 Human Resource Focus (95 pts.) CRITERIA

The *Human Resource Focus* Category examines how your organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. Also examined are your organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth. The efforts may include partnership with unions, as applicable.

Human Resource Focus addresses key human resource practices—those directed toward creating a high performance workplace and toward developing employees to enable them and the organization to adapt to change. The Category covers human resource development and management requirements in an integrated way, aligned with the organization's strategic directions. Included in the focus on human resources is a focus on the work environment and the employee support climate.

To ensure the basic alignment of human resource management with overall strategy, the Criteria also include human resource planning as part of organizational planning in the Strategic Planning Category.

5.1 Work Systems *(35 pts.)*

Describe how your organization's work and job design, compensation, career progression, recognition, and related work force practices enable and encourage all employees to achieve high performance in your operations.

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Work Systems and Job Design

(1) How do you design, organize, and manage work and jobs to promote cooperation and collaboration, individual initiative, innovation and flexibility, and to keep current with business needs?

(2) How do your managers and supervisors encourage and motivate employees to develop and utilize their full potential? Include formal and/or informal mechanisms you use to encourage and support employees in job- and career-related development/learning objectives.

(3) How does your employee performance management system, including feedback to employees, support high performance?

(4) How do your compensation, recognition, and related reward/incentive practices reinforce high performance?

(5) How do you ensure effective communication, cooperation, and knowledge/skill sharing across work units, functions, and locations, as appropriate?

(6) How do you identify characteristics and skills needed by potential employees; how do you recruit and hire new employees? How do you take into account key performance requirements, diversity of your community, and fair work force practices?

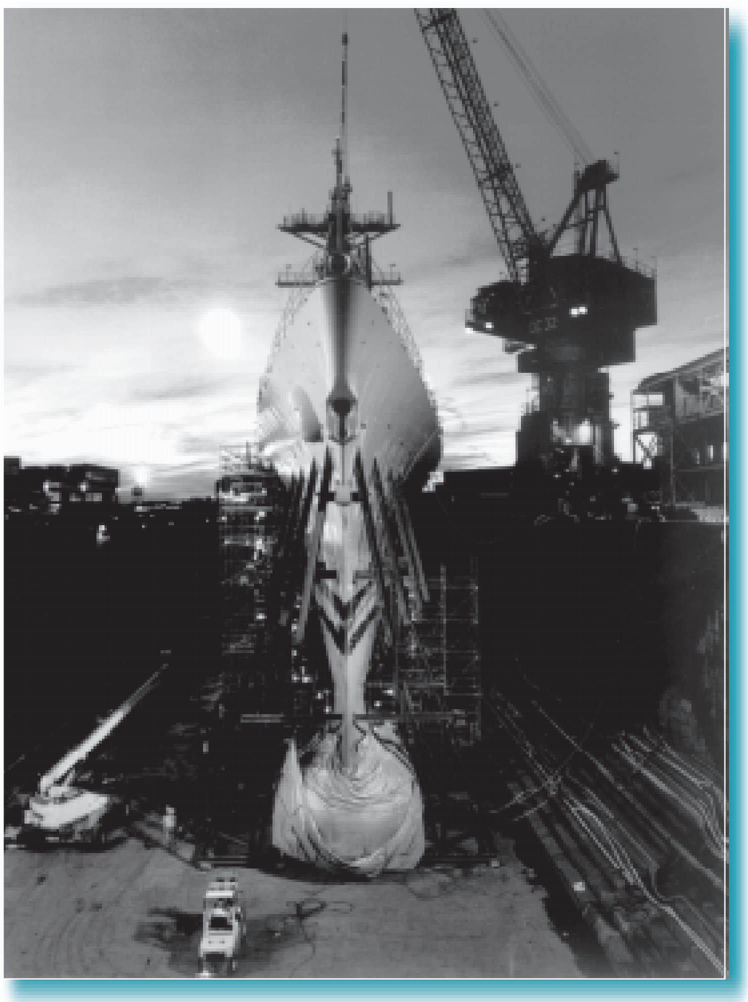
Notes:

*N1. The term employees refers to your organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization. Employees include managers and supervisors at all levels. Contract employees supervised by a contractor performing key or support processes should be addressed in **Item 6.3**.*

N2. Work design refers to how employees are organized and/or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, customer action teams, problem-solving teams, centers of excellence, functional units, cross-functional teams, and organizational units which are self-managed or managed by supervisors. Job design refers to responsibilities, authorities, and tasks assigned to individuals. In some work systems, jobs might be shared by a team, based upon cross-training, or cross-utilization.

N3. Compensation and recognition refer to all aspects of pay and reward, including promotions and bonuses, which might be based upon performance, skills acquired, and other factors. Compensation and recognition can take the form of monetary and non-monetary, formal and informal, and individual and group-oriented approaches.

For additional description of this Item, see page 40.



SECTION II

5.2 Employee Education, Training, and Development *(30 pts.)*

Describe how your organization's education and training support the achievement of your business objectives, build employee knowledge, skills, and capabilities, and contribute to improved employee performance.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Employee Education, Training, and Development

(1) How does your education and training approach balance short- and longer-term organizational and employee needs, including development, learning, and career progression?

(2) How do you design education and training to keep current with business and individual needs such as special skills training and management/leadership development? Include how job and organizational performance, characteristics and skills are used in education and training design and evaluation.

(3) How do you seek and use input from employees and their supervisors/managers on education and training needs, expectations, and design?

(4) How do you deliver and evaluate education and training for both long and short term? Include formal and informal education, training, and learning, as appropriate.

(5) How do you address key developmental and training needs, including diversity training, management/leadership development, new employee orientation, and safety, as appropriate?

(6) How do you address performance excellence in your education and training? Include how employees learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.

(7) How do you reinforce knowledge and skills on the job?

Notes:

N1. Education and training address the knowledge, skills and abilities employees need to meet their current and projected work performance and career development objectives.

N2. Education and training delivery [5.2a(4)] might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

N3. Evaluation of training [5.2a(4)] might include cost/benefits of education and training; most effective means and timing for training delivery; and effectiveness of cross training or cross-utilization.

For additional description of this Item, see page 41.

5.3 Employee Well Being and Satisfaction *(30 pts.)*

Describe how your organization maintains a work environment and an employee support climate that contribute to the well being, satisfaction, and motivation of all employees.

Within your response, include answers to the following questions:

- [x] A
- [x] D
- [ ] R

a. Work Environment

How do you address and improve workplace health, safety, and ergonomic factors? How do employees take part in identifying these factors and in improving workplace safety? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on different work environments for employee groups and/or work units.

b. Employee Support Climate

(1) How do you enhance your employees' work climate via services, benefits, and policies? How are these enhancements selected and tailored to the needs of different categories and types of employees, and to individuals, as appropriate?

(2) What are the organizational systems that encourage and motivate employees to develop and utilize their full potential in a diverse work force?

c. Employee Satisfaction

(1) How do you determine the key factors/indicators that affect employee well being, satisfaction, and motivation?

(2) What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse work force and to different categories and types of employees? How do you use other indicators such as employee turnover, absenteeism, grievances, and productivity to assess and improve employee well being, satisfaction, and motivation?

(3) How do you use the results of employee satisfaction assessments to identify work environment and employee support climate improvement priorities?

Notes:

N1. Approaches for enhancing employees' work climate [5.3b(1)] might include: mentoring; career development and employability services; recreational or cultural activities; non-work-related education; day care; job rotation and/or sharing; special leave for family responsibilities and/or for community service; home safety training; flexible work hours; outplacement; and retiree benefits (including extended health care).

N2. Specific factors that might affect employee well being, satisfaction, and motivation [5.3c(1)] include: effective employee problem or grievance resolution; safety factors; employee views of management; employee training, development, and career opportunities; employee preparation for changes in technology or the work organization; work environment and other work conditions; workload; cooperation and teamwork; recognition; benefits; communications; job security; compensation; and equal opportunity.

N3. Measures and/or indicators of well being, satisfaction, and motivation [5.3c(2)] might include: safety; absenteeism; turnover; turnover rate for customer-contact employees; grievances; other job actions; insurance costs; workers compensation claims;

*and results of surveys. Results relative to such measures and/or indicators should be reported in **Item 7.3**.*

*N4. Priority setting (5.3c[3]) might draw upon your human resource results presented in **Item 7.3** and might involve addressing employee problems based on their impact on your organizational performance.*

For additional description of this Item, see page 42.

5 Human Resource Focus — DESCRIPTION

5.1 Work Systems

Purpose

This Item examines your organization's systems for work and job design, compensation, employee performance management, motivation, recognition, communication, and hiring, with the aim of enabling and encouraging all employees to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to result in individual and organizational learning, and to enable adaptation to change.

Requirements

You are asked:

- how you design work and jobs to allow employees to exercise discretion and decision making, resulting in high performance;
- how you encourage and motivate employees, how you manage employee performance, how you compensate, recognize, and reward employees, and how you ensure effective communication and cooperation, all in support of high performance and employee well being and loyalty; and
- how you profile, recruit, and hire employees who will meet your expectations and needs. This requirement entails ensuring that the work force is reflective of your key communities. The right work force is an enabler of high performance.

Comments

- High performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, customer focus, and rapid response to changing business needs and requirements of the marketplace or mission environment. The focus of this Item is on a work force capable of achieving high performance. In addition to the enabled employees and proper work system design, high performance work requires ongoing education and training, and information systems that ensure proper information flow. To help employees realize their full potential, many organizations use individual development plans developed with each employee and addressing his/her career and learning objectives.

- Factors for your consideration in work and job design include simplification of job classifications, cross training, job rotation, use of teams (including self-directed teams), and changes in work layout and location. Also important is effective communication across functions and work units to ensure a focus on customer requirements and to ensure an environment with trust, knowledge sharing and mutual respect.

- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills and / or to peer evaluations.
- Compensation and recognition approaches also might include gain sharing, team or unit performance, and linkage to customer satisfaction and loyalty measures or other business objectives.

5.2 Employee Education, Training, and Development

Purpose

This Item examines your organization's work force education, training, and on-the-job reinforcement of knowledge and skills, with the aim of meeting ongoing needs of employees and a high performance workplace.

Requirements

You are asked:

- how education and training are designed, delivered, reinforced on the job, and evaluated, with special emphasis placed on meeting individual career progression and organizational business needs;
- how you consider job and organizational performance in education and training design and evaluation in support of a fact-based management system;
- how employees and their supervisors participate in the needs determination, design, and evaluation of education and training, because these individuals frequently are best able to identify critical needs and evaluate success;
- how employees and supervisors use performance measures and standards to ensure performance excellence in education and training; and
- about your organization's key developmental and training needs, including such high priority needs as management / leadership development, diversity training, and safety. Succession planning and leadership development, at all levels in increasingly diverse organizations, present a growing challenge and need.

Comments

- Depending on the nature of your organization's work and employees' responsibilities and stage of organizational and personal development, education and training needs might vary greatly. These needs might include knowledge sharing skills, communications, teamwork, problem solving, interpreting and using data, meeting customer requirements, process analysis and simplification, waste and cycle time reduction, and priority setting based on strategic alignment or cost / benefit analysis. Education needs also might include basic skills, such as reading, writing, language, and arithmetic. Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, distance learning, or other types of delivery. Training also might occur through developmental assignments within or outside your organization.

- When you evaluate education and training, you should seek effectiveness measures as a critical component of evaluation. Such measures might address impact on individual, unit, and organizational performance, impact on customer-related performance, and cost / benefit analysis of the training.
- Although this Item does not specifically ask you about training for customer contact employees, such training is increasingly important and common and appropriate for inclusion here. It frequently includes: acquiring critical knowledge and skills with respect to your products, services, and customers; skills on how to listen to customers; recovery from problems or failures; and learning how to effectively manage customer expectations.

5.3 Employee Well Being and Satisfaction

Purpose

This Item examines your organization's work environment, your employee support climate, and how you determine employee satisfaction, with the aim of fostering the well being, satisfaction, and motivation of all employees, recognizing their diverse needs.

Requirements

You are asked:

- how you ensure a safe and healthful work environment for all employees, taking into account their differing work environments and associated requirements. Special emphasis is placed on how employees contribute to identifying important factors and to improving workplace safety;
- to identify appropriate measures and targets for key environmental factors so that status and progress can be tracked;
- how you enhance employee well being, satisfaction, and motivation based upon a holistic view of this key stakeholder group. Special emphasis is placed on the variety of approaches you use to satisfy a diverse work force with differing needs and expectations; and
- how you assess employee well being, satisfaction, and motivation, and how you relate assessment findings to key business results to set improvement priorities.

Comments

- Most organizations, regardless of size, have many opportunities to contribute to employee well being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are personal and career counseling; career development and employability services; recreational or cultural activities; formal and informal recognition; non-work-related education; day care; special leave for family responsibilities and/or community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to employee services.

- Although satisfaction with pay and promotion is important, these two factors are generally not sufficient to ensure overall employee satisfaction, motivation, and high performance. Some examples of other factors to consider are effective employee problem and grievance resolution; employee development and career opportunities; work environment and management support; workload; communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse employee groups; and organizational support for serving customers.

6 Process Management (95 pts.) CRITERIA

The *Process Management* Category examines the key aspects of your organization's process management, including customer-focused design, product and service delivery, support, and supplier and partnering processes involving all work units.

Process Management is the focal point within the Criteria for all key work processes. Built into the Category are the central requirements for efficient and effective process management—effective design; a prevention orientation; linkage to suppliers and partners; operational performance; cycle time; and evaluation, continuous improvement, and organizational learning.

Flexibility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to your ability to adapt quickly and effectively to changing requirements.

