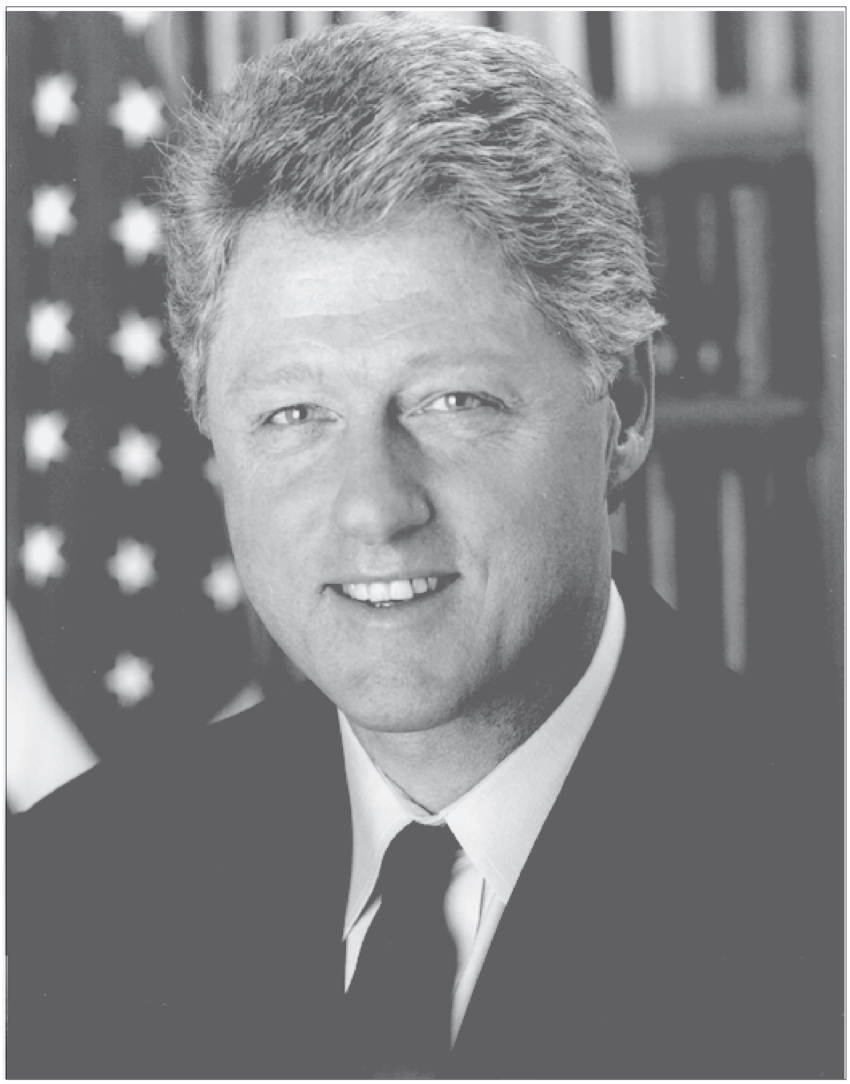
"As we move towards the 21st century, federal agencies are working to set clear goals, making certain employees understand how these goals are linked to their own jobs and measuring results.

My Administration seeks a government that gets results for the American people by recognizing the potential of every federal employee and empowering each worker to achieve his or her best. In seeking to meet and exceed customer expectations, we are continuing to build a government that delivers the highest quality products and service to the public."

President Bill Clinton



MESSAGE FROM THE DIRECTOR

For the past decade, hundreds of agencies have applied to the President's Quality Award Program and hundreds more have used the Award Criteria for self assessment. The Award Program recognizes Federal organizations that have improved their overall performance and demonstrated a sustained trend in delivering high quality products and services to customers. The Presidential Award for Quality, the highest level of Program recognition, is the federal government's equivalent of the Malcolm Baldrige National Quality Award.

Agencies gain many benefits from the mere process of applying for the award. Each organization's application is reviewed by a team of improvement experts from government, business, academia and other sectors. The team's review gives an objective, external perspective of an organization's performance. The team produces an applicant feedback report containing strengths and improvement areas. Feedback reports help organizations plan more strategically, focus on their customers to improve performance and gain valuable feedback on meeting the requirements of the Government Performance and Results Act.

There are many benefits from using the Award Criteria for self assessment. Organizations gain a disciplined approach for identifying their own successes and improvement opportunities. Managers are better equipped to target key performance gaps, set priorities for improvement, and introduce new and better ways to work with customers, partners and suppliers.

The major focus of the Award Program is on results. The Award Criteria lays out an integrated management improvement process for establishing organization performance goals, setting customer 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 organization from all sectors and countries.

I am pleased to present the 1999 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

"For demonstrating excellent achievement in quality management. . ."

Award for Quality Improvement

Previous Award Model
(New award design is planned for 1999)

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

Presidential Award for Quality

Model of the 1998 Award

Applications for the
1999 President's Quality Award Program
must be received by
the Office of Personnel Management
no later than October 14, 1998.

CONTENTS

MESSAGE TO FEDERAL EXECUTIVES

Expectations to improve government performance presents Federal executives with unprecedented challenges. You and your organization's leaders are continually confronted with new challenges such as:

– attaining organizational results and higher performance with decreasing resources and changing priorities;

– leading, motivating, and recognizing a smaller, leaner workforce that faces new demands, often deals with uncertainties and "does more with less;"

– adopting new technologies which both enhance your organization's performance and require a rapid rate of change and continuous flexibility; and

– keeping pace with rapid shifts in the public environment such as globalization of communication and trade, privatization of historically government services, a shift in the lines of responsibility among Federal, state and local governments, private industry and individuals, and other future changes.

The challenges you face are opportunities to improve, enabling your organization to deliver higher quality products and services to the American people, and create management and leadership systems that are practical, flexible, and enable managers to bring all available resources to bear on problems and solutions quickly and effectively.

What the President's Quality Award Program Can Do for You:
The President's Quality Award Program provides a unique opportunity to transform your organization into a more productive, effective and higher- performing operation. 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" or "blueprint" for assessing your organization's performance. And as an Award Program applicant, you benefit from an objective review of your organization's performance, receiving valuable feedback that pinpoints improvement opportunities. Government organizations applying these Criteria report they get results, improve their performance, and become more responsive to customers.

Benefits of Program Participation:
Over the past 10 years, hundreds of Federal organizations have applied to the Program. Each year, winners have been recognized through two awards: the Presidential Award for Quality and the Award for Quality Improvement. Applications are reviewed by a team of Examiners who are well trained to use the Criteria for evaluation and who adhere to clear guidelines regarding confidentiality and conflict of interest.

Former applicants consistently report that they reap greater benefits from applying to the Program than from winning an award. Important direct benefits from applying to the Award Program are:

- The Award assessment is tailored to each organization through a focus on factors important to the organization and its strategy. The applicant organization spells out these factors in the Organization Overview and Strategic Planning Category.

- Applicants receive a detailed feedback report, highlighting strengths and improvement areas, prepared by an Examiner team. The objective feedback from outside experts experienced in quality improvement helps the organization prioritize and target improvement opportunities.
- Using the Criteria helps organizations and their key executives understand, select and integrate specific management tools and align them with other major improvement efforts such as strategic planning, performance measurement, performance-based budgeting, reengineering and reinvention.
- Leaders can use the Awards Program process to recognize the people who have made improvements to the organization's performance, and produce high-quality work in an era of declining budgets, restructuring, downsizing and changing missions.
- Applicants have the opportunity to share their successes with other organizations concerned with improving performance and to feel the pride of being a "winning organization" and learn about others' successes.

Benefits of Self Assessment:

Many organizations use the Criteria as a framework for self-assessment, but do not apply to the Program. By internally reviewing your organization against the Criteria, you can begin a dialogue among and between managers and employees about how well the organization is performing. There are other important benefits:

- You 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.
- 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, supplier and partnership management and other organization elements.
- The internal review helps you identify commonly shared views of the organization's strengths and improvement opportunities, and prioritize and take action on those opportunities most important to the organization.
- The review process generates ideas for discussion that help improve internal operations, both short- and long-term.

I. OVERVIEW AND INTRODUCTION

Background

The President's Quality Award (PQA) Program is administered by the Office of Personnel Management. The Program was created in 1988 and includes two awards: the Presidential Award for Quality and the Award for Quality Improvement. Both are awarded on an annual basis to Federal organizations. In addition, organizations may be recognized for their accomplishments in quality management and improvement through other recognition.

Purpose

The PQA Program:

- Recognizes Federal Government organizations that have improved their overall performance and capabilities, and demonstrated 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 other organizations to assess their overall performance in delivering continuous value to customers; and
- Provides a systematic, disciplined approach to deal with the dynamics of change by providing a working tool (framework) for conducting assessments, analysis, training and performance improvement planning.

The Awards

Applicants to the PQA Program document, in accordance with the Award Criteria, their management system and results. The application information and data must be adequate to demonstrate that the applicants' approaches are systematic and deployed to effectively yield high-performance levels and meaningful results.

Presidential Award for Quality—

Winners of the Presidential Award for Quality demonstrate a high degree and consistent level of deployment of quality approaches throughout the organization, and are able to demonstrate high levels and sustained improvement in performance and results in virtually all parts of the organization over several years. They also demonstrate approaches to delivering high-quality products and services to customers consistent with the Criteria. The Presidential Award is reserved for those applicants that have demonstrated mature development of performance excellence and have documented world-class results.

Award for Quality Improvement—

Winners of the Award for Quality Improvement also have well-developed approaches embodied in the Criteria which are deployed throughout much of the organization, particularly in areas important to the organization's business. However, they generally are at a less mature stage of development in adopting these management approaches compared to Presidential Award winners, and therefore have documented less comprehensive application of the approaches and corresponding results. They have, however, attained early preliminary positive results in areas important to their organization's business.

The Performance Excellence Criteria

The 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 government rather than business environment.
- The point values for several Categories and Items are slightly different.
- Item 7.2 Overall Financial and Performance Results is modified to provide for reporting on overall performance results in both financial and non-financial terms.

The close alignment with the MBNQA is designed to foster cooperation and exchange of information between public and private sector organizations, and to ensure that the best practices of high-performing organizations are reflected in the government. The Criteria are updated on an annual basis to reflect the best approaches within the private and public sectors to systematically improve performance. The Criteria are used extensively throughout the Federal sector as a proven framework to guide customer-focused performance improvement efforts.