Depending on the nature of your organization's mission, strategy and / or markets, flexibility might mean rapid changeover from one product / service to another, rapid response to changing societal needs or customer demands, or the ability to produce a wide range of customized services or products. Flexibility might demand special strategies such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialized training. Flexibility also increasingly involves competitive outsourcing decisions, agreements with key suppliers, and novel partnering arrangements.

Cost and cycle time reductions often involve many of the same process management strategies as achieving flexibility. Thus, it is crucial to utilize key measures for these requirements in your overall process management.

6.1 Product and Service Processes *(50 pts.)*

Describe how your organization manages key product and service design and delivery processes.

Within your response, include answers to the following questions:

a. Design Processes

(1) What are your design processes for products/services and their related production/delivery processes?

(2) How do you incorporate changing customer/market and mission-related requirements into product/service designs and production/delivery systems and processes?

(3) How do you incorporate new technology into products/services and into production/delivery systems and processes, as appropriate?

(4) How do your design processes address design quality and cycle time, transfer of learning from past projects and other parts of the organization, cost control, new design technology, productivity, and other efficiency/effectiveness factors?

(5) How do you ensure that your production/delivery process design accommodates all key operational performance requirements?

(6) How do you coordinate and test design and production/delivery processes to ensure capability for trouble-free and timely introduction of products/services?

b. Production/Delivery Processes

(1) What are your key production/delivery processes and their key performance requirements?

(2) How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?

(3) What are your key performance measures and/or indicators used for the control and improvement of these processes? Include how real-time customer input is sought, as appropriate.

(4) How do you improve your production/delivery processes to achieve better process performance and improvements to products/services, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

N1. Some organizations are required to rely on processes designed and mandated by their parent organization. Responses to this Item should reflect your efforts to manage and improve your own processes within the parameters and guidelines established by your parent organization, as well as any contributions you may have made to improve your parent organization's mandated processes.

N2. Key performance measures include in-process measurements that indicate if a process, service, or product is performing as expected. Identifying and correcting deviations early help minimize problems and/or cost.

N3. Product and service design, production, and delivery differ greatly among organizations, depending upon many factors. These factors include the nature of your products and services, technology requirements, issues of modularity and parts commonality, customer and supplier relationships and involvement, and product and service customization. Responses to Item 6.1 should address the most critical requirements for your organization.

N4. Responses to Item 6.1 should include how your customers and key suppliers and partners are involved in your design processes, as appropriate.

*N5. Your results of operational improvements in product/service design, productivity and delivery processes should be reported in **Item 7.5**. Your results of improvements in product/service performance should be reported in **Item 7.1**.*

For definitions of the following key terms, see pages 96 and 100: cycle time and productivity

For additional description of this Item, see page 48.

6.2 Support Processes *(20 pts.)*

☒ A
☒ D
☐ R

Describe how your organization manages its key support processes.

Within your response, include answers to the following questions:

a. Support Processes

(1) What are your key support processes?

(2) How do you determine key support process requirements, incorporating input from internal and/or external customers, as appropriate? What are the key operational requirements (such as productivity and cycle time) for the processes?

(3) How do you design these processes to meet all the key requirements?

(4) How does your day-to-day operation of key support processes ensure meeting key performance requirements? How do you determine and use key performance measures and/or customer feedback in your support processes?

(5) How do you improve your support processes to achieve better performance and to keep them current with organization needs and directions, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

*N1. Support processes are those that support your organization's products/services design, productivity and delivery processes, and operations. For many organizations, this might include information and knowledge management, finance and accounting, facilities management, research and development, administration, inter-governmental relations, Congressional and public affairs, and sales/marketing. The key support processes to be included in Item 6.2 are unique to your organization and how you operate. Focus should be on your most important processes not addressed in **Items 6.1** and **6.3**.*

*N2. Your results of improvements in key support processes and key support process performance results should be reported in **Item 7.5**.*

For additional description of this Item, see page 50.

6.3 Supplier and Partnering Processes *(25 pts.)*

Describe how your organization manages its key supplier and/or partnering interactions and processes.

Within your response, include answers to the following questions:

a. Supplier and Partnering Processes

(1) What key products/services do you acquire from suppliers and/or partners?

(2) How do you incorporate performance requirements into supplier and/or partner process management? What key performance requirements must your suppliers and/or partners meet to fulfill your overall requirements?

(3) How do you ensure that your performance requirements are met? How do you provide timely and actionable feedback to suppliers and/or partners? Include the key performance measures and/or indicators and any targets you use for supplier and/or partner assessment.

(4) How do you minimize overall costs associated with inspections, tests, and process and/or performance audits?

(5) How do you provide assistance and/or incentives to suppliers and/or partners to help them improve their overall performance and to improve their abilities to contribute to your current and longer-term performance?

(6) How do you improve your supplier and/or partner processes, including your role as supportive customer/partner, to keep current with your organization needs and directions? How are improvements shared throughout your organization, as appropriate?

Notes:

N1. The term supplier refers to other organizations including units of your parent organization that provide you with goods and services.

N2. Supplier and partnering processes might include processes for supply chain improvement and optimization, beyond direct suppliers and partners.

N3. If your organization selects preferred suppliers and/or partners based upon volume of business or criticality of their supplied products and/or services, include selection criteria in the response.

*N4. Results of improvements in supplier and partnering processes and supplier/partner performance results should be reported in **Item 7.4.***

*N5. If contractor staff who provide functions for the organization are supervised in their work by the organization's staff as employees, then their work should be addressed in **Items 6.1** and **6.2**.*

For additional description of this Item, see pages 51.

6 Process Management DESCRIPTION

6.1 Product and Service Processes

Purpose

This Item examines your organization's key product and service design and delivery processes, with the aim of improving your marketplace and operational performance. This includes how your organization designs, introduces, produces, delivers, and improves your products and services. It also examines how your production / delivery processes are operated and improved. The trouble-free introduction of new products and services is important to the management of these processes. This requires effective coordination, starting early in the product and service design phase. This Item also examines your organizational learning through a focus on how lessons learned in one process or work unit are replicated and added to the knowledge base of other projects or work units.

Requirements

You are asked to identify your key design processes for products and services and their related production and delivery processes. You are asked: 1) how changing customer and market requirements and technology are incorporated into product and service designs; (2) how production / delivery processes are designed to meet customer, quality, and operational performance requirements; (3) how design and production / delivery processes are coordinated to ensure trouble-free and timely introduction and delivery of products and services; and (4) how design processes are evaluated and improved to achieve better performance.

You are asked to identify your key production / delivery processes, their key performance requirements, and key performance measures including in-process measures. These requirements and measures are the basis for maintaining and improving your products, services, and production / delivery processes. Finally, you are asked how you improve your production / delivery processes to achieve better processes and products / services.

Comments

- Your design approaches could differ appreciably depending upon the nature of your products / services—whether the products / services are entirely new, variants, or involve major or minor process changes. Responses should reflect the key requirements for your products and services. Factors that might need to be considered in design include: safety; long-term performance; environmental impact; "green" manufacturing; measurement capability; process capability; manufacturability; maintainability; supplier capability; and documentation. Effective design also must consider cycle time and productivity of production and delivery processes. This might involve detailed mapping of manufacturing or service processes and redesigning ("reengineering") those processes to achieve efficiency, as well as to meet changing customer requirements.

- Many organizations need to consider requirements for suppliers and / or partners at the design stage. Overall, effective design must take into account all stakeholders in the value chain. If many design projects are carried out in parallel, or if your organization's products utilize parts, equipment, and facilities that are used for other products, coordination of resources might be a major concern, but might offer means to significantly reduce unit costs and time to market. This should be addressed in your response to Item 6.1a.

- Coordination of design and production / delivery processes involves all work units and / or individuals who will take part in production / delivery and whose performance materially affects overall process outcome. This might include groups such as research and development (R&D), marketing, design, and product / process engineering.

- This item calls for information on the management and improvement of key production / delivery processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined and maintained. Specific reference is made to in-process measurements and customer interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in your processes to minimize problems and costs that may result from deviations from expected performance.

- Expected performance frequently requires setting performance levels or standards to guide decision-making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technical and / or human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or anywhere else in your organization.

- When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services.

- This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your customers' perspective but also better financial and operational performance—such as productivity—from your organization's perspective. A variety of process improvement approaches are commonly used. These approaches include: (1) sharing successful strategies across your organization; (2) process analysis and research (e.g., process mapping, optimization experiments, and error proofing); (3) research and development results; (4) benchmarking; (5) using alternative technology; and (6) using information from customers of the processes—within and outside of your organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

6.2 Support Processes

Purpose

This Item examines your organization's key support processes, with the aim of improving your overall operational performance. This Item examines how your organization designs, implements, operates, and improves its support processes.

Requirements

You are asked to identify your key support processes and their design requirements. You are asked how your organization's key support processes are designed to meet all your requirements and how you incorporate input from internal and external customers, as appropriate.

You also are asked how the day-to-day operation of your key support processes ensures meeting the key requirements, including how in-process measures and/or customer feedback are used.

Finally, you are asked how you improve your key support processes to achieve better performance and to keep them current with your changing business and mission needs and directions.

Comments

- Your support processes are those that support product, program and/or service delivery, but are not usually designed in detail with the products and services. The support process requirements usually do not depend significantly upon product and service characteristics. Support process design requirements usually depend significantly upon your internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include finance and accounting, software services, sales, marketing, public and congressional relations, information services, personnel, legal services, plant and facilities management, research and development, and secretarial and other administrative services.

- This Item calls for information on how your organization evaluates and improves the performance of your key support processes. Four approaches frequently used are: (1) process analysis and research; (2) benchmarking;

(3) use of alternative technology; and (4) use of information from customers of the processes—within and outside your organization. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

6.3 Supplier and Partnering Processes

Purpose

This Item examines your organization's key supplier and partnering processes and relationships, with the aim of improving your performance and your suppliers' performance. This Item addresses how your organization designs, implements, operates, and improves its supplier and partnering processes and relationships.

Requirements

You are asked to identify the key products and services that you obtain from suppliers and partners to understand the nature and business / mission criticality of these supplies. You are asked for your key performance requirements and measures for suppliers and partners, and how you use these requirements and measures in managing and improving performance. These performance requirements and associated measures should be the principal factors you use in making purchases (e.g., quality, timeliness, and price). Processes for determining whether or not requirements are met might include audits, process reviews, receiving inspections, certification, testing, and rating systems.

You are asked how you provide actionable feedback and how you minimize costs associated with acceptance testing (two components of a system for supplier / partner relationship building and process improvement). You also are asked how you provide your suppliers and partners with assistance and incentives, which will contribute to improvements in both their and your performances.

Finally, you are asked how you improve your supplier and partnering processes so that you and your suppliers can keep current with your changing business / mission needs and directions.

Comments

- The terms "supplier" and "partner" refer to other organizations (public and private) and to units of your parent organization that provide goods and services. Suppliers' and partners' goods and services may be used at any stage in the production, design, delivery, and use of your organization's products and services. Thus, suppliers include businesses such as distributors, dealers, warranty repair services, transportation, contractors, and franchises, as well as those that provide materials and components. Suppliers also include service suppliers, such as health care, training, and education providers.

- Suppliers and partners are receiving increasing focus as many organizations re-evaluate their core functions and the potential for better overall performance through strategic use of suppliers, partners, and the establishment of partnering relationships. As a result, supply chain management is a growing factor in many organizations' productivity, effectiveness and overall business or mission success. For many organizations, suppliers and partners are an increasingly important part of achieving not only high performance and lower-cost objectives, but also strategic objectives. For example, they might provide unique design, integration, and marketing capabilities.

- This Item emphasizes the unique relationships that organizations are building with key and preferred suppliers, including establishing partnering relationships. In identifying key suppliers and partners, you should consider goods and services used in the design, production, delivery, and use of your organization's products and services, i.e., consider both upstream and downstream suppliers and partners.

- This item places particular emphasis on the supplier / partner relationships that lead to high performance. Electronic data and information exchange is fostering new modes of communication and new types of relationships that can support high performance on the part of suppliers and customers. You are encouraged to focus on actions that will not only improve supplier performance, but actions that will enable them to contribute to your improved performance. Such actions might include one or more of the following: (1) improving your procurement and supplier management processes (including seeking feedback from suppliers and internal customers); (2) joint planning; (3) rapid information and data exchanges; (4) use of benchmarking and comparative information; (5) customer-supplier teams; (6) training; (7) long-term agreements; (8) incentives; and (9) recognition. Your supplier management planning might include changes in supplier selection, leading to a reduction in the number of suppliers and an increase in preferred supplier and partnership agreements.

7 Business Results (400 pts.) CRITERIA

The *Business Results* Category examines your organization's performance and improvement in key business areas—customer satisfaction, product and service performance, financial, marketplace performance, mission accomplishment, human resource results, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors and / or similar organizations. Results should be clearly linked to the overall performance goals and objectives.

Business Results provides a results focus that encompasses your customer's evaluation of your organization's products and services, your overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's dual purposes—superior value of offerings as viewed by customers and the public or marketplace, and superior organizational performance reflected in your operational and financial indicators—are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of processes, products, and services, aligned with your overall mission and business strategy. Item 4.2 calls for analysis of business results data and information to determine your overall organizational performance.

Comparative data for measures in each Category Item might include agency best, best performance of competitors or similar organizations, agency average, and appropriate benchmarks from inside or outside of the government.

7.1 Customer-Focused Results *(125 pts.)*

Summarize your organization's customer-focused results, including customer satisfaction and product and service performance results. Segment your results by customer groups and market/program segments, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

- [ ] A
- [ ] D
- [x] R

a. Customer-Focused Results

(1) What are your current levels and trends in key measures and/or indicators of customer satisfaction, dissatisfaction, and satisfaction relative to competitors or similar organizations?

(2) What are your current levels and trends in key measures and/or indicators of customer loyalty, positive referral, customer-perceived value, and/or customer relationship building?