Key features of the Criteria are:

- The Criteria focus on results. The Criteria's seven Categories and 20 Items focus on requirements that all organizations need to understand thoroughly if they are to realize performance results at the highest level.
- The Criteria support a systems approach to organization-wide goal alignment. They address all aspects of high performance in an integrated and balanced way. This includes improvement of: customer and mission-related performance, productivity in the use of all resources, speed and flexibility, product and service quality, cost effectiveness, and overall program and financial performance. The systems approach to goal alignment is embedded in the integrated structure of the Criteria and the results-oriented, cause-effect linkages among the Criteria.
- The Criteria address key operating processes and results and are designed for diagnosis and feedback. All Criteria directly relate to improving organization performance; nothing is included merely for purposes of an award.
- The Criteria are non-prescriptive and adaptable. They are made of results-oriented requirements, but allow wide latitude in how the requirements are met. They do not call for specific practices or organizational structures because there are many possible approaches. The best choices depend upon many factors, including an organization's type, size, strategy, and stage of development.
- The Criteria are designed primarily to support organizations' efforts to assess and improve their internal management systems. Using the Criteria for self-assessment greatly benefits organizations concerned with improving performance and getting results.

II. APPLICATION INFORMATION AND GUIDANCE

General Eligibility

An applicant 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 or services to customers outside its own agency 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 Award Recipients

- 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 ineligible to compete for the same award for four subsequent years. For example, the U.S. Army Infantry Center and Fort Benning, winner of the 1997 Presidential Award, and all of its sub-components, may not compete again for the Presidential Award until 2001. Further, prior winners of the Award for Quality Improvement (formerly the Quality Improvement Prototype Award) or their sub-components are not eligible to compete for the Award for Quality Improvement within four subsequent years of 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 for the President's Quality Award Program, according to its size:

a) Up to 20,000 employees—4 applications

b) Up to 50,000 employees—5 applications

c) Over 50,000 employees—6 applications

d) 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.

Included in its quota, a Cabinet department or executive branch agency may submit one application for an administrative or support organization. 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 the 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.

An application that does not satisfy the requirements will not be evaluated. The applicant will be notified.

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 VII. Examiners do not review applications from organizations within their own agency or from organizations with which they have 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.

1999 Award Program Process and Time-frame

Step 1:
Application Distribution
May 1998

Step 1:
Applications will be distributed to agencies. Applications may be obtained from the U.S. Office of Personnel Management (OPM). Advance copies of the Criteria were distributed in February, 1997.

Step 2:
Agencies Establish Internal Review Process
by July 1998

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 1998

Step 3:
Prepare 15 copies of the application. Applications should be submitted to an agency-designated centralized coordinator.

Step 4:
Application Submission to OPM
Due: October 14, 1998

Step 4:
Completed applications are reviewed at the agency level before submission to OPM. Applications are due to OPM on or before October 14, 1998.

Step 5:
Application Review,
October-November 1998

Step 5:
Applications are reviewed by OPM to meet eligibility requirements. Following the initial 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. Organizations not selected for a site visit receive a feedback report prepared by an Examiner team.

Step 6:
Site Visit Review,
December 1998 -
January 1999

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

Agencies cover Examiners' travel and per diem costs of the visit. The exact number of Examiners will depend 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 1999

Step 7:
A 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 organization(s) to receive other awards.

Annual Quality Award Ceremony

Awards are presented at a special ceremony in Washington, DC. The ceremony is held in early summer each year. Award recipients of the Presidential Award for Quality and the Award for Quality Improvement receive special recognition for their outstanding accomplishments. Organizations receiving site visits may be recognized for their achievements.

Feedback Reports:
Reports Distributed
January-April 1999

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 are prepared for organizations, based on the applicants' responses to the Award Criteria.

Each report is prepared by the Examiner Team that conducted the visit, with input from the Panel of Judges.

Feedback reports contain comments on strengths and areas for improvement. A report will be prepared for each eligible applicant, and sent to the head of the applicant organization.

Award Recipients' Responsibilities

Organizations recognized by the President's Quality Award Program are those that 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 conferences and forums on Federal quality held throughout the year and at other educational programs on performance improvement;
- Host site visits for interested groups; and
- Respond to inquiries and requests for information from interested parties on performance improvement efforts.

Costs

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

III. APPLICATION INSTRUCTIONS

General Directions

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

1) Complete the Nomination Form (found in Section XII);
2) Prepare an Organization Overview (specific guidance and instructions are provided in Section IV); and
3) Prepare a written application that addresses the 20 Criteria Items described in Section V (specific guidance for responding to each Item is described in Section VIII).

The application must be able to stand on its own. Descriptions for each Area to Address should be fully responsive, and assume no prior knowledge of the organization on the part of reviewers. Responses should be concise and quantitative, where possible. Statements should be supported by facts and information. Assertions unsupported by plausible data, information, or facts will receive no credit during the application evaluation. Care should be taken to fully define 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 five 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*.

We strongly recommend that applicants prepare the Organization Overview first, and use it as a guide to write and review the written application addressing each of the 20 Criteria Items.

Guidelines for Submitting Applications

- Submit 15 copies of the completed application package. Each copy must have a nomination form.
- Submit 1 electronic version of the application text (responses to each of the 20 Items, the Organization Overview, and Glossary of Key Terms). The copy should be in ASCII file format or IBM compatible. Do not include graphs and charts on your electronic version.
- Applications must be printed or typed in *no smaller than a 12 point font or typeface*. All graphs and charts must use no smaller than a 9 point font so they are large enough to be read.
- Each sub-element (e.g., 1.1a., 1.2b.) of the Criteria must be separately labeled and addressed in the application.
- Applications should be conveniently packaged (e.g. stapled or spiral bound). Do not submit bulky, hard to transport documents. *Applications submitted in three-ring binders or comparably bulky format will not be examined.*

- The submission of multi-color print is discouraged.
- Do not use glossy paper.

Role of Examiners and Judges

The Examiners and Judges are customers in the application review process. The above specifications are based on feedback gathered directly from them. Applicants, the suppliers in the application review process, should strive to satisfy the customers' expectations of an application package that is easy to evaluate. Doing so will optimize the evaluation and selection processes, as well as enable the Examiners to produce a thorough feedback package that accurately reflects the applicant's status in relation to the Criteria.

Agency Coordinator and Contact Point

Agencies should designate a centralized coordinator responsible for serving as an internal contact point and for submitting applications to OPM. The coordinator must assure that the quota for submissions previously outlined is observed, application packages are appropriately prepared and bound, and all applicants meet the eligibility requirements. Agency submissions should be sent to the Office of Personnel Management as a package.

OPM Contact Point and Submission of Applications

For further information on eligibility requirements, procedures for applying, agency coordinator contact points, and the Award Criteria, please contact:

U.S. Office of Personnel Management
Barbara Smith
President's Quality Award Program
1900 E Street, NW Room 6468
Washington, DC 20415-0001

Telephone: (202) 606-2871
FAX: (202) 606-0919
email: bksmith@opm.gov

To apply, applicants should send 15 copies of the complete application package (including nomination form) to the appropriate contact point in their agency. The agency contact will submit applications to the above address.

Application Submission Date

The U.S. Office of Personnel Management must receive applications by *October 14, 1998*. A review will be made of each applicant to verify its eligibility. Applications received after this date will be considered ineligible for the 1999 President's Quality Award Program.

IV. ORGANIZATION OVERVIEW

Each application should include an Organization Overview. The Overview should provide background and a broad description of those important characteristics necessary to understand what is most important about the organization - its overall description (e.g., mission, size, location, etc.), major customers and their requirements, important external organizations such as suppliers and partners, and other features uniquely important to the applicant organization.

The Organization Overview is important because it provides an opportunity for the applicant to set the stage for the evaluation. It helps the Examiners to understand: 1) what is relevant and important to the applicant's mission and function, 2) key factors influencing how the organization operates, and 3) future directions of the organization. These factors significantly influence the basis for evaluating what is reported in the application. For instance, when Examiners review the applicant's Business Results (Category 7), they determine how important the reported results are in relation to the applicant's overall mission and operation. To help Examiners make that assessment, they review the results relative to the important factors reported in the Organization Overview. Examiner Team members use the Organization Overview in all stages of the review, including the site visit.

The Organization Overview should contain four sections:

1. Basic Organization Description

This section should provide the following information about the organization:

– its mission, products, and services;
– 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.

2. Customer Requirements

This section 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 rate, etc.); and
– description of significant differences, if any, in requirements among customer groups.

3. Supplier and Partnering Relationships

This section should provide the following information:

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

4. Other Strategic Factors Important to the Applicant

This section should provide information on:

– 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;
– principal factors determining performance success such as cost reduction, product innovation, technology, productivity or other changes taking place in the agency affecting program success;
– major new thrusts or future challenges;
– introduction of new technologies;
– laws or regulations significantly affecting operations; and
– new organizational alliances/partners.

The Organization Overview is limited to five pages. These are not counted in the overall application page limit of 50 or 60 pages (depending on size of the organization). Format instructions for the Organization Overview are provided in Section III.

V. 1999 PERFORMANCE EXCELLENCE CRITERIA

1999 CATEGORIES/ITEMS			POINT VALUES
1	**Leadership**		**130**
	1.1 Leadership System	95	
	1.2 Organization Responsibility and Citizenship	35	
2	**Strategic Planning**		**80**
	2.1 Strategy Development Process	40	
	2.2 Organization Strategy	40	
3	**Customer Focus**		**80**
	3.1 Customer and Market Knowledge	40	
	3.2 Customer Satisfaction and Relationship Enhancement	40	
4	**Information and Analysis**		**80**
	4.1 Selection and Use of Information and Data	25	
	4.2 Selection and Use of Comparative Information and Data	15	
	4.3 Analysis and Review of Organization Performance	40	
5	**Human Resource Focus**		**120**
	5.1 Work Systems	45	
	5.2 Employee Education, Training and Development	45	
	5.3 Employee Well-Being and Satisfaction	30	
6	**Process Management**		**110**
	6.1 Management of Product and Service Processes	70	
	6.2 Management of Support Processes	20	
	6.3 Management of Supplier and Partnering Processes	20	
7	**Business Results**		**400**
	7.1 Customer Satisfaction Results	100	
	7.2 Overall Financial and Performance Results	100	
	7.3 Human Resource Results	75	
	7.4 Supplier and Partner Results	50	
	7.5 Organization-Specific Results	75	
	TOTAL POINTS		**1000**

1 Leadership (130 pts.)

The Leadership Category examines senior leaders' personal leadership and involvement in creating and sustaining values, organization directions, performance expectations, customer focus, and a leadership system that promotes performance excellence. Also examined is how the values and expectations are integrated into the organization's leadership system, including how the organization continuously learns and improves, and addresses its societal responsibilities and community involvement.