(3) What are your current levels and trends in key measures and/or indicators of product and service performance?

Notes:

*N1. Customer satisfaction and dissatisfaction results reported in this Item should relate to determination methods and data described in **Item 3.2**.*

N2. Measures and/or indicators of customer satisfaction relative to competitors and/or similar organizations/processes might include objective information and data, such as customer-perceived value, from customers and independent organizations.

N3. Measures of product/service performance that are important to customers should be included in 7.1a(3). with comparative performance data. These may also include overall program performance measures, and customer-focused results relating to customer service standards, customer surveys, and customer feedback.

N4. The combination of direct customer measures/indicators in 7.1a(1) and 7.1a(2) with product and service performance measures/indicators in 7.1a(3) provides an opportunity to determine cause and effect relationships between your product/service attributes and evidence of customer satisfaction, loyalty, positive referral, etc.

N5. Item 7.1 should only include results of performance in satisfying customers external to the applicant organization itself. Results of performance in satisfying internal customers should be reported in other items

For additional description of this Item, see page 58.

7.2 Financial Performance Results *(50 pts.)*

Summarize your organization's key financial and marketplace performance results, segmented by market and mission focus, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

A

D

☒ R

a. Financial Performance Results

(1) What are your current levels and trends in key measures and/or indicators of financial performance, including aggregate measures of financial return and/or economic value?

(2) What are your current levels and trends in key measures and/or indicators of marketplace performance and/or mission accomplishment, including program impact, market share/position, business growth, and new markets entered?

Notes:

N1. Responses to 7.2a(1) might include aggregate financial measures such as return on investment (ROI), measures of cost-benefit and cost effectiveness, budget and resource utilization indicators, and other fiscal responsibility, liquidity, and financial activity measures such as asset utilization, operating margins, profitability, profitability by market/customer segment, and value added per employee.

N2. For those organizations involved in market-type activities, key results presented in response to 7.2a(2) are often measured in terms of financial and market performance, as they are in private sector commercial activities.

N3. Item 7.2 should include only top-level results showing aggregate financial measures of overall organizational performance. These results are typically captured in performance goals and planning documents. For applicants whose strategic plans are part of a higher-level organization's strategic plan, Item 7.2 might address: (a) top-level results which contribute to achieving the parent organization's overall financial goals, and/or (b) locally developed goals and objectives which the (subordinate) applicant uses to guide and measure progress toward attainment of its own measures of overall financial performance.

N4. Responses to 7.2 might include financial measures used to link progress in meeting performance outcomes, and goals and objectives.

For additional description of this Item, see page 59.

SECTION II

7.3 Human Resource Results *(75 pts.)*

Summarize your organization's human resource results, including employee well being, satisfaction, development, and work system performance. Segment your results by types and categories of employees, as appropriate. Include comparative data.

Provide data and information to answer the following questions:

A
D
☒ R

a. Human Resource Results

(1) What are your current levels and trends in key measures and/or indicators of employee well being, satisfaction and dissatisfaction, and development?

(2) What are your current levels and trends in key measures and/or indicators of work system performance and effectiveness?

Notes:

*N1. The results reported in this Item should address results from related activities described in **Category 5.** Your results should be responsive to key process needs described in **Category 6**, and your organization's action plans and related human resource plans described in **Item 2.2**.*

N2. For additional information regarding the appropriate measures of employee well being and satisfaction, see Notes to Item 5.3. Measures and/or indicators of employee development that contribute to work performance effectiveness might include ratios of training levels to performance improvements.

*N3. The term work system in this context refers to measures of success that address work and job performance, and those Areas in **Category 5** which are not already addressed in Area 7.3a(1). Measures and/or indicators of work system performance and effectiveness might include job simplification, job rotation, work layout, and changing supervisory ratios.*

N4. For results reporting purposes, employees include the organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by the organization. Contract employees supervised by a **contractor** *should be addressed in **Item 6.3** and results reported in **Item 7.4**.*

For additional description of this Item, see page 60.

7.4 Supplier and Partner Results *(75 pts.)*

Summarize your organization's key supplier and partner results. Include comparative data.

Provide data and information to answer the following question:

A
D
☒ R

a. Supplier and Partner Results

What are your current levels and trends in key measures and/or indicators of supplier and partner performance? Include your performance and/or cost improvements resulting from supplier and partner performance and performance management.

Notes:

*N1. Results reported here should relate directly to processes and performance requirements described in **Item 6.3**.*

For additional description of this Item, see page 60.

7.5 Organizational Effectiveness Results *(75 pts.)*

Summarize your organization's key operational and in-process performance results that contribute to the achievement of organizational effectiveness. Include comparative data.

Provide data and information to answer the following questions:

A
D
☒ R

a. Organizational Effectiveness Results

(1) What are your current levels and trends in key measures and/or indicators of key design, production, delivery, and support process performance? Include appropriate productivity, cycle time, in-process and other measures of effectiveness and efficiency.

(2) What are your results for key measures and/or indicators of regulatory/legal compliance and citizenship?

(3) What are your results for key measures and/or indicators of accomplishment of organizational strategy?

Notes:

*N1. Results reported in Item 7.5 generally fall into two categories: (a) those measures that gauge progress in meeting overall performance goals and objectives which the organization uses to measure how well it is doing, such as those described in the **Organization Overview**, and in **Items 1.1, 2.2, 6.1**, and **6.2**, and/or overall results reported in **Items 7.1** and/or **7.2**; and (b) those which stand alone and are key performance measures, but are not reported in **Items 7.1, 7.2, 7.3**, or **7.4**.*

*N2. Results reported in Item 7.5 should provide key information for analysis (**Item 4.2**) and review (**Item 1.1**) of your organizational operational performance and should provide the operational basis for customer results (**Item 7.1**) and financial and marketplace performance results (**Item 7.2**). Information presented here might be performance indicators used in an organization's annual performance plan as internal or intermediate measures of progress toward meeting overall performance goals and objectives.*

*N3. Regulatory/legal compliance results reported in Item 7.5 should address requirements described in **Item 1.2**.*

For additional description of this Item, see page 61

7 Business Results — DESCRIPTION

7.1 Customer-Focused Results

Purpose

This Item addresses the results of most significance to assessing the organization's customer-related performance—customer satisfaction, customer dissatisfaction, customer satisfaction relative to competitors, and product/service performance.

Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures and/or indicators of customer satisfaction, dissatisfaction, and satisfaction relative to competitors or similar organizations. You are asked to provide data and information on customer loyalty (retention), positive referral, and customer-perceived value.

You also are asked to provide levels and trends in key measures and/or indicators of product and service performance. Such results should be for key drivers of your customers' satisfaction and retention.

Comments

- The Item focuses on the creation and use of all relevant data to determine and help predict your organization's performance as viewed by your customers. Relevant data and information include: (1) customer satisfaction and dissatisfaction; (2) retention, gains, and losses of customers and customer accounts; (3) positive customer referrals; (4) customer complaints; (5) customer-perceived value based on quality and price; and (6) awards, ratings, and recognition from customers and independent organizations.

- The Item includes measures of product and service performance that serve as indicators of customers' views and decision making relative to future purchases and relationships. These measures of product and service performance are derived from customer-related information gathered in Items 3.1 and 3.2 ("listening posts")

- Product and service measures appropriate for inclusion might be based upon the following: (1) internal (organizational) quality measurements; (2) field performance; (3) data collected by or for your organization; or (4) customer surveys on product and service performance. Data appropriate for reporting include internal measurements and field performance, and data collected by the organization or other organizations through follow-ups for attributes that cannot be accurately assessed through direct measurement (e.g., ease of use) or when variability in customer expectations makes the customer's perception the most meaningful indicator (e.g., courtesy).

- The correlation between product / service performance and customer indicators is a critical management tool— defining and focusing on key quality and customer requirements and for identifying product / service differentiators in the marketplace or mission-driven environment. The correlation might reveal emerging or changing business or mission requirements, the changing importance of requirements, or even the potential obsolescence of products and / or services.

7.2 Financial Performance Results

Purpose

This Item addresses your organization's financial and market results, with the aim of understanding your marketplace challenges and opportunities.

Requirements

You are asked to provide levels, trends, and appropriate comparisons for key financial, market, and business indicators. Overall, these results should provide a complete picture of your financial and marketplace success and challenges.

Comments

- Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organization's overall financial performance.

- Appropriate measures of financial performance reported in Item 7.2a(1) might include return on investment, fiscal stewardship, cost / benefit and cost / effectiveness measures, and other appropriate financial activity measures, and other liquidity and financial activity measures. Financial performance could also include measures of value accruing to clientele or mission in relation to budget levels, or aggregate value to the government for levels of budget resources.

- Marketplace performance is intended primarily for those organizations that operate in a marketplace environment. Responses could include success in managing new products or services, business growth, new products and geographic areas entered, and other key market-related measures, as appropriate.

- Financial measures of mission accomplishment, including program impact would normally include outcomes, goals and objectives which are used by senior leaders to determine how well a program or activity is doing in achieving its intended financial objectives. These might also include measures useful to agency heads and other key stakeholders (Congress, Office of Management and Budget, the executive branch, public interest groups) in framing an assessment of a program or activity's financial health.

7.3 Human Resource Results

Purpose

This Item addresses your organization's human resource results with the aim of demonstrating how well your organization has been creating and maintaining a positive, productive, learning, and caring work environment.

Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures and/or indicators of employee well being, satisfaction, dissatisfaction, and development.

You are also asked to provide data and information on your organization's work system performance and effectiveness.

Comments

- Results reported could include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons are appropriate.
- Organization-specific factors are those you assess for determining your employees' well-being and satisfaction. These factors might include extent of training or cross training, or extent and success of self-direction.
- Results of work system performance manifest in a set of indirect outcomes in employee morale and improvements to mission support performance.

7.4 Supplier and Partner Results

Purpose

This Item addresses your organization's supplier and partner results, with the aims of demonstrating how well your organization ensures the quality, delivery, and price of externally provided goods and services and how your suppliers/partners contribute to your improved performance.

Requirements

You are asked to provide current levels, trends and appropriate comparisons for key measures and/or indicators of supplier and partner performance, including how their performance affects your improved performance. You should emphasize your most critical requirements for business success.

Comments

- Suppliers and partners, both private and public, provide "upstream" and / or "downstream" materials and services. The focus should be on the most critical requirements from the point of view of your organization—the "buyer" or other direct recipient of the products and services. Data reported should reflect results by whatever means they occur—via improvements by suppliers and partners and / or through selection of better performing suppliers and partners. Measures and indicators of performance should relate to the principal factors involved in your organization's purchases, e.g., quality, delivery, and price.

- For purposes of this Item, providers of goods and services within your parent organization, but not in your own organization, should be included as suppliers or partners.

- Results reported also should reflect how suppliers and partners have contributed to your organization's performance goals. These could include quality levels, cost savings, total supply chain management costs, reductions in waste, reductions in inventory, reductions in cycle time and increases in productivity. Indicators of better connection and communication, such as achieved via electronic commerce or data exchanges, are appropriate for inclusion. Indicators of supplier and partner performance improvement via external compliance, such as ISO 9000, also are appropriate for inclusion.

7.5 Organizational Effectiveness Results

Purpose

This Item examines your organization's other key operational performance results, with the aim of achieving organizational effectiveness and key organizational goals.

Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures and / or indicators of operational and strategic performance that support the ongoing achievement of results reported in Items 7.1 through 7.4.

You are also asked to provide data and information on your organization's regulatory / legal compliance and citizenship.

Comments

- This Item addresses key performance results not covered in Items 7.1 through 7.4 that contribute significantly to your organization's goals—customer satisfaction, product and service quality, operational effectiveness, and financial / marketplace or mission-related performance. The Item encourages the use of any unique measures the organization has developed to track performance in areas important to the organization not directly measured in previous Category 7 Items. Results should reflect key process performance measures, including those that influence customer satisfaction.

- Measures of productivity, resource utilization and operational effectiveness in all key areas—product / service delivery areas and support areas—are appropriate for inclusion. Results of compliance with regulatory / legal requirements should be reported.

- Measures and / or indicators of operational effectiveness and efficiency could include the following: (1) environmental improvements reflected in emissions levels; (2) waste stream reductions, by-product use, and recycling; (3) responsiveness indicators such as cycle time, lead times, and setup times; (4) process assessment results such as customer assessment or third-party assessment (such as ISO standards); and (5) business-specific indicators such as innovation rates, innovation effectiveness, cost reductions through innovation, time to market, product / process yield, and complete and accurate shipments, and indicators of strategic goal achievement.

- Results also should include indicators of support for key communities and other public purposes.

III. GENERAL APPLICATION INFORMATION AND INSTRUCTIONS

APPLICATION INFORMATION

General Eligibility

To apply to the Award Program, an organization must meet the following conditions:

- be a part of the executive branch of the Federal Government;
- have no fewer than 100 full-time Federal employees;
- be autonomous, with its own defined mission; and
- provide products and / or services to customers outside its own organization or be an administrative or support organization for a Cabinet department or executive branch agency (as indicated in the Agency Limitations subsection).

Future Eligibility of Previous Award Recipients

Guidelines for eligibility follow:

- An organization and any of its sub-components may not compete in the President's Quality Award Program during the same year.
- Winners and their sub-components are not eligible to compete for the same award for four subsequent years. For example, the Defense Contract Management Command, Long Island, winner of the 1998 Presidential Award, or any of its sub-components, may not compete again for the Presidential Award until award year 2003.
- Winners of the Award for Quality Improvement and their sub-components are not eligible to compete for the Award for Quality Improvement within four years subsequent to receiving the Award, but they *are eligible* to compete for the Presidential Award.
- A sub-component of a Presidential Award winner may compete for the Award for Quality Improvement at any time.