1.1 Leadership System *(95 pts.)*

Describe the organization's leadership system and how senior leaders guide the organization in setting directions and in developing and sustaining an effective leadership throughout the organization.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Leadership System

Describe the organization's leadership system, how senior leaders provide effective leadership, and how this leadership is exercised throughout the organization, taking into account the needs and expectations of all key stakeholders. Include:

1. a description of the organization's leadership system and how it operates. Include how it addresses values, performance expectations, a focus on customers and other stakeholders, learning, and innovation; and
2. how senior leaders:
   - set and communicate organization directions and seek future opportunities for the organization, taking into account all key stakeholders;
   - communicate and reinforce values, performance expectations, a focus on customers and other stakeholders, learning, and innovation;
   - participate in and use the results of performance reviews; and
   - evaluate and improve the leadership system, including how they use their review of the organization's overall performance and employee feedback in the evaluation.

Notes:

N1. Organization performance reviews are addressed in **Item 4.3***. Responses to 1.1a(2) should, therefore, focus on the senior leaders' roles in the review of overall organization performance, not on the details of the review.*

N2. Senior leaders are normally defined as the organization's highest ranking official and those reporting to that official. A definition of leadership system is found in the Glossary of Key Terms.

For additional description of this Item, see page 34.

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

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

In your response, address the following Areas:

☒ A
☒ D
☐ R

a. Societal Responsibilities

How the organization addresses the current and potential impacts on society of its products, services, facilities, and operations. Include:

(1) key practices, measures, and targets for regulatory, legal, and ethical requirements and for risks associated with managing organization operations; and

(2) how the organization anticipates public concerns with current and future products, services and operations; assesses potential impacts on society; and addresses these concerns in a proactive manner.

b. Community Involvement

How the organization, its senior leaders, and its employees support and strengthen their key communities.

Notes:

N1. Public responsibilities in areas critical to the organization also should be addressed in Strategy Development Process **(Item 2.1)** *and in Process Management* **(Category 6).** *Society impact results (outcomes) of the organization's mission and operations should be reported in* **Category 7,** *particularly overall financial and performance results* **(Item 7.2).** *Key intermediate results, such as results of regulatory/legal compliance, environmental improvements or use of "green" technology, should be reported as Organization-Specific Results* **(Item 7.5).**

N2. Areas of community support appropriate for inclusion in 1.2b may include efforts by the organization to strengthen local community services, the environment, education, and practices of trade or business associations.

N3. Health and safety of employees are not addressed in Item 1.2; they are addressed in **Item 5.3**.

For additional description of this Item, see pages 34-35.

2 Strategic Planning (80 pts.)

The Strategic Planning Category examines how the organization sets strategic directions, and how it determines key action plans. Also examined is how the plans are translated into an effective performance management system.

2.1 Strategy Development Process *(40 pts.)*

Describe how the organization sets strategic directions to better define and strengthen its overall performance and/or competitive position.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Strategy Development Process

Describe how the organization develops strategy. Provide a brief description or diagram of the strategy development process. Include how the organization takes the following six factors into account:

(1) target customers; market requirements, including price; customer, market and public expectations; and new opportunities;

(2) the competitive and mission-related environment;

(3) risks: programmatic, financial, market, technological, and societal;

(4) human resource capabilities and needs;

(5) organization capabilities—human resource, technology, research and development, and business processes—to seek new opportunities and/or to prepare for key new requirements; and

(6) supplier and/or partner capabilities.

Notes:

N1. The approach toward strategic planning outlined in this Category is intended to be consistent with and supportive of the strategic planning requirements of the Government Performance and Results Act.

N2. Strategic direction pertains to directions set by the senior leadership. 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.

N3. The strategy development process refers to the organization's approach to a future-oriented basis for major business and/or operating decisions, resource allocations, and organization-wide management. The process might include revenue or program growth as well as cost reduction thrusts. Since government organizations have various customers (mandated, entitled, voluntary), the strategic planning process should consider the different needs of segments of customer served to the extent applicable.

*N4. Item 2.1 addresses overall organization directions and strategy. Although this might include changes in services, products, and/or product lines, the Item does not address product and service design; these are addressed in **Item 6.1**.*

For additional description of this Item, see pages 36-37.

2.2 Organization Strategy *(40 pts.)*

Summarize the organization's strategy and action plans, how they are deployed and how performance is tracked. Include key performance requirements and measures, and outline overall human resource plans. Estimate how the organization's performance projects into the future relative to competitors and/or key benchmarks.

In your response, address the following Areas:

☒ A
☒ D
☐ R

a. Strategy and Action Plans

Provide a summary of the action plans and related human resource plans derived from the organization's strategy. Briefly explain how critical action plan requirements, including human resource plans, key processes, performance measures and/or indicators and resources are aligned and deployed. Describe how performance is tracked relative to plans. Note any important differences between short- and longer-term plans and the reasons for the differences.

b. Performance Projection

Provide a two-to-five year projection of key performance measures and/or indicators from the organization's action plans. Include appropriate comparisons with competitors and/or key benchmarks. Briefly explain the comparisons, including any estimates or assumptions made in projecting competitor performance and/or benchmark data.

Notes:

N1. The development and implementation of organization strategy and action plans are closely linked to other Items in the Criteria. Applicants should describe strategies and action plans and their alignment with:

- **Item 1.1,** *particularly how senior leaders set and communicate directions;*
- **Category 3** *for gathering customer and market knowledge as input to strategy and action plans, and for implementing action plans for building and enhancing relationships;*
- **Category 4** *for information and analysis to support development of organization strategy and track progress relative to strategies and action plans;*
- **Items 5.1 and 5.2** *for work system and employee education, training, and development needs resulting from organization action plans and related human resource plans;*
- **Category 6** *for process requirements resulting from organization action plans.*

N2. In responding to Area 2.2a, 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 the strategic business 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; and (c) performance appraisal and d) compensation, recognition and benefits.*

N3. Projected measures and/or indicators of performance (2.2b) also might include changes resulting from new business opportunities, new value creation, major market shifts, and/or significant anticipated innovations in products, services, and/or technology.

For additional description of this Item, see pages 37-38.

3 Customer Focus (80 pts.)

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

3.1 Customer and Market Knowledge *(40 pts.)*

Describe how the organization determines longer-term requirements, expectations, and preferences of target and/or potential customers and markets. Describe also how the organization uses this information to understand and anticipate needs and to develop business opportunities.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Customer and Market Knowledge

Provide a brief description of how the organization learns from its former, current and potential customers and markets to support the organization's overall mission, business needs and efforts to seek new market or program opportunities. Include:

(1) how customer groups and/or market segments are determined or selected, including the consideration of customers of competitors and other potential customers and markets. Describe how the approaches to listening and learning vary for different customer groups;

(2) how the organization determines and/or projects key product and service features, their relative importance/value to customers, and new product, service or market opportunities. Describe how key information from former and current customers and markets, including customer retention and complaint information, is used in this determination; and

(3) how the organization's approach to listening to and learning from current and potential customers and markets is evaluated, improved, and kept current with changing business needs and strategies.

Notes:

N1. This Item addresses external customers only - those outside 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 customer. See the Glossary of Key Terms for a more complete definition of customers and to better understand the distinction between external and internal customers.

N2. The organization's products and services might be provided or sold to end users via other organizations such as private contractors, state and local governments or non-profit organizations. Thus, "customer groups" should take into account the requirements and expectations of both the end users and these other organizations.

N3. Product and service features [3.1a(2)] 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 support loyalty—for example, those features that differentiate products and services from competing (or similar government) offerings. These might include price, *value, delivery, customer or technical support, or the program marketing/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 key input to strategic planning* **(Item 2.1)**. *However, strategic plans could also result in a need for new or additional customer market information, new ways to gather information and/or new customers and segments from which to gather information.*

For additional description of this Item, see pages 39-40

3.2 Customer Satisfaction and Relationship Enhancement *(40 pts.)*

Describe how the organization determines and enhances the satisfaction of its customers to build relationships, to improve current offerings, and to support customer and market-related planning.

In your response, address the following Areas:

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

a. Accessibility and Complaint Management

How the organization provides access and information to enable customers to seek assistance, to conduct business, and to voice complaints. Include:

(1) how the organization determines customer contact requirements, deploys the requirements to all employees who are involved in meeting the requirements, and evaluates and improves customer contact performance; and

(2) a description of the organization's complaint management process. In this description, explain how the organization ensures that complaints are resolved effectively and promptly, and that complaints received by all organization units are aggregated and analyzed for use throughout the organization.

b. Customer Satisfaction Determination

How the organization determines customer satisfaction and dissatisfaction. Include:

(1) a brief description of process measures and data used to determine customer satisfaction and dissatisfaction. Describe how the measures capture actionable information that reflects customers' future business with the organization and/or positive referral. Indicate significant differences, if any, in methods and/or measurement scales for different customer groups or market segments;

(2) how the organization follows up with customers on products, services and recent transactions to receive prompt and actionable feedback; and

(3) how the organization obtains objective and reliable information on customer satisfaction relative to its competitors and/or similar organizations inside or outside government.

c. Relationship Building

Describe:

(1) how the organization builds loyalty, positive referral, and relationships with its customers. Indicate significant differences, if any, for different customer groups or market segments.

(2) how the organization's processes for providing access, determining customer satisfaction, and building relationships are evaluated, improved, and kept current with changing mission and business needs and strategies.

Notes:

N1. 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 and program data, and complaints.

N2. Customer satisfaction measurement might include both a numerical rating scale and descriptors for each unit in the scale. Effective (actionable) customer satisfaction measurement provides reliable information about customer ratings of specific product, service and relationship features, and 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.*

N3. Customer relationships (3.2c) might include the development of partnerships or alliances.

N4. Customer satisfaction and dissatisfaction results should be reported in **Item 7.1.** *Information on operational measures that contribute to customer satisfaction or dissatisfaction should be reported in* **Item 7.5**. *For example, information on trends and levels in measures and/or indicators of complaint handling effectiveness, such as complaint response time, effective resolution, and percent of complaints resolved on first contact, should be reported in* **Item 7.5.**

For additional description of this Item, see pages 40-41.

4 Information And Analysis (80 pts.)

The Information and Analysis Category examines the management and effectiveness of the use of data and information to support key organization processes and the organization's performance management system.

4.1 Selection and Use of Information and Data *(25 pts.)*

Describe the organization's selection, management, and use of information and data needed to support key organization processes and improve organization performance.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Selection and Use of Information and Data

Describe:

(1) the main types of information and data, financial and non-financial, and how each type relates to key organization processes and plans. Briefly explain how the information and data are integrated into measurements that can be used to track and improve the organization's performances;

(2) how the information and data are deployed to users to support effective management and evaluation of key organizational goals;

(3) how key user requirements, including rapid access and reliability, are met; and

(4) how information and data, their deployment, and effectiveness of use are evaluated, improved, and kept current with changing business or mission needs.

Notes:

N1. "Users" [4.1a(2,3)] refers to organization work units and to those outside the organization who have access, e.g. customers, suppliers, and business partners, as appropriate.

N2. The main types of data and information called for in Item 4.1a are those which are key to the organization; therefore, they should also be linked to the organization's operations, systems and processes described in the **Organization Overview** *and in* **Category 6.**

N3. Deployment of information and data might be via electronic or other means. Reliability [4.1a(3)] includes software and delivery systems.

For additional description of this Item, see pages 41-42.

4.2 Selection and Use of Comparative Information and Data *(15 pts.)*

Describe the organization's selection, management, and/or use of comparative information and data to improve the organization's overall performance and competitive position.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Selection and Use of Comparative Information and Data

Describe:

(1) how needs and priorities for comparative information and data are determined, taking into account key organization processes, action plans and opportunities for improvement;

(2) the organization's criteria and methods for seeking sources of appropriate comparative information and data—from within and outside of the organization's agency, industry and/or markets;

(3) how comparative information and data are used to set stretch targets and/or to encourage performance breakthroughs; and

(4) how comparative information and data, their deployment, and effectiveness of use are evaluated and improved. Describe how priorities and criteria for selecting benchmarks and comparisons are kept current with changing mission and business needs and strategies.

Notes:

N1. Comparative information and data include benchmarking and/or comparisons with competitors or similar organizations. Benchmarking refers to processes and results that represent best practices and performance for similar activities, inside or outside the organization's agency or industry. Competitive comparisons are less detailed than benchmarking and focus on results of similar processes, often without detailed exploration of the differences in underlying methods. See the Glossary of Key Terms for a more complete description of benchmarking and the distinction between benchmarking and competitive comparisons.

N2. For organizations which 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 additional description of this Item, see pages 42-43.

4.3 Analysis and Review of Organization Performance *(40 pts.)*

Describe how the organization analyzes and reviews overall performance to assess progress relative to plans and to identify key areas for improvement.

In your response, address the following Areas:

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

a. Analysis of Data

How performance data from all parts of the organization are integrated and analyzed to assess overall organization performance in key areas. Describe the principal financial and non-financial measures integrated and analyzed to determine:

(1) customer-related performance;

(2) operational performance, including product and service performance;

(3) competitive performance; and

(4) financial and/or market-related performance.

b. Review of Organization Performance

Describe:

(1) how organization performance and capabilities are reviewed to assess progress relative to goals, plans, and changing business and mission needs. Describe the performance measures regularly reviewed by the organization's senior leaders; and

(2) how review findings are translated into improvement priorities, decisions on resource allocation, and opportunities for innovation. Describe also how these findings are deployed throughout the organization and, as appropriate, to the organization's suppliers and/or business or delivery partners.

Notes:

N1. Analysis includes trends, projections, comparisons, cause-effect relationships, and correlations intended to support the setting of priorities for resource use. Accordingly, analysis draws upon many types of data: operational, customer-related, financial, and economic.

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

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

N4. Responses to this Item might include information on how organization performance information is used to identify low price and "best value" providers of the organization's products and/or services.

For additional description of this Item, see pages 43-44.

5 Human Resource Focus (120 pts.)

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

5.1 Work Systems *(45 pts.)*

Describe how the organization's work and job design and its compensation and recognition approaches enable and encourage all employees to contribute effectively to achieving the organization's performance and learning objectives.

In your response, address the following Areas:

☒ A
☒ D
☐ R

a. Work and Job Design

How work and jobs are designed and how employees, including managers and supervisors contribute to ensure:

(1) design, management, and improvement of organizational work processes that support the organization's action plans and related human resource plans. Include how work processes are designed and managed to encourage individual initiative and self-directed responsibility;

(2) flexibility, rapid response, and learning in addressing current and changing customer, mission and operational requirements; and

(3) effective communications, cooperation, and knowledge and skill sharing across work functions, units and locations.

b. Compensation and Recognition

How the organization's compensation and recognition approaches for individuals and groups, including managers and supervisors reinforce overall objectives for customer satisfaction, performance improvement, and employee and organization learning. Describe significant differences, if any, among different categories or types of employees.

Notes:

N1. For purposes of the Criteria, employees include the organization's permanent, temporary, and part-time personnel as well as any contract employees supervised by the organization. Any contract employees supervised by the contractor 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 includes work teams, process teams, customer-action teams, problem-solving teams, functional units, and cross-functional teams, 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.

N3. Compensation and recognition refer to all aspects of pay and reward, including promotions and bonuses that might be based upon performance skills acquired and other factors. This includes monetary and non-monetary, formal and informal, and individual and group compensation and recognition.

For additional description of this Item, see page 45.

5.2 Employee Education, Training and Development *(45 pts.)*

Describe how the organization's education and training support the accomplishment of key organizational action plans and address organization needs. Include building knowledge, skills, and capabilities, and contributing to improved employee performance and development.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Employee Education, Training and Development

Describe:

(1) how education and training support the organization's key action plans and needs, including longer-term employee development and learning, and leadership development of employees;

(2) how education and training are designed to support the organization's work systems. Include how the organization seeks input from employees and their supervisors/managers in education and training design;

(3) how education and training, including orientation of new employees, are delivered;

(4) how knowledge and skills are reinforced on the job; and

(5) how education and training are evaluated and improved, taking into account organization and employee performance, employee development and learning, leadership development objectives, and other factors.

Notes:

N1. Education and training address the knowledge and skills employees need to meet their overall work and development objectives.

N2. Education and training delivery [5.2a(3)] might occur inside or outside the organization and include on-the-job, classroom, computer-based, distance education, or other types of delivery.

N3. Other factors in Item 5.2a.(5) might include effectiveness of incentives in promoting skill building, benefits and costs of education and training, most effective means and timing for training delivery, and effectiveness of cross-training.

For additional description of this Item, see page 46.

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

Describe how the organization maintains a work environment and work climate that support the well-being, satisfaction, and motivation of employees.

In your response, address the following Areas:

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

a. Work Environment

How the organization maintains a safe and healthful work environment. Describe how employee well-being factors such as health, safety, diversity and ergonomics are addressed in improvement activities. Briefly describe key measures and targets for each of these environmental factors and how employees take part in establishing these measures and targets. Note significant differences, if any, based upon different health and safety factors in the work environments of employee groups or work units.

b. Employee Support Services

How the organization builds and enhances its work climate for the well being, satisfaction, and motivation of all. Describe:

(1) organization services, benefits and actions to support employees; and

(2) a brief summary of how senior leaders, managers, and supervisors encourage and motivate employees to develop and utilize their full potential.

c. Employee Satisfaction

How the organization assesses the work environment and climate. Include:

(1) a brief description of formal and informal methods used to determine the key factors that affect employee well-being, satisfaction, and motivation. Note important differences in methods, factors, or measures for different categories or types of employees, as appropriate; and

(2) how the organization relates employee well-being, satisfaction, and motivation results to key business or performance results and/or objectives to identify improvement activities.

Notes:

N1. Services, benefits and actions to support employees [5.3b(1)] might include: counseling; career development and employability services; recreational or cultural activities; non-work-related education; day care; special leave for family responsibilities and/or for community service; safety off the job; flexible work hours; and out placement.

N2. Specific factors that might affect satisfaction, well-being, and motivation [5.3c(1)] include: effective employee problem or grievance resolution, safety, employee views of management, employee development and career opportunities, employee preparation for changes in technology or work organization, work environment, workload, cooperation and teamwork, recognition, benefits, communications, job security, compensation, diversity, equality of opportunity, and capability to provide required services to customers.

N3. Measures and/or indicators of well-being, satisfaction, and motivation (5.3c) might include safety, absenteeism, turnover, turnover rate for customer-contact employees, grievances, strikes, and worker compensation, as well as results of surveys. Results relative to such measures and/or indicators should be reported in **Item 7.3***.*

For additional description of this Item, see page 47-48.

6 Process Management (110 pts.)

The Process Management Category examines the key aspects of process management, including customer-focused design, product- and service-delivery processes, support processes, and supplier and partnering processes involving all work units. The Category examines how key processes are designed, effectively managed, and improved to achieve better performance.

6.1 Management of Product and Service Processes *(70 pts.)*

Describe how products and services are designed, implemented and improved. Describe also how production/delivery processes are designed, implemented, and improved.

In your response, address the following Areas:

☒ A
☒ D
☐ R

a. Design Processes

How new, modified and customized products and services, and production/delivery processes are designed and implemented. Include:

(1) how changing customer 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 and tested to ensure the trouble-free introduction and delivery of products and services; and

(4) how design processes are evaluated and improved to achieve better performance, including improvements to products and services, transfer of learning to other organization units and projects, and reduce cycle time.

b. Production/Delivery Processes

How the organization's key product and service production-delivery processes are managed and improved. Include:

(1) a description of the key processes, their principal requirements, and their relationship to customer requirements;

(2) how the processes are managed to maintain process integrity and to ensure that products and services will meet operational and customer requirements. Include a description of key in-process measurements and customer interactions, as appropriate; and

(3) how product and service processes are evaluated and improved to achieve better performance, including improvements to products and services, and the transfer of learning to other organization units and projects.

Notes:

N1. Some organizations are required to rely on processes mandated by their parent organization. Responses to this Category should reflect the applicant's efforts to manage and improve its own processes within the parameters and guidelines established by headquarters, as well as any contributions by the applicant to improve the parent organization's mandated processes.

N2. The relative importance of, and relationship between, design processes and production/delivery processes depend on many factors, including the nature of the mission, products and services, technology requirements, and requirements of customer/supplier relationships. For example, a developer of customized products or services would address this Item differently than an innovation-intensive producer of high volume, high technology products. Other approaches would be appropriate for a small service organization that develops new services where delivery process changes depend on an ongoing dialog with the customer. Responses to Item 6.1 should address the most critical requirements to organizational success.

N3. Responses to 6.1a(1) should include how customer and stakeholder reviews of designs are accomplished, as appropriate.

N4. Responses to 6.1a(3) should include key supplier participation, as appropriate.

N5. Process evaluation and improvement [6.1a(4)] and [6.1b(3)] could include process analysis, research and development results, benchmarking, use of alternative technology, and information from internal and external customers.