Agency Limitations

Each Cabinet department and executive agency may submit a maximum number of applications to the President's Quality Award Program, according to its size:

– Up to 20,000 employees—4 applications

– Up to 50,000 employees—5 applications

– Over 50,000 employees—6 applications

– The Department of Defense may submit a maximum of 6 applications for *each* service (Army, Navy, and Air Force), and a *total* of 6 additional applications for the other Defense agencies.

A Cabinet department or executive agency may submit one application for an administrative or support organization within its quota. The application must cover an entire function, not just a branch or division. For example, an application could be submitted for an entire finance department, but not for any office that is part of that department. An administrative organization is eligible only for the Award for Quality Improvement.

These limits are set to encourage agencies to conduct internal reviews and select the best nominations. The President's Quality Award Program is not intended to substitute for internal agency organizational assessments.

The Office of Personnel Management notifies applicants that do not satisfy these requirements and their applications will not be evaluated.

Evaluation Process

Examiner teams from public and private sector organizations evaluate the applications. Points are assigned to the written descriptions of each Criteria Item, based on the scoring guidelines in Section V. Examiners do not review applications from organizations within their own agency or from organizations with which they have or have had a relationship.

Final Selection

A Panel of Judges, comprised of public and private sector representatives, recommends winners for the Presidential Award for Quality and the Award for Quality Improvement based on the evaluations of the written applications and the results of site visits.

A standard of excellence is the ultimate criterion for selecting award winners. The Judges are therefore not compelled to select winners in one or both of the award categories.

2001 Award Program Process and Time Frame

Step 1: Application Distribution, April 2000	Step 1: Applications are distributed to agencies. Applications may be obtained from the Office of Personnel Management (OPM). Preliminary copies of the Criteria were distributed in February 2000.
Step 2: Agencies Establish Internal Review Process, by July 2000	Step 2: Each agency establishes its own internal review process. Due dates for internal submissions are established by each agency.
Step 3: Application Submission to Agency Coordinators, July - September 2000	Step 3: Organizations prepare eight copies of the application. Organizations submit applications to an agency-designated central coordinator. ORGANIZATIONS SELECTED FOR A SITE VISIT MUST SUBMIT EIGHT ADDITIONAL APPLICATION COPIES TO OPM 1 WEEK FOLLOWING SELECTION.

Step 4:
Application Submission to OPM,
Due: October 4, 2000

Step 4:
Completed applications are reviewed at the agency level before submission to OPM. Applications are due to OPM on or before October 4, 2000.

Step 5:
Application Review,
October / November 2000

Step 5:
Applications are reviewed by OPM to meet eligibility requirements. Following OPM's review, Examiner Teams meet to evaluate the merits of each application. Organizations are selected for site visits based on scoring of the application against the Criteria. Soon after the review, organizations not selected for a site visit receive a feedback report prepared by an Examiner Team.

Step 6:
Site Visit Review,
November 2000 - January 2001

Step 6:
Applicants selected for a site visit are contacted by OPM. Organizations selected for site visits submit eight additional copies of their application. Site visits clarify, verify, and supplement application information. They include a review of pertinent records and data, and interviews with executives and employees. Applicants work with a site visit team leader to schedule the visit and arrange details.

Applicants cover Examiners' travel and per diem costs for the visit. The exact number of Examiners depends on the size and number of sites of the organization visited.

A report, prepared by the site visit Examiner Team, is submitted to the Panel of Judges.

Step 7:
Judges' Final Review,
February 2001

Step 7:
The Panel of Judges conducts final reviews and presents award recipient recommendations to OPM. The President makes final determination of the organization(s) to receive the Presidential Award for Quality. OPM makes final determination of the organization(s) to receive other awards.

Annual President's Quality Award Program Ceremony, Summer 2001

Awards are presented at a special ceremony held in Washington, DC. Recipients of the Presidential Award for Quality and the Award for Quality Improvement receive special recognition for their outstanding accomplishments. Site-visited organizations may be recognized for their achievements at the ceremony.

Feedback Reports, Reports Distributed, December 2000 - April 2001

Feedback Reports:
Applicants receive a feedback report after it is determined they will not move to the next step of the Award process.

Feedback reports contain comments on strengths and opportunities for improvement. A report is prepared for each eligible applicant and sent to the head of the applicant organization.

All feedback reports are prepared for organizations based on the applicants' responses to the Award Criteria.

Reports for site-visited organizations are prepared by the Examiner Team that conducted the visit with input from the Panel of Judges.

Award Recipients' Responsibilities

Organizations recognized by the President's Quality Award Program demonstrate meaningful results through the use of quality management principles and practices and continuously improve their performance and future capabilities. Award recipients serve as government models of excellence. They demonstrate a commitment to and responsibility for improving their systems and processes to provide quality products and services to customers.

Each Award recipient is asked to:

- Participate in: (1) the conference where the PQA award winners are recognized, (2) forums on Federal quality held throughout the year, and (3) at other educational programs on performance improvement;
- Coordinate activities and develop products associated with the Award Program Ceremony;
- Host site visits for interested groups; and
- Respond to inquiries and requests for information from interested parties on performance improvement efforts.

Costs

Applicants cover the cost of application preparation. Applicants selected for site visits cover all travel and per diem expenses of all Examiner Team members. Award recipients cover all travel costs to and from the conferences and forums.

APPLICATION INSTRUCTIONS

General Directions

To apply for the President's Quality Award Program, please:

1) Complete the Nomination Form found in Section X;
2) Prepare an Organization Overview. Specific guidance and instructions are provided on pages 70-72.
3) Prepare a written application that addresses the questions associated with the 19 Criteria Items found in Section II. The Items are fully described in Section II immediately following the category criteria. Specific guidance for responding to each Item is described on pages 72-78.
4) Make the application stand on its own by:
   - Responding to all questions for each Area to Address;
   - Assuming the Examiners reviewing the document have no prior knowledge about the organization;
   - Developing concise responses that are quantitative, where possible;
   - Supporting response statements with facts and information. Assertions unsupported by plausible data, information, or facts receive no credit during the application evaluation; and
   - Defining terminology specific to the mission and function of the organization. If acronyms are used, define them and provide a glossary. Glossary pages are not counted in the page limits specified below.

Application Format and Guidelines

The Organization Overview must be limited to six pages. These pages are *not* counted in the overall page limits specified below.

An organization with fewer than 20,000 employees should prepare an application of *no more than 50 pages,* including all illustrative attachments (charts, graphs, quality vision statement, etc.). An organization with 20,000 or more employees should prepare an application of *no more than 60 pages,* including attachments. *Pages in excess of the 50 or 60-page limit will not be examined.*

IT IS SUGGESTED THAT APPLICANTS PREPARE THE ORGANIZATION OVERVIEW FIRST, AND USE IT AS A GUIDE TO WRITE AND REVIEW THE WRITTEN APPLICATION ADDRESSING EACH OF THE 19 CRITERIA ITEMS.

Guidelines for Submitting Applications

- Submit eight copies of the completed application package. Each copy must include a nomination form.
- Print or type applications *using 12 point font/typeface or larger*. Applications in smaller fonts or typefaces will not be read.
- Use 9-point font / typeface or larger for all graphs and charts. To accomplish this, some graphs and charts may need to be created in larger font sizes and reduced to 9-point font. This guideline ensures that Examiners can read all charts and graphs. Applicants will not get credit for information presented in graphs and charts too small to be read.
- Label each Criteria Item sub-element (e.g., 1.1a., 1.2b.) separately before preparing the Item response.
- Conveniently package the application (e.g., staple or spiral bind). Do not submit bulky, hard-to-transport documents. *Applications submitted in three-ring binders or comparably bulky formats will not be examined.* Do not use multi-color print or glossy paper.

Role of Examiners and Judges

The Examiners and Judges are customers in the application review process. The above guidelines are based on feedback gathered directly from them. As suppliers in the application review process, applicants should strive to satisfy the customers' needs. By doing so, Examiners are able to produce a more comprehensive feedback report that accurately reflects the applicant's status in relation to the Criteria.

Agency Coordinator and Contact Point

Each agency should designate a central coordinator responsible for serving as an internal contact point and for submitting applications to OPM. The coordinator assures that: (1) the quota for submissions previously outlined is observed, (2) application packages are appropriately prepared and bound, and (3) all applicants meet eligibility requirements.

Agency submissions are sent to OPM as a package. Applicants should contact OPM if they do not know their agency's current coordinator and contact point.

OPM Contact Point and Submission of Applications

For further information on eligibility requirements, application procedures and the Award Criteria, please contact:

U.S. Office of Personnel Management
Glenda Avolio
President's Quality Award Program
1900 E Street, NW Room 6468
Washington, DC 20415-5200

Telephone: (202) 606-2034
FAX: (202) 606-0919
E-mail: gxavolio@opm.gov

To apply, applicants should send eight copies of the complete application package (including nomination form) to their agency contact point. The agency contact will submit applications to the above address.

Applicants selected for site visits will be asked to submit eight additional copies of the application to OPM immediately following notification of selection.

Applicant Submission Date

The Office of Personnel Management must receive applications by October 4, 2000. OPM will review each application to verify eligibility. Applications received after this date are not eligible for the 2001 President's Quality Award Program.

IV. PREPARING AN APPLICATION PACKAGE

A. Prepare the Organization Overview

To develop an application, applicants should begin by preparing the Organization Overview. The Overview provides a background and description of the key elements most important to the organization's mission and business. The Organization Overview is limited to 6 pages that are not counted in the overall application page limit.

The Organization Overview is critically important because:

- It sets the stage for the application review.
- It helps the Examiners understand the following factors that significantly influence how the application is evaluated, and ultimately, how it is scored:

  (1) what is relevant and important to the applicant's mission and function,

  (2) key factors influencing how the organization operates, and

  (3) the organization's future direction.
- Examiner team members use the Organization Overview in all stages of the review, including the site visit. The Overview is particularly important when reviewing the applicant's Business Results (Category 7). The Examiner team reviews Business Results Items in relation to the applicant's overall mission and operation. To help the Examiner team make the assessment, they review the results relative to the factors reported in the Organization Overview. Scoring of Results Items relies heavily on how and if the Items are linked to the areas of importance identified in the Organization Overview.

It is strongly recommended that the Organization Overview be prepared first and then used as a guide in self-assessment and in writing and reviewing a President's Quality Award application.

Guidelines for Preparing the Organization Overview

The Organization Overview contains five elements:

1. Basic Organization Description

Applicants should provide the following information about the organization:

- its mission, products, and services;
- its key processes and measures;
- the organization's culture; its purpose, vision, mission, and values as appropriate;
- its size, location and profile of employees, including number, types, educational levels, bargaining units, and safety requirements;
- its major markets or mission / service areas (local, regional, national, or international);
- chart depicting current organizational structure;
- major equipment, facilities and technology used; and

- brief history of when and how quality principles and tools have been / are used to improve organizational performance.

If your organization is a subunit of a larger organization, describe:

- the organizational relationship to your "parent" and percent of employees the subunit represents;
- how products and services relate to those of your "parent" and other units of the "parent" organization, and;
- key support services, if any, that your "parent" organization provides.

2. Principal Factors Determining Performance Success

Applicants should provide the following information:

- important performance factors such as regulatory clarification, reduction or simplification, product innovation, cost reduction, technology, productivity or other changes taking place in the organization affecting program success; and
- explanation and illustration of how these factors influence organizational success elsewhere in the application, particularly Category 7, Business Results.

3. Customer Requirements

Applicants should provide the following information:

- list of principal customers and their category (voluntary, entitled, compelled) where appropriate, and principal customer types (consumers, other government agencies, etc.). Note any special relationships, such as partnerships with customers or customer groups;
- key customer requirements for major products and services (e.g., on-time delivery, defect rates, etc.); and
- description of significant differences, if any, in requirements among customer groups.

4. Supplier and Partnering Relationships

Applicants should provide the following information:

- types and numbers of principal suppliers and partners;
- the most important types of suppliers, dealers and other businesses; and
- any limitations or special requirements that may exist in dealing with some or all suppliers and partners.

5. Other Strategic Factors Important to the Applicant

Applicants should provide the following information:

- competitive factors, if applicable, such as the organization's position (size) in the industry, numbers and types of competitors, and principal factors determining competitive success;
- major new thrusts or future challenges;
- introduction of new technologies;

- laws or regulations significantly affecting operations; and
- new organizational alliances / partners.

B. 2001 Criteria Response Guidelines

The guidelines given in this section are offered to assist you, as a Criteria user, in responding most effectively to the requirements of the 19 Criteria Items. Writing an application for the President's Quality Award involves responding to these requirements in 50 or fewer pages if your organization has fewer than 20,000 employees. If your organization has more than 20,000 employees, an application of no more than 60 pages will be accepted.

The guidelines are presented in three parts:

(1) General Guidelines regarding the application package, including how the Items are formatted;

(2) Guidelines for Responding to Approach / Deployment Items; and

(3) Guidelines for Responding to Results Items.

(1) General Guidelines

Read the entire Application package.