N6. Results of improvements in product and service design and delivery processes, product and service quality results, and results of improvements in products and services should be reported in **Item 7.5**.

N7. Significant changes in products, services, and production/delivery processes will often result from the organization strategy discussed in **Item 2.2**.

For additional description of this Item, see pages 48-50.

6.2 Management of Support Processes *(20 pts.)*

Describe how the organization's key support processes are designed, implemented, managed, and improved.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Management of Support Processes

How key support processes are designed, implemented, managed, and improved so that current and future requirements are met. Include:

(1) how key requirements are determined or set, incorporating input from internal and external customers, as appropriate;

(2) how key support processes are designed to meet customer, quality and operational performance requirements;

(3) a description of the key support processes and their principal requirements;

(4) how the processes are managed to maintain process performance and to ensure results will meet operational and customer requirements. Include a description of key in-process measurements and/or customer interactions, as appropriate; and

(5) how the processes are evaluated and improved to achieve better performance, including reduced cycle time and transfer of learning to other organizations.

Notes:

N1. The purpose of Item 6.2 is to permit organizations to highlight separately the processes that support the product and service design, and production and delivery processes addressed in **Item 6 1.** *The support processes included in Item 6.2 depend on the factors relevant to the organization's business or mission. Thus, the selection of support processes to be covered should be made by the organization. Together,* **Items 6.1**, *6.2, and* **6.3** *should cover all key operations, processes and activities of all work units.*

For additional description of this Item, see page 50.

N2. Process evaluation and improvement [6.2a(5)] could include process analysis and research, benchmarking, use of alternative technology, and information from internal and external customers. Information from external customers could include information described in **Items 3.2** and **4.3**.

N3. Results of improvements in support processes and performance of key support processes should be reported in **Item 7.5**.

6.3 Management of Supplier and Partnering Processes *(20 pts.)*

Describe how the organization's supplier and partnering processes and relationships are designed, implemented, managed and improved. Describe also how supplier and partner performance is managed and improved.

In your response, address the following Area:

☒ A
☒ D
☐ R

a. Management of Supplier and Partnering Processes

Describe:

(1) how supplier and partnering processes are designed to meet overall performance requirements, including how key suppliers and partners are selected, as appropriate. Include a brief summary of the principal performance requirements for key suppliers and partners, and describe how partners and preferred suppliers are selected, as appropriate;

(2) how the organization ensures that these requirements are met. Describe how suppliers' and partners' performance is evaluated, including key measures, expected performance levels, any incentive systems used, and how performance information is fed back to suppliers and partners; and

(3) how the organization evaluates and improves its management of supplier and partnering processes to achieve better performance. Discuss current actions and plans to improve suppliers' and partners' abilities to contribute to achieving your organization's performance goals. Include actions to minimize costs associated with inspection, test, or other performance audits; and actions to enhance supplier and partner knowledge of your organization's needs and their ability to respond to those needs.

Notes:

N1. Supplier and partnering processes could include organization processes for supply chain improvement and optimization, beyond direct suppliers and partners.

N2. In 6.3a(1), key suppliers and partners are those selected on the basis of volume of business or criticality of their supplied products and/or services; preferred suppliers and partners are those selected on the basis of performance criteria.

N3. Results of improvements in supplier and partnering processes and supplier/partner performance results should be reported in **Item 7. 4**.

For additional description of this Item, see pages 50-51.

7 Business Results (400 pts.)

The Business Results Category examines the organization's performance and improvement in the key business areas of customer satisfaction, overall financial/program performance, human resource, supplier and partner performance, and operational performance. Also examined are performance levels relative to competitors and/or similar organizations.

7.1 Customer Satisfaction Results *(100 pts.)*

Summarize the organization's customer satisfaction and dissatisfaction results.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Customer Satisfaction Results

Summarize current levels and trends for key measures and/or indicators of customer satisfaction and dissatisfaction, including satisfaction relative to competitors and/or similar organizations inside or outside government.

Notes:

N1. Customer satisfaction results reported in this Item derive from determination methods described in **Item 3.2**.

N2. Measures and/or indicators of customer satisfaction and satisfaction relative to competitors and/or similar organizations inside or outside government might include information on customer-perceived value.

N3. Measures and/or indicators of satisfaction relative to competitors and/or similar organizations inside or outside government might include objective information and data from customers and independent organizations. Comparative performance of products and services should be addressed in **Item 7.5**.

N4. Item 7.1 should only include results of performance in satisfying customers external to the organization itself. This includes results in satisfying higher headquarters and other units within the parent organization which are separate from the applicant organization itself. Results of performance in satisfying internal customers should be reported in other Items (i.e., results of efforts to satisfy organization members should be reported in **Item 7.3**, *Human Resource Results, and results of efforts by internal support functions to satisfy their customers within the organization should be reported in* **Item 7.5**, *Organization-Specific Results).*

For additional description of this Item, see page 51.

7.2 Overall Financial and Performance Results *(100 pts.)*

Summarize the organization's key financial and overall performance results.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Overall Financial and Performance Results

Provide results of:

(1) financial performance, including aggregate measures of financial return and/or economic value, as appropriate; and fiscal stewardship performance, including resource utilization and overall financial management of the organization's business.

(2) overall operating and/or program performance, including attainment of performance goals and objectives not reflected in aggregate measures of financial performance reported in 7.2a.(1) or marketplace results reported in 7.2a.(3).

(3) marketplace performance, including business growth, new markets, and other indicators of market performance, as appropriate.

For all quantitative measures and/or indicators of performance, provide current levels and trends. Include appropriate comparative data.

Notes:

N1. Item 7.2 should include only top-level results showing aggregate measures of overall organizational performance. These results are typically captured in the agency's performance plan goals or similar strategic 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 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 performance.

N2. 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.

N3. Responses to 7.2a(2) might include non-financial measures of operating and/or program performance used to define the overall level of performance achieved by the activity or program, such as progress in meeting performance outcomes, and goals and objectives established to meet the requirements of the Government Performance and Results Act.

N4. For those organizations involved in market-type activities, key results presented in response to 7.2a(3) are often measured in terms of financial and market performance, as they are in private sector commercial activities. For others in the public sector which do not operate in a market environment, non-financial and non-market measures [7.2a(2)] may be the most useful measures of operating and/or program performance. Accordingly, respondents are given flexibility to report results in 7.2a(2) and/or 7.2a(3), as appropriate.

For additional description of this Item, see page 52.

7.3 Human Resource Results *(75 pts.)*

Summarize the organization's human resource results, including employee well-being, satisfaction, development, and work system performance.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Human Resource Results

Summarize current levels and trends in key measures and/or indicators of employee well-being, satisfaction, development, work system improvement, and effectiveness. Address all categories and types of employees, as appropriate. Include appropriate comparative data.

Notes:

N1. The results reported in this Item should address results from activities described in **Category 5**. *The results should be responsive to key process needs described in* **Category 6**, *and the organization and human resource strategy described in* **Item 2.2**.

N2. Appropriate indicators of employee satisfaction, diversity, well-being, development, and effectiveness include safety, absenteeism, turnover, turnover rate for customer-contact employees, grievances, strikes, worker compensation, innovation and suggestion rates, courses completed, and cross-training, as well as results of employee surveys.

N3. Appropriate measures and/or indicators of work system improvements and effectiveness might include job and job classification simplification, job rotation, work layout, work locations, and changing supervisory ratios.

N4. Results reported here should be clearly linked to the overall performance goals and objectives of the organization described in the ***Organization Overview***, *and/or to Customer Satisfaction Results* **(Item 7.1)** *or Overall Financial and Performance Results* **(Item 7.2)**.

For additional description of this Item, see pages 52-53.

7.4 Supplier and Partner Results *(50 pts.)*

Summarize results of the organization's supplier and partner performance.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Supplier and Partner Results

Summarize current levels and trends in key measures and/or indicators of supplier and partner performance. Include organization cost and/or performance improvements attributed to supplier and partner performance, as appropriate. Include appropriate comparative data.

Notes:

N1. The results reported in this Item should relate directly to processes and requirements described in **Item 6.3**.

N2. Results reported here should be clearly linked to the overall performance goals and objectives of the organization described in the ***Organization Overview***, *and/or to Customer Satisfaction Results* **(Item 7.1)** *or Overall Financial and Performance Results* **(Item 7.2)**.

For additional description of this Item, see page 53.

7.5 Organization-Specific Results *(75 pts.)*

Summarize key organization operational performance results that significantly contribute to key organization goals—customer satisfaction, operational effectiveness, financial, and overall operating and/or program performance.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Organization-Specific Results

Summarize key organization-specific results which contribute to the attainment of the organization's overall performance results, such as those results derived from: product and service quality and performance; key process performance; productivity, cycle time, and other effectiveness and efficiency measures; regulatory/legal compliance; and other results supporting the organization's strategy, such as new product or service introductions. For all quantitative measures and/or indicators of performance, provide current levels and trends. Include appropriate comparative data.

Notes:

N1. Results reported in Item 7.5 generally fall in two categories: (a) those which contribute to 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 ***Organizational Overview****,* **Items 1.1, 2.2, 6.1** or **6.2***, and/or to 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.** *They often are unique measures the organization has developed to track performance in areas important to the organization.*

N2. Results reported in Item 7.5 should provide key information for analysis and review of organization performance **(Item 4.3)** *and should provide the operational basis (directly or indirectly) for organization financial and overall operating and/or program results* **(Item 7.2)** *and customer satisfaction* **(Item 7.1)***. 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 established under the requirements of the Government Performance and Results Act.*

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 pages 53-54.

VI. CATEGORY, ITEM AND AREA DESCRIPTIONS

Leadership (Category 1)

Leadership is the focal point within the Criteria for presenting the organization's senior leadership management style and describing how the senior leaders guide the organization in setting directions. This Category includes how the senior leaders create a leadership system based upon clear values and high performance expectations, that addresses the needs of all stakeholders. Senior leaders are normally defined as the applicant's highest ranking official and those reporting to that official. This Category also includes the organization's responsibilities to the public and how the organization practices good citizenship.

1.1 Leadership System

This Item addresses how the organization's senior leaders set directions and build and sustain a leadership system conducive to high performance, individual development, initiative, and organizational learning. The Item asks how leadership takes into account all key stakeholders—customers, employees, suppliers, partners, Congress, the public, and the community.

The Item calls for information on the major aspects of leadership—creating values and expectations; setting directions; projecting a strong customer focus; developing and maintaining an effective leadership system; and effectively communicating values, directions, expectations, and a strong customer focus. Setting directions includes creating future opportunities for the organization and its stakeholders. An effective leadership system promotes continuous learning not only to improve overall performance, but also to improve senior leaders' own leadership skills and involve all employees in the ongoing challenge to enhance customer value. To be successful, leadership must ensure that the organization captures and shares learning. Leadership communications are critical to the organization's success. Effective communication includes ongoing demonstrations that stated values, directions, and expectations are indeed the basis for the organization's key decisions and actions. Communications need to include performance objectives and measures that help provide focus as well as alignment of organization units and work processes.

This Item includes the senior leaders' roles in reviewing overall organization performance. This aspect of leadership is crucial because reviews help to build consistency between goals and the allocation of resources. A major aim is to create organizations that are flexible and responsive—changing easily to adapt to new needs and opportunities. Through their roles in developing strategy and reviewing organization performance, senior leaders develop leadership and create an organization capable of adapting to changing opportunities and requirements.

1.2 Organization Responsibility and Citizenship

This Item addresses how the organization integrates its values and expectations regarding its public responsibilities and citizenship into its performance management practices.

Area 1.2a calls for information on how the organization addresses two basic aspects of public responsibility in planning facilities, products, services, and operations: (1) making legal and ethical requirements and risk factors an integral part of performance management and improvement; and (2) sensitivity to issues of societal concern, whether or not these issues are currently embodied in law.

Fulfilling public responsibilities means not only meeting all local, state, and Federal laws and regulatory requirements, but also treating these and related requirements as areas for improvement—beyond mere compliance. This means that the organization should maintain constant awareness of potential public impacts related to its products, services, facilities, and operations.

Area 1.2b calls for information on how the organization practices good citizenship in its key communities. The issues in this Area relate to the organization as a contributing member of different types of communities and as a positive influence upon other organizations. Opportunities for involvement and leadership include efforts by the organization and its employees to strengthen community services, education, health care, the environment, and practices of governmental, trade, and business associations. The level of involvement and leadership is dependent upon organization size and resources. Activities include community service by employees that is encouraged, supported, and recognized by the organization. For example, organizations and their employees could help to influence the adoption of higher standards in education by communicating employability requirements to schools and to other education organizations. Organizations could partner with other governmental organizations, businesses and health care providers to improve health in the local community by providing education and volunteer services to address public health issues. Organizations also could partner to influence governmental, trade, and business associations to engage in generally beneficial cooperative activities, such as the sharing of best practices to improve overall performance excellence.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and performance planning and deployment of plans. This includes effective development, translation, and deployment of overall customer and operational performance requirements derived from strategy. The Category stresses that customer-driven quality and operational performance excellence are key strategic performance issues that need to be an integral part of overall organization planning.

Specifically:

- Customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, and new markets—key factors in competitiveness, fiscal responsibility, and performance excellence.
- 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 fitness.

The Criteria emphasize that improvement and learning must be integral parts of the daily activity of all work units. The special role of Strategic Planning is to guide daily work, aligning it with the organization's strategic directions, thereby ensuring that improvement reinforces organization priorities.

The Strategic Planning Category examines how organizations:

- Understand the key customer and operational requirements as inputs to setting strategic directions. This helps ensure that ongoing process improvements will be aligned with the organization's strategic directions.
- Optimize the use of resources, ensure the availability of trained human resources, and ensure bridging between short-term and longer-term requirements that may entail capital expenditures, supplier development, training, etc.
- Ensure that deployment will be effective—that there are mechanisms to transmit requirements and achieve alignment on three basic levels: (1) organization/executive 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 sustained high-level performance against strategic goals and objectives. These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles. Nor does the Strategic Planning Category imply that all improvements could or should be planned in advance. Rather, the Category recognizes that an effective improvement system combines improvements of many types and extents and requires clear strategic guidance, particularly when improvement alternatives compete for scarce resources. In most cases, priority setting depends heavily upon a cost rationale. However, there might also be critical requirements such as public responsibilities which are not driven by cost considerations alone.

This 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 submission 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 Process

This Item addresses how the organization develops its view of the future, sets strategic directions, and translates these directions into a clear and actionable basis for communicating, deploying, and aligning critical requirements. A description of how the organization develops strategic and performance plans to meet the provisions of the Government Performance and Results Act is appropriate for inclusion in this Item.

The focus of the Item is on performance excellence and competitive leadership. Such leadership usually depends upon attainment of mission-related outcomes, goals and objectives, as well as on operational effectiveness. This requires the creation of a view of the future that takes into account not only the current mission environment, markets or segments to compete in but also how to adjust to changing requirements and how to compete. "How to compete" presents many options and requires a good understanding of the organization's and competitors' strengths and weaknesses. Operationalizing the strategy in the form of action plans is intended to highlight the importance of clear and measurable performance objectives. These objectives serve to guide the design and management of key processes. The objectives may also serve to align communications, human resource capabilities and compensation and recognition systems with performance objectives. Although no specific time horizon is included, the thrust of the Item is sustained competitive and performance excellence leadership.

Area 2.1 calls for information on all of the key influences, challenges, and requirements that might affect the organization's future opportunities and directions — taking as long a view as possible. The main purpose of the Area is to provide a thorough and realistic context for the development of a customer-, market- and mission-focused strategy to guide ongoing decision making, resource allocation, and organization-wide management. An increasingly important part of strategic planning is projecting the future mission and/or competitive environment. The purposes of such projections are to detect and reduce threats, to shorten reaction time, and to identify opportunities. Organizations might use a variety of modeling scenarios, or other techniques and judgments to project the competitive environment.

Pricing is also increasingly important to competitive success and customer satisfaction. Often this means that organizations' strategies need to address cost levels dictated by anticipated price levels, rather than planning to set prices to cover their costs.

2.2 Organization Strategy

This item addresses the organization's action plans and how they are deployed. The Item also calls for a projection of the organization's performance. The main intent of the Item is effective operationalizing of the organization's directions, incorporating measures that permit clear communication, and tracking of progress and performance. The organization strategy might include how the organization deploys strategic and performance plans to meet the major provisions of the Government Performance and Results Act.

Area 2.2a calls for information on the organization's action plans and how these plans are deployed. This includes spelling out key performance requirements and measures, as well as aligning work unit, supplier, and/or partner plans. Of central importance in this Area is how alignment and consistency are achieved—such as through key processes and measurements. These are also intended to provide a basis for prioritizing ongoing improvement activities—part of the daily tasks of all work units.

This Area addresses critical action plan requirements that include key human resource plans to support the overall strategy and action plans. Examples of human resource plan elements that might be part of a comprehensive plan are:

– redesigns of work organizations and/or jobs to increase employee responsibility and decision making;

– initiatives to promote labor-management cooperation, such as partnerships with unions;
– creation or modification of compensation and recognition systems based on building shareholder value and/or customer satisfaction;
– prioritization of employee problems based upon potential impact on productivity;
– development of hiring criteria and/or standards;
– creation of opportunities for employees to learn and use skills that go beyond current job assignments through the redesign of processes or organizations;
– education and training initiatives, including those that involve developmental assignments;
– formation of partnerships with educational institutions to develop employees or to help ensure the future supply of well-prepared employees;
– establishment of partnerships with other organizations and/or networks to share training and/or spread job opportunities;
– introduction of distance education or other technology based learning approaches; and
– integration of customer and employee surveys.

Area 2.2b calls for a two-to-five year projection of key measures and/or indicators of the organization's performance. It also calls for a comparison of projected performance versus competitors and/or similar organizations inside or outside government, and key benchmarks. This projection/comparison is intended to encourage organizations to improve their ability to understand and track dynamic, competitive performance factors. Through this tracking process, organizations should be better prepared to take into account their rates of improvement relative to competitors and/or similar organizations inside or outside government as a diagnostic management tool.

In addition to improvement relative to past performance and competitors, projected performance also might include changes resulting from new business and mission opportunities, product/service innovations, or other strategic directions.

Customer Focus (Category 3)

Customer Focus is the focal point within the Criteria for examining 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. Vital information for understanding the voices of customers and of the marketplace must come from customer satisfaction results. In many cases, these 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

This Item examines how the organization determines emerging customer requirements and expectations. In a rapidly changing public service and competitive environment, many factors may affect customer preference and customer loyalty, making it necessary to listen and learn on a continuous basis. To be effective, such 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 the overall value chain.

A wide variety of listening and learning strategies should be considered. Selection depends upon the type and size of business and other factors.

Examples of approaches that might be part of listening and learning strategies are:

– relationship building, including close integration with customers;
– rapid innovation and field trials of products and services to better link research and development (R&D) and design to the market and/or mission requirements;
– close tracking of technological, competitive, societal, environmental, economic, and demographic 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 of employees, particularly front-line employees, in customer listening;
– use of critical incidents such as complaints to understand key service attributes from the point of view of customers and front line employees;
– interviewing lost customers to determine the factors they use in their purchasing decisions;
– won/lost and comparative analysis relative to competitors and/or similar organizations inside or outside government;
– post-transaction follow up; and
– analysis of major factors affecting key customers.

This Item seeks information on how organizations recognize market segments, customers of competitors or similar organizations inside or outside government, and/or other potential customers. Accordingly, the Item addresses how the organization tailors its listening and learning to different groups and 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 the use of data and information, such as complaints and gains and losses of customers, from current customers and markets.

This Item also addresses how the organization improves its listening and learning strategies, with a focus on keeping current with changing business needs.

3.2 Customer Satisfaction and Relationship Enhancement

This Item addresses how the organization effectively manages its responses to and follow-ups with customers. Relationship enhancement provides a potentially important means for organizations to understand and manage customer expectations. Also, front-line employees may provide vital information to build partnerships and other longer-term relationships with customers.

This Item also addresses how the organization determines customer satisfaction and satisfaction relative to competitors and/or similar organizations inside or outside government. Satisfaction relative to competitors and/or similar organizations and the factors that lead to preference are of critical importance to managing in a dynamic and/or competitive environment.

Overall, Item 3.2 emphasizes the importance of getting actionable information such as complaints and feedback from customer contacts. To be actionable, the information gathered should meet two conditions: (1) responses are tied directly to key operating processes, so that opportunities for improvement are clear; and (2) responses are translated into cost/revenue or cost/benefit implications to support the setting of improvement priorities.

Area 3.2a calls for information on how the organization provides easy access for customers seeking information or assistance and/or to comment and complain. The Area calls for information on how customer contact requirements are determined and deployed. Such deployment needs to take into account all key points in the response chain—all units or individuals in the organization that make effective responses possible.