The main sections of the package provide an overall orientation to the Criteria, including how applicants' responses are to be evaluated for self-assessment or by Award Examiners. Applicants should be thoroughly familiar with the following sections:

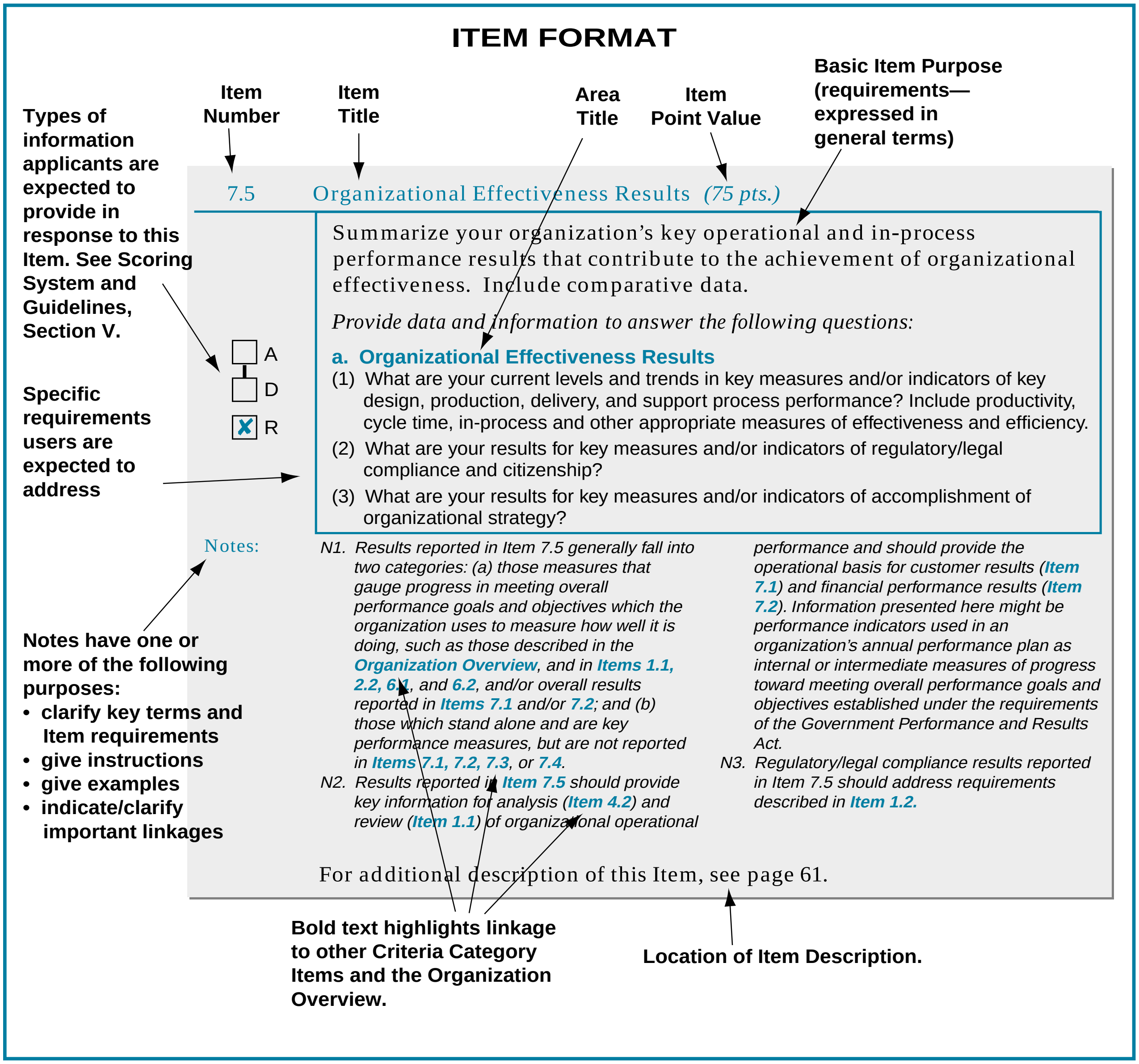
- Performance Excellence Criteria and Descriptions—Section II
- Scoring System and Guidelines—Section V
- Glossary of Key Terms—Section IX

Review the Criteria Item Format

The Criteria Item format (see the Item Format figure on the following page) shows the different parts of Items, what each part is for, and where each part is placed. It is especially important to understand the Areas to Address and the Item Notes. All Items for each category are described in Section II [Description].

Each Item is classified either ☐A/☐D or ☐R, depending on the type of information required. The meaning of these classification symbols is given on page 80. Guidelines for responding to Approach / Deployment Items are given on pages 73-76. Guidelines for responding to Results Items are given on pages 76-78.

Item requirements are presented in question format, sometimes with modifying statements. Item responses should contain answers to all questions and modifying



statements, however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, if appropriate. Ensure the Basic Item Purpose is completely addressed within your response.

(2) Guidelines for Responding to Approach/Deployment Items

The Award Criteria focus on performance results (Category 7.) However, results by themselves offer little diagnostic value. For example, if results are poor in some areas or improving at rates slower than other similar programs, it is important to understand why this is so and what might be done to accelerate improvement. Approach/Deployment Items permit diagnosis of the applicant's most important systems, activities and processes—those that offer the greatest potential for contributing to the applicant's performance results. Examiners' diagnosis and feedback depend heavily upon the content and completeness of Approach / Deployment Item responses. For this reason, it is important to provide key process information in Approach / Deployment Item responses. Guidelines for organizing such information follow.

1. Understand the meaning of "how."

Responses to Items that begin with the word "how" should outline key process information such as methods used, measures of progress and assessment, how the approach is deployed, and evaluation / improvement factors. These responses should be designed to permit the reader to gain an understanding of the key operating factors of the approach—that is, how it functions on a continuing, systematic and day-to-day basis. Responses lacking such information, or merely providing examples, are referred to in the Scoring Guidelines as anecdotal information.

2. Write response(s) with the following guidelines in mind:

- Show focus and consistency

  Responses should provide clear evidence that the organization is focusing on key processes (those that have the greatest impact on performance of the organization's mission) and improvements that offer the greatest potential to improve performance.

  There are four areas where focus and consistency are critical and should be evident:

  (1) the Organization Overview should clearly state what is important to the organization;

  (2) the Strategic Planning Category, including strategy and action plans, should highlight the areas of greatest focus and describe how deployment is accomplished;

  (3) descriptions of organization-level analysis (Item 4.2) should show how the organization analyzes performance information to set priorities; and

  (4) the Process Management Category should highlight product, service, support, and supplier processes that are key to overall performance.

  When describing activities in the Approach-Deployment Items, focus and consistency should be demonstrated with accompanying results in Category 7.

- Describe what the key processes are and how they work

  It is important to give basic information about what the organization's key processes are, how they work and who is responsible for them. However, it is not sufficient to merely state who is responsible for a given process, i.e., "customer satisfaction data are analyzed by the Customer Service Division." The application should describe when, how and by whom the data are analyzed and what is done with the information so that the reader understands the mechanics of how the process is carried out.

- Show that activities are systematic

  Systematic approaches are carried out continuously over time, with built-in cycles for improvement. Responses should describe the "system". Systematic approaches over time permit continuous learning, improvement, and maturity. Examples or anecdotal accounts are considered insufficient responses.

- Show deployment

  Responses should provide information to clearly indicate the extent to which approaches are deployed to appropriate units within the organization. If information is provided regarding an activity or approach in only one part of the organization, evaluators will assume it is isolated to that unit.

  An effective technique to show deployment compactly is the use of summary tables that outline what is accomplished in different parts of the organization. Where tables are used, they should be supported by a summary of the basic approach in the accompanying narrative.

- Respond fully to Item requirements

  Responses should include information on all questions in each Area to Address as well as completely address the Basic Item Purpose. Missing information will be interpreted as a gap in approach and / or deployment.

3. *Show that Items are systematically related to one another.*

   It is important to realize that each of the seven categories is viewed as a linked system and not separate compartments. Approach / Deployment Items should reflect an overall and integrated management system rather than isolated processes. Accordingly, responses should indicate how Approach / Deployment Items reinforce and support other closely linked Items, where appropriate. (Refer to the notes under each Criteria Item for key linkages.)

4. *Cross-reference when appropriate.*

   While all Items are potentially linked, applicants should try to make each Item response self-contained. However, there may be instances when responses to different Items are mutually reinforcing. It is then appropriate to reference responses to other Items, rather than to repeat information. In such cases, applicants should use designators (e.g., "see 2.3a below").

5. *Use a compact format.*

   Applicants should make the best use of the 50 or 60 pages permitted. Applicants are encouraged to use flow charts, tables, and "bulleted" presentation of information.

6. *Refer to the Scoring Guidelines*

   Criteria Item responses are evaluated by reviewing the Item requirements and the maturity of the approaches, breadth of deployment, and improvement process strength relative to the Scoring Guidelines. Therefore, Criteria users need to consider both the Criteria and the Scoring Guidelines.

(3) Guidelines for Responding to Results Items

The Criteria places the greatest emphasis on results. The following information and guidelines relate to effective and complete presentation of results.

1. Focus on the most critical business results.

Results reported should cover the most important requirements for business success. These requirements and key processes are highlighted in the Organization Overview and the Strategic Planning Category.

2. Show relation between Results and Approach/Deployment Items.

The most meaningful Results are those which are the consequence of systematic approaches to meeting important goals and objectives rather than isolated or ad hoc accomplishments. Accordingly, the application should demonstrate a clear linkage between Results and Approach / Deployment Items reported elsewhere in the application. These linkages should suggest a cause-effect relationship between Approach / Deployment Items and reported Results, either directly or indirectly.

3. Use the following guidelines to ensure effective reporting of results data:

- Trends are used to show directions of results and rates of change.
- Performance levels show performance on some meaningful measurement scale.
- Breadth of results should show that all important results are included.
- Comparisons are used to show how results compare with other appropriately selected organizations.

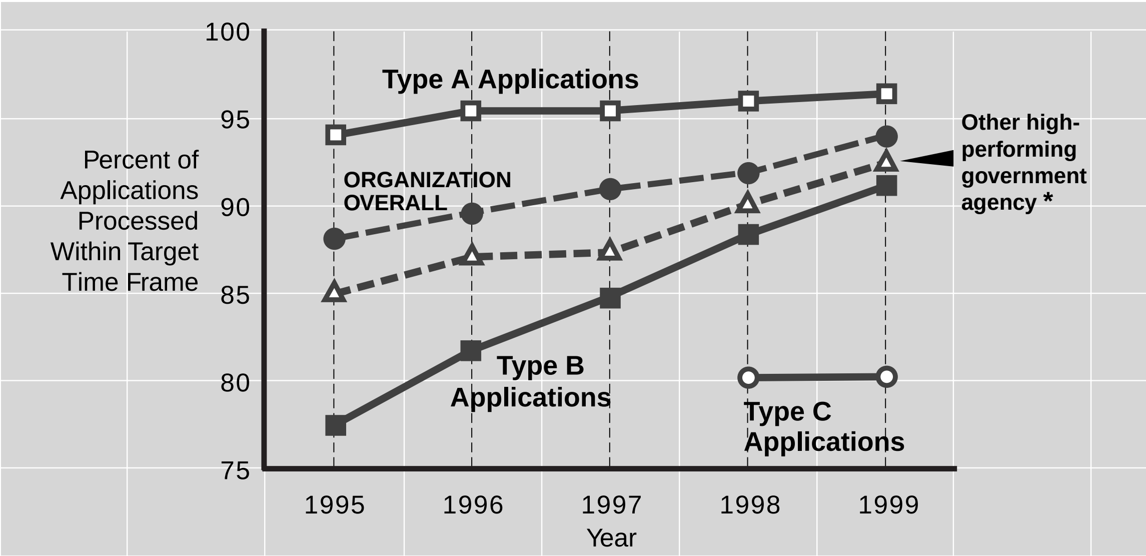
4. Include trend data covering actual periods for tracking trends.

Trend data should be provided whenever appropriate and possible. However, because of the importance of showing focus and deployment, new data should be included even if trends and comparisons are not yet well established. No minimum time is specified for trend data. Time periods might span five years or more for some results.

5. Use a compact format - graphs and tables.

Make every effort to provide key information in a concise and compact form. One way to accomplish this is by using graphs and tables. Label graphs and tables for easy interpretation. Results over time or compared with others should be "normalized"—presented in a way (such as use of ratios) that takes into account various size factors. For example, if an organization's work force has been declining, reporting safety results in terms of accidents per 100 employees would permit more meaningful trend data than total accidents.

Figure 7.5-3 Application Processing Within Target Time Frame



* Prior winner of PQAP Award and winner of two Hammer Awards

6. Integrate results into the body of the text.

When the response uses graphs or tables, describe the results in the body of the text in summary form. Present the text close to the graphical or table information. Use figure numbers that correspond to Item numbers. For example, the third table providing information for Item 6.1 might be captioned Table 6.1-3.

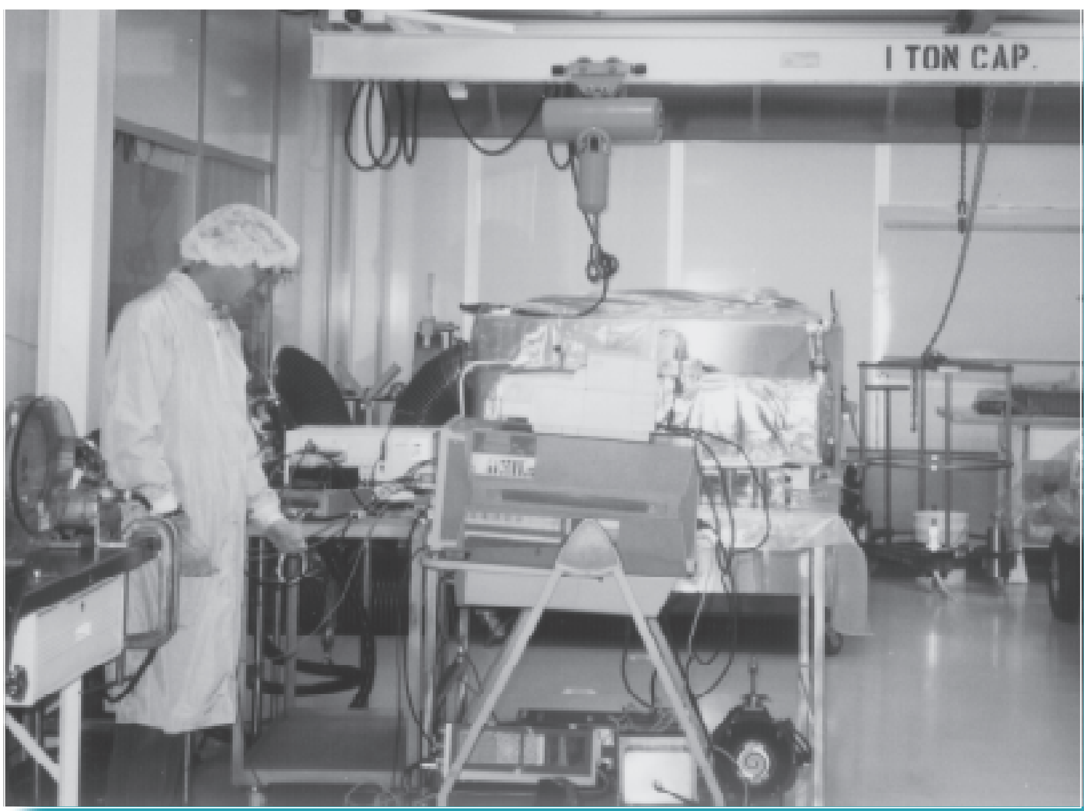
The chart above illustrates data an applicant might present as part of a response to Item 7.5, Organizational Effectiveness Results. A major function of the applicant is processing applications for licenses under the jurisdiction of the applicant's regulatory authority. In the Organization Overview and in Item 3.1, the applicant has indicated that consistent processing of applications for licenses within the target time frame is a key customer requirement.