Area 3.2a also addresses the complaint management process. The principal issue is prompt and effective resolution of complaints, including recovery of customer confidence. However, the Area also addresses how the organization learns from complaints and ensures that production/delivery process employees receive information needed to eliminate the causes of complaints. Effective elimination of the causes of complaints involves aggregation of complaint information from all sources for evaluation and use throughout the organization.

The complaint management process might include analysis and priority setting for improvement projects based upon the potential cost impact of complaints, taking into account customer retention related to resolution effectiveness.

Area 3.2b addresses how the organization determines customer satisfaction. Three types of requirements are considered:

- How the organization follows up with customers regarding products, services, and recent transactions to determine satisfaction and to resolve problems.
- How the organization gathers information on customer satisfaction, including any important differences in approaches for different customer groups or segments. This

highlights the importance of the measurement scale in determining those factors that best reflect customers' behaviors—repurchase, new business, and positive response to products or services.

- How satisfaction relative to competitors and/or similar organizations inside or outside government is determined. Such information might be derived from organization-based comparative studies or studies made by independent organizations. The purpose of this comparison is to develop information that can be used for improving performance relative to competitors or mission objectives and to better understand the factors that drive markets and mission accomplishment.

Area 3.2c addresses relationship building—how the organization builds loyalty and positive referral. Increasingly, business success, business development, and product/service innovation depend upon maintaining close relationships with customers. Approaches to relationship building vary greatly, depending on products/services and types of customers. Hence, Area 3.2c addresses how relationship building is tailored to customer groups, and market and mission segments. Avenues to, and bases for, relationship building change quickly. Accordingly, this Area addresses how the organization evaluates and improves its customer relationship building and ensures that approaches are kept current with changing mission and business needs.

Information and Analysis (Category 4)

Information and Analysis is the main point within the Criteria for all key information to effectively manage the organization and to drive improvement of organization performance and competitiveness. In simplest terms, Category 4 is the "brain center" for the alignment of an organization's operations with its strategic directions. However, since information, information technology, and analysis might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

4.1 Selection and Use of Information and Data

This Item addresses the organization's selection, use, and management of information and data to support overall performance goals, with strong emphasis on process management and performance improvement. Overall, the Item represents a key foundation for a performance-oriented organization that effectively utilizes non-financial and financial information and data.

The Item examines the main types of data, financial and non-financial, and how each type relates to key organization processes and action plans. In addition, the Item examines a central requirement in an effective performance management system—the integration of information and data into measurements. Also examined is the deployment of information and data to users, with emphasis on alignment of data and information with key goals. The effective management of the information/data system itself—rapid access and reliability—is examined in connection with user requirements. Finally, the Item examines how overall requirements, including effectiveness of use, deployment, and ability to keep current with changing business or mission needs, are met.

Although the main focus of this Item is on information and data for the effective management of performance, information, data, and information technology often have major strategic significance as well. For example, information technology could be used to accumulate and disseminate unique knowledge about customers and markets, which would enable the organization to quickly "customize" products and services. Also, information technology and the information and data made available through such technology could be of special advantage in networks or alliances with other organizations. Responses to this Item should take into account such strategic use of information and data. Accordingly, "users" should then be interpreted as business- or program-delivery partners as well as internal organization units.

4.2 Selection and Use of Comparative Information and Data

This Item addresses external drivers of improvement—data and information related to competitors and/or best practices. Such data usually have both operational and strategic value.

The Item calls for information on how competitive comparisons (or comparisons with organizations with similar mission, operations and/or customers) and benchmarking information are selected and used to help drive improvement of overall organization performance. The Item addresses the key aspects of effective selection and use of competitive comparisons and/or benchmarking information and data; determination of needs and priorities; criteria for seeking appropriate information from within and outside of the organization's agency, industry, and/or markets; and use of information and data to set stretch targets and to promote major improvements in areas most critical to competitive and/or organizational strategy.

The Item also calls for information on how the organization evaluates and improves its processes for selecting and using competitive and/or benchmark information to improve planning, to drive improvement of performance and/or competitive position, and to keep current with changing mission and business needs.

The major premises underlying this Item are: (1) organizations facing tough competition and increasing public demands need to "know where they stand" relative to competitors and/or similar organizations inside or outside of government, and to best practices; (2) comparative and benchmarking information often provide impetus for significant (breakthrough) improvement and might alert organizations to competitive threats and new practices; and (3) organizations need to understand their own processes and the processes of others, before they compare performance levels. Benchmarking information may also support business analysis and decisions relating to core competencies, alliances, and outsourcing.

4.3 Analysis and Review of Organization Performance

This Item addresses organization-level analysis and performance—the principal basis for guiding an organization's process management toward key mission and business results. Despite the importance of individual facts and data, they do not usually provide a sound basis for actions or priorities. Actions depend upon understanding cause/effect connections among processes and between processes and mission and business results. Process actions may have many resource implications; results may have many cost and revenue implications as well. Given that resources for improvement are limited, and cause/effect connections are often unclear, there is a critical need to provide a sound analytical basis for decisions.

A close connection between analysis and performance review helps to ensure that analysis is kept relevant to decision making. This Item is the central analysis point in an integrated information and data system. This system is built around financial and non-financial information and data.

Area 4.3a examines how information and data from all parts of the organization are aggregated and analyzed to assess overall organization performance. The Area covers four key aspects of performance—customer-related, operational, competitive, and financial/market.

Analyses that organizations perform to gain an understanding of performance vary widely. Selection depends upon many factors, including business type, size, and competitive position. Examples include:

– how the organization's 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;

– trends in improvement of key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels;

– relationships between employee/organization learning and value added per employee;

– financial benefits from improved employee safety, absenteeism, and turnover;

– benefits and costs associated with education and training;

– how the organization's 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 problem resolution effectiveness;

– trends in individual measures of productivity such as work force and capital productivity;

– working capital productivity relative to competitors and/or similar organizations inside or outside government;

- individual or aggregate measures of productivity relative to competitors and/or similar organizations inside or outside government;
- performance trends relative to competitors or similar organizations on key quality attributes;
- cost trends relative to competitors and/or similar organizations inside or outside government;
- relationships between product/service quality and operational performance indicators and overall organization 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 and cost/effectiveness implications and improvement potential;
- net earnings derived from quality/operational/human resource performance improvements;
- comparisons among organization units showing how quality and operational performance improvement affect financial performance;
- trends in aggregate measures such as total factor productivity; and
- trends in economic and/or market indicators of value.

Area 4.3b examines how the organization reviews performance and capabilities and uses the review findings to improve performance and capabilities relative to goals, action plans, and changing business/mission needs. An important part of this review is the translation of review findings into an action plan, sufficiently specific so that deployment throughout the organization and to suppliers/partners is possible.

Human Resource Focus (Category 5)

Human Resource Focus is the location within the Criteria for all key human resource practices—those directed toward the creation of a high performance workplace and toward the development of employees to enable them and the organization to adapt to change. The Category addresses human resource development and management requirements in an integrated way, aligned with the organization's strategic directions.

In order to ensure the basic alignment of human resource management with organization strategy, the Criteria address human resource planning as an integral part of organization planning in the Strategic Planning Category.

5.1 Work Systems

This Item addresses how the organization's work and job design, compensation, and recognition approaches enable and encourage all employees to contribute effectively. The Item is not only concerned with current and near-term performance objectives, but also with individual and organizational learning—enabling adaptation to change.

Area 5.1a calls for information on work and job design and work organizations. The basic aim of such design and organizations should be to enable employees to exercise discretion and decision making, leading to flexibility, innovation, knowledge and skill sharing, and rapid response to the changing requirements of government service and the marketplace. Examples of approaches to create flexibility in work design might include simplification of job classifications, cross-training, job rotation, work layout, and work locations. It might also entail use of technology and changed flow of information to support local decision making.

Effective job design and flexible work organizations are necessary but may not be sufficient to ensure high performance. High-performance work systems require information systems, education, and appropriate training to ensure that information flow supports the job and work designs. Also important is effective communication across functions and work units to ensure focus on customer requirements and an environment of trust, mutual commitment and encouragement. In some cases, teams might involve individuals in different locations linked via computers or conferencing technology.

Area 5.1b addresses the important alignment of incentives with the achievement of the organization's key objectives. The basic thrust of this Area is the consistency between the organization's compensation and recognition system and its work structures and processes.

The Area calls for information on employee compensation and recognition—how these reinforce high performance job design, work organizations and teamwork, and how they focus on customer satisfaction and learning. To be effective, compensation and recognition might need to be based, wholly or in part, upon demonstrated skills and/or evaluation by peers in teams and networks.

Compensation and recognition approaches might include gain sharing and compensation based on skill building, use of new skills, and demonstrations of self-learning and knowledge sharing. The approaches might also be based on the linkage to customer retention or other performance objectives.

5.2 Employee Education, Training and Development

This Item addresses how the organization develops the work force via education, training, and on-the job reinforcement of knowledge and skills. Development is intended to meet the needs of a high-performance workplace, accommodating to change.

Education and training address the knowledge and skills employees need to meet their overall work and personal objectives and the organization's need for leadership development of employees. Depending upon the nature of the organization's work and the employees' responsibilities and stage of development, education and training needs might vary greatly. Examples include leadership skills, communications, teamwork, problem solving, interpreting and using data, meeting customer requirements, process analysis, process simplification, waste reduction, cycle time reduction, error proofing, priority setting based upon cost and benefit data, and other training that affects employee effectiveness, efficiency, and safety. It might also include basic skills such as reading, writing, language, and arithmetic.

The Item calls for information on key performance and learning objectives, and how education and training are designed, delivered, reinforced, and evaluated, with special emphasis given to on-the-job application of knowledge and skills. The Item emphasizes the importance of the involvement of employees and their managers in the design of training, including clear identification of specific needs. This involves job analysis—understanding the types and levels of the skills required and the timeliness of training. Determining specific education and training needs might include use of organization assessment or employee self-assessment to determine and/or compare skill levels for progression within the organization or elsewhere.

Education and training delivery might occur inside or outside of the organization and involve on-the-job, classroom, computer-based distance learning, or other types of delivery. This includes the use of developmental assignments within or outside the organization to enhance employees' career opportunities and employability.

The Item also emphasizes evaluations of education and training. Such evaluations might take into account managers' evaluations, employee self evaluations, and peer evaluations of value received through education and training relative to needs identified in design. Evaluation might also address factors such as the effectiveness of education and training delivery, impact on work unit performance, costs of delivery alternatives, and benefit/cost ratios.

Although the Item does not explicitly call for information on the training of customer-contact employees, such training usually entails: (a) acquiring key knowledge and skills, including knowledge of products and services; (b) listening to customers; (c) soliciting comments from customers; (d) anticipating and handling problems or failures (recovery); (e) developing skills in customer retention; and (f) learning how to effectively manage expectations.