Using the chart, the following characteristics of clear and effective data reporting are illustrated:

- The chart is labeled with a figure number and title.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for one key operational requirement—processing of applications within target time frame.
- Results are presented for several years.
- Appropriate comparisons are clearly shown.
- The organization shows, using a single chart, that its three major types of services (three types of applications) are separately tracked for on-time processing.

To help interpret the Scoring Guidelines (page 82), the following comments on the charted results would be appropriate:

- The current overall organization performance level is excellent compared with that of another President's Quality Award Program Award-winning Government organization with similar application processing functions against which the applicant has chosen to compare itself.
- The organization shows excellent improvement trends.
- The organization's performance with Type A applications is clearly superior—showing sustained high performance and a slightly positive trend. The performance for Type B applications, while lagging that of Type A, shows rapid improvement, and already is near the performance of the high-performing comparable organization.
- Processing of Type C applications—a new responsibility of the organization—is having early problems. In its Award Program application, the organization has analyzed and explained these early problems, and explained actions it is taking to improve performance.



V. SCORING SYSTEM AND GUIDELINES

Scoring System

The system for scoring applicant responses to Criteria Items (Items) and for developing feedback is based upon three evaluation dimensions: (1) Approach, (2) Deployment, and (3) Results. Criteria users need to furnish information relating to all three of these dimensions. Specific factors associated with the evaluation dimensions are described below.

Approach

"Approach" refers to how you address the Item requirements—the method(s) used. The factors used to evaluate approaches include:

- appropriateness of the methods to the requirements;
- effectiveness of use of methods;
- degree to which approach is systematic, integrated, consistently applied;
- degree to which approach embodies evaluation, improvement, and learning cycles;
- degree to which approach is based upon objective, reliable data / information;
- degree to which approach is prevention based;
- alignment with organizational needs; and
- evidence of innovation, including significant and effective adaptations of approaches used in other types of applications.

Deployment

"Deployment" refers to the extent to which the approach is applied to all requirements of the Item. The factors used to evaluate deployment include:

- use of the approach in addressing operational and Item requirements;
- application of the approach to all business products / services, transactions with customers and suppliers, and support functions / processes; and
- use of the approach by all appropriate work units.

Results

"Results" refers to outcomes in achieving the purposes in the Item. The factors used to evaluate results include:

- current performance levels;
- performance levels relative to appropriate comparisons and / or benchmarks;
- rate, breadth and importance of performance improvements;
- demonstration of sustained improvement and / or high-level performance; and
- linkage of results measures to key customer, market, mission, process and action plan performance requirements identified in the Organization Overview and in Approach / Deployment Items.

Item Classification and Scoring Dimensions

Criteria Items are classified according to the kinds of information and / or data applicants are expected to furnish.

The two types of Items and their designations are:

1. Approach / Deployment ☐ A ☐ D

2. Results ☐ R

Approach and Deployment are linked to emphasize that descriptions of Approach should always indicate Deployment consistent with the specific requirements of the Item. Although Approach and Deployment dimensions are linked, feedback to the applicant reflects strengths and / or areas for improvement in either or both dimensions.

Results Items depend on data demonstrating performance levels and trends on key measures and / or indicators of organizational performance. Results Items also call for data on breadth of performance improvements—how widespread your improvement results are. This is directly related to the Deployment dimension. That is, if improvement processes are widely deployed, there should be corresponding results. A score for a Results Item is thus a composite based upon overall performance, taking into account the breadth and importance of improvements.

"Relevance and Importance" as a Scoring Factor

The three evaluation dimensions described above (Approach, Deployment, and Results) are critical to assessment and feedback. However, evaluation and feedback will also consider the relevance and importance of your reported Approach, Deployment, and Results to your key business factors. The areas of greatest importance should be addressed in the Organization Overview and are a primary focus of Items related to the organization's customers and final products and services, such as Items 2.1, 2.2, 3.1, 6.1, 7.1, and 7.5. Your key customer requirements and key strategic drivers and action plans are particularly important.

Results presented in the application must be important to the organization in order to have a significant impact on the score. Guidelines for scoring Results Items are found in the Scoring Guidelines Summary (page 82). Applicants should make sure that important areas described in the Organization Overview have related performance indicators which are reported in Category 7. Applications should show linkages between results in Category 7 and in other Category elements such as key customer requirements and process management.

Assignment of Scores to Criteria Responses

President's Quality Award Program Examiners observe the following guidelines when assigning scores to applicants' responses:

- All relevant Areas to Address should be included in the Item response. Also, responses should reflect what is relevant and important to the organization's operations and mission.
- Before assigning a score to an Item, Examiners first review the Item in relation to the Organization Overview to determine what is important to the applicant organization and its strategic directions. Examiners look for linkages among Items, especially between Results and Approach / Deployment Items in order to assure that the Item reflects a systematic approach to performance excellence.

- In assigning a score to an Item, an Examiner first decides which scoring range (e.g., 50% to 60%) best fits the overall Item response. Overall "best fit" does not require total agreement with each of the statements for that scoring range. Actual score *within the range* depends upon an Examiner's judgment of the closeness of the Item response in relation to the statements in the next higher and next lower scoring ranges.
- An Approach / Deployment Item score of 50% represents an approach that meets the basic objectives of the Item and that is deployed to the principal activities and work units covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment.
- A Results Item score of 50% represents clear indication of improvement trends and / or good levels of performance in the principal results areas covered in the Item. Higher scores reflect better improvement rates and comparative performance as well as broader coverage of key business or mission requirements.

Scoring Guidelines

Approach/Deployment	Score	Results
• No systematic approach evident; anecdotal information	0%	• No results or poor results in areas reported
• Beginning of a systematic approach to the basic purposes of the Item • Major gaps exist in deployment that would inhibit progress in achieving the primary purposes of the Item • Early stages of a transition from reacting to problems to a general improvement orientation	10% to 20%	• Some improvements and/or early good performance levels in a few areas • Results not reported for many to most areas of importance to the organization's key business requirements • Favorable results reported, but not those which are most important to the organization's key business and performance requirements
• An effective, systematic approach, responsive to the basic purposes of the Item • Approach is deployed in most of the organization's key business areas, although some areas or work units are in early stages of deployment • Beginning of a systematic approach to evaluation and improvement of basic Item processes	30% to 40%	• Improvements and/or early good performance levels in many areas of importance to the organization's key business requirements • Early stages of developing trends and obtaining comparative information • Results reported for many to most areas of importance to the organization's key business requirements
• An effective, systematic approach, responsive to the overall purposes of the Item • Approach is well deployed in all aspects of the organization's key business, although deployment may vary in some areas or work units • A fact-based, systematic evaluation and improvement process is in place for basic Item processes • Approach is aligned with basic organizational needs identified in the other Criteria Categories	50% to 60%	• Improvement trends *and/or* good performance levels reported for most areas of importance to the organization's key business requirements • No pattern of adverse trends and no poor performance levels in areas of importance to the organization's key business requirements • Some trends *and/or* current performance levels—evaluated against relevant comparisons *and/or* benchmarks—show areas of strength *and/or* good to very good relative performance levels • Business results address most key customer, market, process, and action plan requirements
• An effective, systematic approach, responsive to the overall Item purpose and to most of the specific requirements of the Item • Approach is well deployed throughout the organization, with no significant gaps • A fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; clear evidence of refinement and improved integration as a result of organizational-level analysis and sharing • Approach is well integrated with organizational needs identified in the other Criteria Categories	70% to 80%	• Current performance is good to excellent in most areas of importance to the organization's key business requirements • Most improvement trends *and/or* performance levels are sustained • Many to most trends *and/or* performance levels—evaluated against relevant comparisons *and/or* benchmarks—show areas of leadership and very good relative performance levels • Business results address most key customer, market, process, and action plan requirements
• An effective, systematic approach, fully responsive to all the requirements of the Item • Approach is fully deployed without significant weaknesses or gaps in any areas or work units • A very strong, fact-based, systematic evaluation and improvement process and extensive organizational learning/sharing are key management tools; strong refinement and integration, backed by excellent organizational-level analysis and sharing • Approach is fully integrated with organizational needs identified in the other Criteria Categories	90% to 100%	• Current performance is excellent in most areas of importance to the organization's key business requirements • Excellent improvement trends and/or sustained excellent performance levels in most areas • Evidence of agency and benchmark leadership demonstrated in many areas • Business results fully address key customer, market, process, and action plan requirements

Note 1: To better understand the key terms such as "basic purpose" and "specific requirements" of the Item, see Item Format model on page 73.

Note 2: The "score" column indicates a scoring range—Individual examiners normally score applications using multiples of 10. Those individual scores are then averaged with other team members scores to determine the item score (i.e., average of 20%, 30% & 30% = 26.6%).

VI. USING THE PERFORMANCE EXCELLENCE CRITERIA FOR ORGANIZATION SELF-ASSESSMENT

Introduction

Self-assessment is an internal tool used to quantify the overall health of an organization. Effective use of a self assessment allows organizations to identify strengths and pinpoint opportunities to improve processes, practices and programs. Through continuous self-assessment, organizations can review, prioritize and select the best approaches for getting results. Additionally, the self assessment process can be used to prepare organizations to apply for the President's Quality Award.

Many organizations follow a four-step approach to systematically improve performance: the "plan, do, check, and act" process. By completing a self-assessment, the "check" element of the process, organizations can baseline their performance. This baseline enables organizations to identify gaps in their performance plan, and track progress toward filling the gaps and reaching positive performance outcomes.

Linking Self-Assessment to the Government Performance and Results Act

The 103rd United States Congress enacted the Government Performance and Results Act of 1993 to provide for the establishment of strategic planning and performance measurement in the Federal Government.

The Results Act requires agencies to submit a strategic plan for program activities containing a comprehensive mission statement covering the major functions and agency operations. Further, the Act requires agencies to prepare an annual performance plan which has measurable goals. The performance plan must be evaluated against objective measurements and through systematic process analysis.

While the Results Act requires agencies to assess their performance, the manner in which assessments are performed is not prescribed. By using the Award Program's Performance Excellence Criteria for self-assessment, agencies have a well developed, comprehensive framework for evaluating performance.

The Benefits of Using the Criteria for Self-Assessment

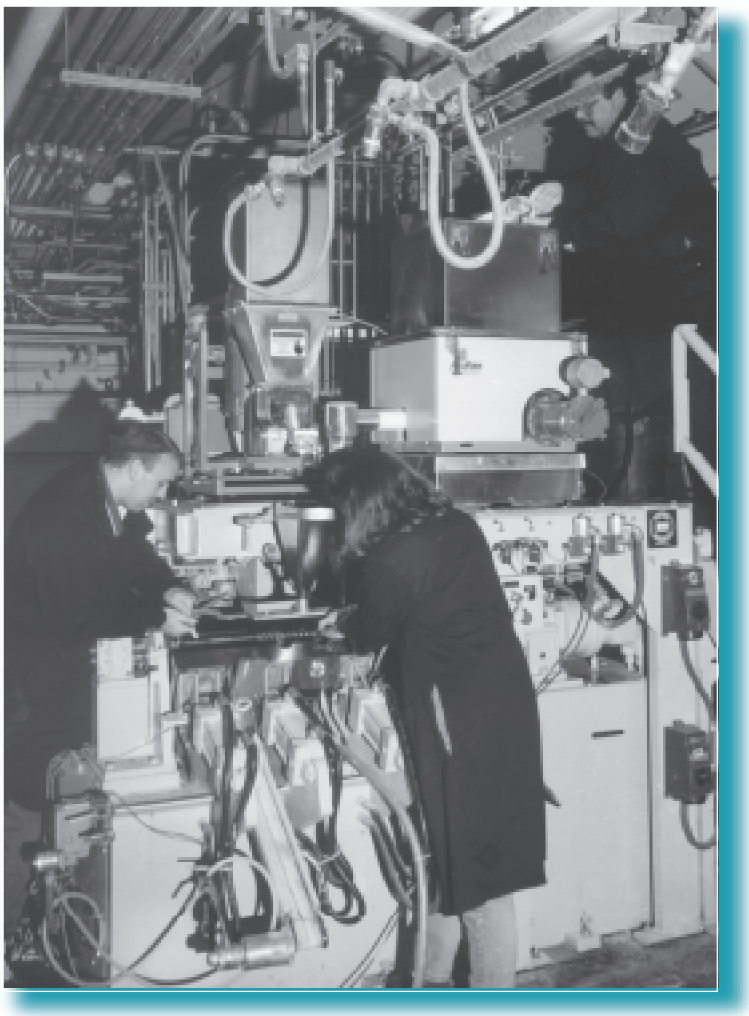
Currently, many organizations use the Award Program's Criteria for self-assessment, but do not apply to the Program. Since the Criteria define key elements of high-performing organizations, using the Criteria for an internal organization review has many benefits:

- You can gain a systematic and informed assessment of how well your organization currently performs, and how well it stacks up against the Criteria and other high-performing organizations.
- You can identify key operating processes, set measurable performance goals and track progress toward meeting the goals—a Results Act requirement.
- The Criteria provide you with a tool for establishing and fine tuning organization performance measures against which you can review your results in customer

service, effective stewardship of public resources, human resources, suppliers and partnership management, and other organization elements.

- The internal review helps identify commonly shared views of the organization's strengths and improvement opportunities and take action on those opportunities most important to the organization.
- The review generates discussion topics that start a dialogue between managers and employees on improving internal operations, both short- and long-term.

Organizations are encouraged to use the Award Program's Criteria for self-assessment to continuously improve their performance.



VII. 2001 PRESIDENT'S QUALITY AWARD PROGRAM SUMMARY OF CHANGES

General Program Changes

The Criteria have evolved over the last several years toward comprehensive coverage of strategy-driven performance, addressing the needs of all stakeholders—customers, employees, suppliers and partners, the Congress, special interest groups, and the public. Although there are no changes to the Criteria Item requirements for 2001, revisions have been made in other important sections of the President's Quality Award Program Information and Application booklet.

The President's Quality Award Program continues to reflect the evolving standards of the Malcolm Baldrige National Quality Award (MBNQA) with modifications to reflect a Federal Government environment.

Changes have been made throughout the Program's Information and Application booklet; the most significant changes are summarized below:

- The Core Values and Concepts have been revised.
- Sections II and III of the 2000 Program booklet (Performance Excellence Criteria and Category, Item and Area Descriptions) have been combined into one Section. The category and item *descriptions* for each category now immediately follow the *criteria* for that category.
- The Category and Item Descriptions have been rewritten and reformatted.
- The guidelines for Preparing an Application Package have been rearranged placing the guidance for preparing the Organizational Overview first to highlight the critical importance of the overview in setting the stage for the entire application.
- The Scoring Guidelines have been revised for Approach / Deployment Items.
- The Glossary of Key Terms has been revised and expanded.

A more detailed explanation of the most significant changes are:

Core Values and Concepts

- Many of the Core Values and Concepts have been changed to better align with the foundation for the current Criteria. The number of Core Values and Concepts remains constant at 11.
- The following Core Values and Concepts have replaced the indicated Core Values and Concepts: *Visionary Leadership* replaces Leadership; *Customer Driven* replaces Customer-Driven Quality; *Organizational and Personal Learning* replaces Continuous Improvement and Learning; *Valuing Employees and Partners* replaces Valuing Employees; *Agility* replaces Fast Response; *Focus on the Future* replaces Long-Range View of the Future; and *Focus on Results and Creating Value* replaces Results Focus. The new Core Values and Concepts are intended to provide a more holistic and current view of organizational performance excellence.

- Two of the 2000 Core Values and Concepts—Design Quality, and Prevention and Partnership Development—have been incorporated into the new Core Values and Concepts.
- Two new Core Values and Concepts have been added to underpin the current Criteria: *Managing for Innovation* and *Systems Perspective*.
- Two 2000 Core Values and Concepts remain: *Management by Fact* and *Public Responsibility and Citizenship*.

Category and Item Descriptions

- Each Item Description now has three parts: *Purpose, Requirements, and Comments*. This three-part presentation is intended to better aid the understanding of the Criteria Items. *Purpose* tells you what the Item is examining and why. *Requirements* summarizes the key Item requirements. *Comments* provides additional explanation and examples of how you might address the Item requirements.

Scoring Guidelines

- The word *effective* replaces the word *sound* for Approach / Deployment Items in the Scoring Guidelines. *Effective* relates to producing the desired result and to appropriateness for intended use. *Effective* is a better term in the context of a President's Quality Award assessment.

Glossary of Key Terms

- The following key terms have been added to the Glossary: Analysis, Approach, Deployment, Empowerment, Results, Systematic, and Value. All of these terms have very specific meanings in the Criteria.

Overall Changes

- 2001 Performance Excellence Criteria users are cautioned that changes in wording have been made in some Items, many Item Notes, the Scoring Guidelines, and key terms. These changes help clarify how the Criteria can be better used for the award process and self-assessment.

VIII. GUIDANCE FOR GOVERNMENT HEALTH CARE ORGANIZATIONS AND EDUCATION INSTITUTIONS

In 1998, the Malcolm Baldrige National Quality Award (MBNQA) Program added award categories for health care organizations and education institutions. The Program developed specialized sets of Performance Excellence Criteria to recognize the unique aspects and environments of health-related and educational organizations. These new categories were established under the "Technology Administration Act of 1998," authorizing non-profit and for-profit education and health care organizations to apply for the MBNQA.

The President's Quality Award Program will continue to develop one set of Criteria that applies to Federal Government organizations with all mission types. However, since the MBNQA created a special set of Criteria for organizations with health care and education-related missions, Federal Government organizations with these missions may apply to either the President's Quality Award Program or the MBNQA.

We encourage Federal organizations in health care and education-related missions to review the MBNQA Criteria and use them for self-assessment, performance improvement, and as a reference and guide when applying to the President's Quality Award Program. The Criteria are available from the MBNQA by calling (301) 975-2036, or through the Program's web site: http://www.quality.nist.gov.

Federal health care organizations and education institutions applying to this year's Award Program should use the Performance Excellence Criteria found in this application package. However, to more effectively respond to the Criteria, organizations may wish to use the following Category descriptions and supplemental Category Item Notes as additional guidance.

Health Care Supplementary Information

Category 1—Leadership

This Category examines how health care organization senior leaders address values and performance expectations as well as focus on customers and other stakeholders, empowerment, innovation, learning and organizational directions. The Category also examines how health care organizations address responsibilities to the public and support their key communities.

Supplementary Category Item Notes:

1.1 Organizational Leadership

N1. Senior leaders include the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, senior leaders refers to both sets of leaders and the relationships among those leaders to create a leadership system.

1.2 Organization Responsibility and Citizenship

N1. In addition to actions to build community health, areas of community support appropriate for 1.2b might include efforts by the organization to strengthen local community services, education, the environment, and practices of professional and business associations.

N2. Actions to build community health (1.2b) are population-based services supporting the general health of the community served. Such services might include health education programs, immunization programs, unique health services provided at a financial loss, population screening programs (e.g., hypertension), safety program sponsorship, and indigent care.

Category 2—Strategic Planning

This Category examines health care organizations' strategy development processes, including how the organizations develop strategic objectives, action plans, and related human resources plans. Also, the Category examines how plans are deployed and performance is tracked.

Supplementary Category Item Notes:

2.1 Strategy Development

N1. Strategy should be interpreted broadly. It might include any or all of the following: new health care services and/or delivery processes; new markets; revenue growth; cost reduction; and new partnerships and alliances. Organizational strategy might be directed toward making the organization a preferred provider, a research leader, or an integrated service provider. Strategy might depend upon many different kinds of capabilities, including access and locations, rapid response, relationships, technology introduction and management, business process excellence, and information management.

Category 3—Customer Focus

This Category examines how health care organizations determine requirements, expectations, and preferences of patients, other customers and markets. Also, the Category examines how health care organizations build relationships with patients/ customers and determine their satisfaction.

Supplementary Category Item Notes:

3.1 Customer and Market Knowledge

N1. Patients, as a key customer group, are frequently identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers/third-party payers, employers, health care providers, patient advocacy groups, Departments of Health, and students. Generic references to customers include patients.

N2. Health care service features [3.1a(3)] refer to all important characteristics of the services that patients and other customers receive. The focus should be primarily on features that bear upon customer preference, repurchase loyalty, and view of clinical and service quality — for example, those features that enhance or differentiate, in the eyes of the customer, the organization's services from other providers offering similar services. Beyond specific health care provision, these features might include extended hours, family support services, cost-assistance with billing/paperwork processes, and transportation assistance.

N3. The determination of health care service features and their relative importance [3.1a(3)] should take into account the potentially differing expectations of patients and other customers. This is particularly important where managed care and health care insurers' efforts to contain costs may result in different expectations than patients' at these organizations.

Category 4—Information and Analysis

This Category examines health care organizations' performance measurement systems and how your organization analyzes performance data and information.

Supplementary Category Item Note:

4.2 Analysis of Organizational Performance

N1. Analysis includes trends, projections, comparisons, and cause-effect correlations intended to support the setting of priorities for resource use. Accordingly, analysis draws upon all types of data: patient/customer-related, health care outcomes, operational, competitive, financial, and market.

Category 5—Human Resource Focus

This Category examines how health care organizations enable all staff to develop and use their full potential, aligned with the organizations' objectives. Also, the Category examines your organizations' efforts to build and maintain a work environment and work climate conducive to performance excellence, full participation, and personal and organizational growth.

Supplementary Category Item Note:

5.1 Work Systems

N1. For purposes of the Criteria, the organization's staff includes all people who contribute to the delivery of the organization's services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Any contract employees supervised by the contractor should be addressed in Item 6.3.

Category 6—Process Management

This Category examines key aspects of process management, including patient/customer-focused design, health care service delivery, support and supplier partnering processes involving all departments and units. Also, the Category examines how key processes are designed, implemented, managed and improved to achieve better performance.

Supplementary Category Item Notes:

6.1 Product and Service Processes

N1. Health care service processes refer to patient and community service processes for the purposes of prevention, maintenance, health promotion, screening, diagnosis, treatment/therapy, rehabilitation, and recovery. This includes services delivered to patients through other providers (e.g., laboratory or radiology studies). Responses to Item 6.1 should address the most critical requirements for successful delivery of services.

N2. Key processes for the conduct of health care research and/or a teaching mission should be reported in Item 6.1 or 6.2, as appropriate to the organization's mission.

N3. Design requirements should include all appropriate stages of health care service delivery. In a group practice, this might be making the appointment, presentation, and evaluation of risk factors, health education, and appointment closures. Depending upon the health care service, this might include a significant focus on technology and/or patient-specific considerations.

6.2 Support Processes

N1. The purpose of Item 6.2 is to permit organizations to separately highlight the processes that support health care service design and delivery processes addressed in Item 6.1. The support processes included in Item 6.2 depend on the organization's mission and how it operates, but should include key patient support processes (e.g., housekeeping, medical records, etc.), and key business and administrative processes (e.g., finance, contracting, etc.). Focus should be on your most important processes not addressed in Items 6.1 and 6.3.

6.3 Supplier and Partnership Processes

N1. Support processes and services provided by contractors, but supervised by the organization's staff, should be addressed in Item 6.2.

Category 7—Business Results

This Category examines health care organizations' performance and improvement in key areas: patient / customer satisfaction, health care provision and service, financial results, staff and work system results, supplier and partner results, and operational performance. Also, the Category examines performance levels relative to competitors and organizations delivering similar health care services.

Supplementary Category Item Notes:

7.1 Customer-Focused Results

N1. There may be several different dimensions of patient satisfaction such as satisfaction with quality of care, satisfaction with provider interaction, satisfaction with the long-term health outcome, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

7.5 Organizational Effectiveness Results

N1. Summarize the organization's key patient health care results. Include current levels and trends in key measures and/or indicators of health care outcomes, health care service delivery results, and functional status. Also, appropriate comparative data for other organizations providing similar health care services can be included.

N2. Accreditation and assessment results are appropriate to address in this Item. Summarize results in key measures and/or indicators of organizational accreditation, assessment, and legal/regulatory compliance. Include appropriate comparative data for other institutions providing similar health care services.

Education Supplementary Information

Category 1—Leadership

This Category examines how your organization's senior leaders address organizational values and performance expectations, as well as a focus on students and stakeholders, student learning, empowerment, innovation, organizational learning, and organizational directions. Also examined is how your organization addresses its responsibilities to the public and supports its key communities.

Supplementary Category Item Notes:

1.1 Leadership System

N1. Senior leaders refers to those with main responsibility for managing the school. The leadership system would also include the school's governance entities such as Boards of Directors.

1.2 Organization Responsibility and Citizenship

N1. Health and safety of students and stakeholders are included in Item 1.2. However, the health and safety of faculty and staff are addressed in Item 5.3.

Category 2—Strategic Planning

This Category examines how your organization's strategy development process, including how your organization develops strategic objectives, action plans, and related faculty and staff resource plans. This Category also examines how plans are deployed and performance is tracked.

Supplementary Category Item Notes:

2.1 Strategy Development

N1. You should interpret the word strategy broadly. It might be built around or lead to any or all of the following: addition or termination of programs; modifications in instructional design; use of technology, changes in testing and/or assessment; adoption of standards; services to new/changing student populations; research priorities; and partnerships with other organizations.

N2. Item 2.1 addresses your overall organizational directions and strategy, including changes in educational services and programs. However, the Item does not address education design; this is addressed in Item 6.1.

Category 3—Customer Focus

This Category examines how your organization determines student and stakeholder requirements, needs, expectations, and preferences. Also, the Category examines how your organization builds relationships with students and stakeholders and determines their satisfaction.

Supplementary Category Item Notes:

3.1 Customer and Market Knowledge

N1. Customer needs might take into account information from students and key stakeholders such as students' employers and other schools. Needs include educational and other requirements such as safety.

N2. Customer/market segments refers to students' groups with similar needs: career technical types, learning styles, living status (residential vs. commuter) or other factors.

3.2 Customer Satisfaction and Relationships

N1. Student and stakeholder satisfaction and dissatisfaction should be reported in Item 7.1. School faculty and staff-related results should be reported in Item 7.3.

Category 4—Information and Analysis

This Category examines your organization's performance measurement systems and how your organization analyzes performance data and information.

Supplementary Category Item Note:

4.2 Analysis of Organizational Performance

N1. Analysis includes trend, projections, comparisons, and cause-effect correlations intended to support performance reviews and the setting of priorities for resource use. Accordingly, analysis draws upon all types of data: customer/student-related, financial, operational, and comparative.

Category 5—Human Resource Focus

This Category examines how your organization enables faculty and staff to develop and use their full potential, aligned with the organization's objectives. Also, the Category examines the organization's efforts to build and maintain a work environment and a faculty and staff support climate conducive to performance excellence, full participation, and personal and organizational growth.

Supplementary Category Item Notes:

5.1 Work Systems

N1. For purposes of the Criteria, staff includes the school's permanent, temporary and part-time personnel, as well as any contract employees or volunteers supervised by the school. Any contract employees supervised by the contractor should be addressed in Item 6.3.

N2. Work design refers to how faculty and staff are organized and/or organize themselves in formal and informal, temporary or longer-term units. This might include work teams, problem-solving teams, centers of excellence, research teams, cross-functional teams and departments—self-managed or managed by supervisors.

Category 6—Process Management

This Category examines the key aspects of process management, including learning-focused education design, education delivery, support services, and business operations. Also, the Category examines how key processes are designed, implemented, managed and improved to achieve better organizational performance.

Supplementary Category Item Notes:

6.1 Product and Service Processes

N1. Education design might take into account distance learning and making offerings available at different locations and times to meet student needs.

N2. Education delivery refers to how the school ensures ongoing programs and offerings meet design requirements. Approaches might include observations, measures and/or indicators such as student feedback, evaluation of course instructors, research on learning, assessment and technology, and/or information from students' employer organizations. This evaluation feedback should reveal whether or not the programs or offerings require corrective actions and improvement.

6.2 Support Processes

N1. Education support processes are those which support the school's overall education activities. This might include libraries, information technology, and tutorial/counseling services. Also, it might include recruitment, enrollment, registration, accounting/billing processes, facilities management, marketing, food services, housing, transportation and security.

Category 7—Business Results

This Category examines schools' performance in key areas: student performance results, student and stakeholder satisfaction, financial performance, faculty and staff results, supplier and partner results and school-specific performance. Also, the Category examines performance levels relative to comparable schools and / or appropriately selected organizations.

Supplementary Category Item Notes:

7.1 Customer-Focused Results

N1. To summarize current levels and trends in key measures and/or indicators of student performance, different student groups may be addressed separately.

N2. Student performance results might be based on a variety of assessment methods that reflect the school's primary improvement objectives and together represent holistic appraisals of students. For some measures and/or assessment methods, data might not yet be sufficient to demonstrate meaningful trends. Such data should be reported nevertheless, as they provide useful information regarding the school's current performance levels.

N3. Student performance and performance trends should include comparisons with other schools and/or appropriately selected student populations.

IX. GLOSSARY OF KEY TERMS

The Glossary of Key Terms defines and briefly describes concepts that are important to performance management and used throughout the Award Criteria.

Action Plans

Action plans refer to principal organization-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the organization must do well for its strategy to succeed. Action plan development represents the critical stage in planning when general strategies and goals are made specific so that effective organization-wide understanding and deployment are possible. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all work units. Deployment might also require specialized training for some employees or recruitment of personnel.

An example of an action plan element for a government organization supplying goods and services in competition with private-sector suppliers might be to develop and maintain a price leadership position. Deployment should entail the design of efficient processes, analysis of resource and asset use, and creation of related measures of resource and asset productivity, aligned for the organization as a whole. It might also involve the use of a cost-accounting system that provides activity-level cost information to support day-to-day work. Unit and / or team training should include priority setting based upon costs and benefits. Organization-level analysis and review should emphasize overall productivity growth. Ongoing competitive analysis and planning should remain sensitive to technological and other changes that might greatly reduce operating costs for the organization or its competitors.

Alignment

Alignment refers to unification of goals throughout the organization and consistency of processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires common understanding of purposes and goals and use of complementary measures and information to enable planning, tracking, analysis, and improvement at three levels: the organization level, the key process level, and the work unit level.

Analysis

Analysis refers to assessments performed by an organization or its work units to provide a basis for effective decisions. Overall organizational analysis guides process management toward achieving key business results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Actions depend upon understanding cause/effect relationships. Understanding such relationships comes from analysis of facts and data.

Approach

Approach refers to how an organization addresses the Criteria Item requirements—the methods and processes used by the organization. Approaches are evaluated on the basis of the appropriateness of the approach to the Item requirements; effectiveness of use of the approach; and alignment with organizational needs.

Comparisons – Benchmarking and Competitive Comparisons

Benchmarking is the process of systematically comparing and measuring products, services, and processes against "best practices," "best-in-class" achievements, and performance of similar activities, inside or outside government. At its essence, benchmarking involves systematically looking at proven ways to provide better customer service and adapting these ways to an organization's operations. It turns the "not-invented-here" philosophy on its head, by focusing on the best practices of other organizations.

Competitive Comparisons refer to examining an organization's current processes against effective and efficient processes of other organizations which are competitors in the organization's markets, or with similar missions or functions within or outside the Government. Competitive Comparisons often are less systematic and rigorous than Benchmarking, and without detailed exploration of the differences in underlying methods.

Customers

External customers are those who use or are directly affected by the organization's products or services—those for whom the organization is in business. They can be grouped into classifications according to their relationship to the government as a supplier: voluntary, entitled, and compelled users of the organization's products or services. Voluntary users choose to use the product/service, such as visitors to national parks and users of government statistics. Entitled users have an automatic legal right to benefit from the program, such as recipients of social security benefits and users of veterans hospitals. Compelled users fall under the jurisdiction of government programs that are prescriptive in nature, where punitive action can be taken if users do not comply (e.g., prison inmates).

Internal customers refers to employees within the organization who receive goods and services produced elsewhere in the organization and act upon them in the production chain, ultimately leading to the organization's final output of goods and services.

Cycle Time

Cycle time refers to responsiveness and completion-time measures—the time required to fulfill commitments or to complete tasks. Cycle time and related terms are used in the Award Criteria to refer to all aspects of time performance.

Time measurements play a major role in the Award Criteria because of the great importance of time performance to improving performance and competitiveness. Cycle time improvement could include time to market, order fulfillment time, delivery time, changeover time, and other key process times.

Deployment

Deployment refers to the extent to which an organization's approach is applied to the requirements of a criteria item. Deployment is evaluated on the basis of the breadth and depth of the application of the approach throughout the organization.

Empowerment

Empowerment refers to giving employees the authority and responsibility to make decisions and take actions. Empowerment results in decisions being made closest to the "front line," where work-related knowledge and understanding reside.

Empowerment is aimed at enabling employees to satisfy customers on first contact, to improve processes and increase productivity, and to better the organization's business results. Empowered employees require information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

High-Performance Work

High performance work refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and human performance, including quality, productivity, innovation rate, and time performance.

Approaches to high-performance work vary in form, function, and incentive systems. Effective approaches generally include: cooperation between management and the workforce, including work force bargaining units; cooperation among work units, often involving teams; self-managed / self-directed responsibility (sometimes called empowerment); individual and organizational skill building and learning; flexibility in job design and work assignments; an organizational structure with minimum layering ("flattened") where decision making is decentralized and decisions are made closest to the "front-line;" and regular use of performance measures, including comparisons. Some high- performance work systems use monetary and non-monetary incentives based upon factors such as organizational performance, team and / or individual contributions, and skill building. Also, some high-performance work approaches attempt to align the design of organizations, work, jobs, and incentives.

Leadership System

Leadership system refers to how leadership is exercised throughout the organization—the basis for the way that key decisions are made, communicated, and carried out. It includes structures and mechanisms for making decisions and reinforcing values, expectations, and behaviors. It also includes the formal and informal bases and mechanisms for leadership development used to select leaders and managers, to develop their leadership skills, and to provide guidance and examples regarding behaviors and practices.

An effective leadership system creates clear values respecting the capabilities and requirements of employees and organization stakeholders, and sets high expectations for performance and performance improvement. It builds loyalty and teamwork based upon the values and the pursuit of shared purposes. It encourages and supports initiative and risk taking, subordinates organization to purpose and function, and minimizes reliance on chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders' self-examination, receipt of feedback, and improvement.

Measures and Indicators

Measures and indicators refer to numerical information that quantifies (measures) input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Award Criteria do not make a rigid distinction between measures and indicators. However, some users of these terms, and portions of the Criteria, use the term indicator: (1) when the measurement relates to performance rather than to inputs; (2) when the measurement relates to performance but is not a direct or exclusive measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction, but not a direct or exclusive measure of it); and (3) when a performance or measure is a predictor ("leading indicator") of some more significant performance (e.g., gain in customer satisfaction might be a leading indicator of increased demand).

Performance

Performance refers to outcome results obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Most commonly, the results address quality, efficiency and time, and might be expressed in non-financial and financial terms.

Four types of organization performance are addressed in the Criteria: (1) operational, including product and service quality, (2) customer-related, (3) financial, and (4) mission / program.

Operational performance refers to performance relative to effectiveness and efficiency measures and indicators. Examples include cycle time, productivity, waste reduction, and regulatory compliance. Operational performance might be measured at the work unit level, the key process level, and the organization level.

Product and service quality performance refers to performance relative to measures and indicators of product and service requirements derived from customer preference information. Examples include reliability, on-time delivery, defect levels, and service response time. Product and service quality performance generally relates to the organization as a whole.

Customer-related performance refers to performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, customer survey results, and changes in demand for products and services. Customer-related performance generally relates to the organization as a whole.

Financial performance refers to performance using measures of cost and revenue, including asset utilization, asset growth, value added per employee, cost savings and cost avoidances. Financial measures are generally tracked throughout the organization and are also aggregated to give organization-level, composite measures of performance. Examples are return on investment and return on assets.

Mission / program performance refers to non-financial measures used to assess the organization's success in achieving its intended purposes, goals and objectives. As with financial performance measures, they generally are tracked throughout the organization and are also aggregated to give organization-level, composite measures of performance.

The Criteria also address supplier performance, which refers to measures of: (1) supplier and partner-provided goods and services used by the organization in developing its final goods and services, and (2) services provided by contractor employees working within the organization, but supervised by the contractor.

Performance Goal

Performance goal refers to a target level of performance expressed as a tangible, measurable objective against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Process

Process refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions.

In some situations, process performance 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 many service situations, particularly when customers are directly involved in one or more steps of the service, process is used in a more general way to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information for customers to help them understand and adhere to the sequence. Service processes involving customers require guidance to the servers on handling contingencies related to differing circumstances and to customers' actions or behaviors.

In some cases, such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understanding regarding competent performance, such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

Productivity

Productivity refers to measures of efficiency of the use of resources. Although the term is often applied to single factors, such as manpower (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources consumed in producing outputs. Overall productivity, usually called total factor productivity, is determined by combining the productivity of the different resources used for an output. The combination usually requires taking a weighted average of the different single factor productivity measures, where the weights typically reflect costs of the resources. The use of an aggregate measure such as total factor productivity allows a determination of whether or not the net effect of overall changes in a process, possibly involving resource tradeoffs, is beneficial.

Effective approaches to performance management require understanding and measuring single-factor and total-factor productivity, particularly in complex cases when there are a variety of costs and potential benefits.

Results

Results refer to outcomes achieved by an organization in addressing the purposes of a Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; rate, breadth, and importance of performance improvements; and relationship of results measures to key organizational performance requirements.

Strategic Planning

Strategic planning is the process of setting strategic directions and determining key action plans, and for translating plans into an effective performance management system. The process leads to establishment of general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the organization, and for establishment of annual performance goals linked to the general goals and objectives. It addresses:
(1) how the goals and objectives are to be achieved, including operational processes, skills and technology, and human capital;
(2) information and other resources required to meet those goals

and objectives; (3) key factors external to the organization and beyond its control that could significantly affect the achievement of the general goals and objectives; and (4) how evaluations are used in establishing or revising goals and objectives. The term "Strategic Planning," as used in the Criteria, is consistent with the requirements established by the Government Performance and Results Act.

Systematic

Systematic refers to approaches that are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build the opportunity for evaluation and learning, and thereby permit a gain in maturity. As organizational approaches mature, they become more systematic and reflect cycles of evaluation and learning.

Value

Value refers to the degree of worth relative to cost and relative to possible alternatives of a product, service, process, asset, or function.

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. Organizations seek to deliver value to all their stakeholders. This frequently requires balancing value for customers and other stakeholders, such as employees and the community.

Applicant Organization

Name ____

Address ____

____

____

Highest Ranking Official in Applicant Organization

Signature ____

Name ____

Title ____

Address ____

____

____

Telephone ____

FAX ____

Size of Organization

Number of Employees

(list federal employees, civilian, military and contract support employees separately)

____

Number of Sites ____

Budget for Preceding Year (circle one)

0-$1M	$10M-$100M	$500M-$1B
$1M-10M	$100M-$500M	Over $1B

List Sites ____

____

Official Point of Contact in Applicant Organization

Name ____

Title ____

Address ____

____

____

Telephone ____

FAX ____

email ____

Agency Coordinator (as described in Section III, *General Application Information and Instructions*)

Signature ____

Name ____

Title ____

Address ____

____

____

Telephone ____

Date ____

U.S. Office of Personnel Management
President's Quality Award Program
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