5.3 Employee Well-Being and Satisfaction

This Item addresses the work environment, the work climate, and how they are tailored to foster the well-being, satisfaction, and motivation of all employees.

Area 5.3a calls for information regarding a safe and healthful work environment to determine how the organization includes such factors in its planning and improvement activities. Important factors in this Area include establishing appropriate measures and targets, and recognizing that employee groups might experience very different environments.

Area 5.3b calls for information on the organization's approach to enhance employee well-being, satisfaction, and motivation based upon a holistic view of employees as key stakeholders. The Area emphasizes that the organization needs to consider a variety of services, facilities, activities, and opportunities to build well-being and satisfaction, and motivate employees. Senior leaders, managers and supervisors have a specific responsibility to encourage employees and to ensure good communication with and between employees.

Most organizations, regardless of size, have many opportunities to contribute to employee well-being, motivation and satisfaction. Examples of services, facilities, activities, and other opportunities are: personal and career counseling, career development and employability services, recreational or cultural activities, non-work related education, day care, special leave for family responsibilities and/or for community services, safety off the job, flexible work hours, and out placement. These services also might include career enhancement activities such as skills assessment, helping employees develop learning objectives and plans, and employability assessment.

Area 5.3c calls for information on how the organization determines employee satisfaction, well-being, and motivation. The Area recognizes that many factors might affect employee motivation. Although satisfaction with pay and promotion potential is important, these factors might not be adequate to assess the overall climate for motivation and high performance. For this reason, the organization might need to consider a variety of factors in the work environment to determine the key factors in motivation. Examples of specific factors which might affect satisfaction, well-being, and motivation are: effective employee problem or grievance resolution, safety, employee views of leadership and management, employee development and career opportunities, employee preparation for changes in technology or work organization, work environment, workload, cooperation and teamwork, recognition, benefits, communications, job security; compensation, equality of opportunity, and capability to provide required services to customers.

In addition to formal or informal survey results, other measures and/or indicators of satisfaction, well-being, and motivation might include safety, absenteeism, turnover, turnover rate for customer-contact employees, grievances, strikes, and workers' compensation claims. Factors inhibiting motivation need to be prioritized and addressed. Further understanding of these factors could be developed through exit interviews with departing employees.

The Area also addresses how the information and data on the satisfaction, well-being, and motivation of employees are actually used in identifying improvement priorities. Priority setting might draw upon human resource results presented in Item 7.3 and might involve addressing employee problems based on impact on organization productivity and performance.

Process Management (Category 6)

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, evaluation and continuous improvement, linkage to suppliers and partners, and overall high performance.

An increasingly important concept in all aspects of process management and organizational design is flexibility. In simplest terms, flexibility refers to the ability to adapt quickly and effectively to changing requirements, expectations and opportunities. Depending on the nature of the organizational strategy, mission and/or markets, flexibility might mean rapid changeover from one product or service to another, rapid response to changing demands, or the ability to produce a wide range of customized services. Flexibility might demand special strategies such as unique service designs, sharing of components, sharing of service delivery systems, and specialized training. Flexibility also increasingly involves outsourcing decisions, agreements with key suppliers and partners, and novel partnering arrangements.

6.1 Management of Product and Service Processes

This Item examines how the organization designs, introduces, produces, delivers, and improves its products and services. It also examines how production/delivery processes are maintained and improved. Important to the management of these processes is the trouble-free introduction of new products and services. This requires effective coordination, starting early in the product and service design phase. The Item also examines organizational learning, through a focus on how learnings in one process or organization unit are replicated and added to the knowledge base of other projects or organization units.

Area 6.1a calls for information on the design of products, services, and their production/delivery processes. Four aspects of this design are examined: (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 introduction and delivery of products and services; and (4) how design processes are evaluated and improved to achieve better performance.

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

Many organizations also need to consider requirements for suppliers and/or provider 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 the organization's products or services utilize parts, equipment, facilities and resources for other products or services, coordination of resources might be a major concern and might offer means to significantly reduce unit costs and time to delivery. This should be addressed in responding to Area 6.1a.

Coordination of design and production/delivery processes involves all organization 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 R&D, marketing, design, and product/process engineering.

Area 6.1b calls for information on the management and improvement of the organization's key production/delivery processes. The information required includes a description of the key processes and 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. This requires the identification of critical points in processes for measurement, observation, or interaction. The intent is that these activities occur at the earliest points possible in processes, to minimize problems that may result from deviations from expected (design) performance. Expected performance frequently requires setting performance levels or standards to guide decision making. When deviations occur, a remedy—usually called corrective action—may be required to restore the performance of the process to its design performance. Depending on the nature of the process, the correction could involve technical and/or human factors. Proper correction involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring anywhere in the organization.

When customer interactions are involved, differences between customers must be taken into account in evaluating how well the process is performing. This might entail specific or general contingencies depending on customer response. This is especially true of professional and personal services.

Area 6.1b also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from the customers' perspective but also better financial and operational performance, such as productivity, from the organization's perspective. Area 6.1b anticipates that organizations use a variety of process improvement approaches. In responding to Area 6.1b, approaches the organization might use could include: (1) the sharing of successful strategies across the organization; (2) process analysis and research (e.g., process mapping, optimization experiments, and error proofing); (3) research and development results; (4) benchmarking; (5) use of alternative technology; and (6) information from customers of the processes, within and outside of the organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, all these approaches offer a wide range of possibilities, including the complete redesign (reengineering) of processes.

6.2 Management of Support Processes

This Item addresses how the organization designs, maintains, and improves its support processes. Support processes are those that support the organization's product and/or service delivery, but are not usually designed in detail with the products and services themselves, because their requirements do not usually depend a great deal upon product and service characteristics. Support-process design requirements usually depend significantly upon internal requirements, and must be coordinated and integrated to ensure efficient and effective performance. Support processes might include budget, finance and accounting; software services; sales and marketing; public and Congressional relations; information services; supplies; personnel; legal services; plant and facilities management; research and development; and secretarial and other administrative services.

The Item calls for information on how the organization maintains the performance of the key support processes. This information includes a description of the key processes and their principal requirements, and a description of key in-process measurements and customer interactions. These principal requirements are similar to those described above in Area 6.1b.

Item 6.2 also calls for information on how the organization evaluates and improves the performance of its key support processes. Four key approaches the organization might consider for use are: (1) process analysis and research; (2) benchmarking; (3) use of alternative technology; and (4) information from customers of the processes—within and outside the organization. Together, these approaches offer a wide range of possibilities, including complete redesign (reengineering) of processes.

6.3 Management of Supplier and Partnering Processes

This Item addresses how the organization manages and improves its supplier and partnering processes, relationships, and performance. The terms “supplier” and “partner” refer to other organizations (public and private) and to other units of the parent organization that provide goods and services. The use of these goods and services may occur at any stage in the production, design, delivery, and use of the organization’s products and services. Thus, suppliers include services such as distribution, repair services and transportation, as well as those that provide materials and components. Suppliers also include service suppliers, such as health training, and education providers.

The Item places particular emphasis on the unique relationships that organizations are building with key suppliers, including establishing partnering relationships. For many organizations, key 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.

Item 6.3 requests the principal performance requirements for key suppliers and partners. These requirements are the principal factors involved in the organization’s purchases, e.g., quality, delivery, and price. Processes for determining whether or not requirements are met might include audits, process reviews, receiving inspection, certification, testing, and rating systems.

Item 6.3 also requests information on actions and plans to improve suppliers’ and partners’ abilities to contribute to achieving your organization’s performance goals. These actions and plans might include one or more of the following: improving your own procurement and supplier management processes (including seeking feedback from suppliers and internal customers), joint planning, rapid information and data exchanges, use of benchmarking and comparative information, customer-supplier teams, training, long-term agreements, incentives, and recognition. Actions and plans might also include changes in supplier selection, leading to a reduction in the number of suppliers and enhancing partnership agreements.

Business Results (Category 7)

Business Results provide a results focus that encompasses the customer's evaluation of the organization's products and services, the organization's overall financial and market performance, and the 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 marketplace, and superior organization performance reflected in 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 an overall mission and business strategy. Analysis and review of business results data and information are called for in Item 4.3.

7.1 Customer Satisfaction Results

This Item addresses the principal customer-related results for customer satisfaction, customer dissatisfaction, and customer satisfaction relative to competitors. The Item calls for the use of all relevant data and information to establish the organization's performance as viewed by the customer. Relevant data and information include: customer satisfaction and dissatisfaction; retention, gains, and losses of customers and customer accounts; customer perceived value based on quality and price; and competitive awards, ratings, and recognition from customers and independent organizations.

7.2 Overall Financial and Performance Results

This Item addresses those factors that best reflect the organization's financial and overall operating and/or program performance. Measures reported in this Item will frequently be those key financial and non-financial measures tracked by senior leaders on an ongoing basis to gauge overall organization performance, and are often used to determine performance effectiveness for senior leaders. These measures may often be found in an organization's performance outcomes, and goals and objectives established to meet the requirements of the Government Performance and Results Act.

Measures of financial performance [Item 7.2a(1)] may include return on investment, fiscal stewardship, cost/benefit and cost/effectiveness measures, and other appropriate financial activity measures. Fiscal stewardship performance could 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.

Measures of overall operating and/or program performance reported in Item 7.2a(2) would normally include non-financial outcomes, goals and objectives which are used by senior leaders to determine how well a program or activity is doing in achieving its intended 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 what the program or activity is accomplishing. These measures might be the same as those incorporated in the organization's performance outcomes, goals and objectives established as part of a strategic plan or annual performance plan developed pursuant to the Government Performance and Results Act.

Marketplace performance [Item 7.2a(3)] is intended primarily for those organizations which 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.

Comparative data for measures in Item 7.2 might include agency best, best competitor, agency average, and appropriate benchmarks.

7.3 Human Resource Results

This Item addresses the organization's human resource results relating to employee well-being, satisfaction, development, work system performance, and effectiveness.

Results reported could include generic and business or organization specific factors. Generic factors include safety, absenteeism, turnover, and satisfaction. Business or organization specific factors include those commonly used in the industry or related government functions, or created by the organization for purposes of tracking progress. Results reported might include input data, such as extent of training, but the main emphasis should be placed on measures of effectiveness.

Results reported for work system performance should include those relevant to the organization, and might include measures of improvement in job classification, job rotation, work layout, and changes in local decision making.

The Item calls for comparative information so that results can be evaluated meaningfully against competitors or other relevant external measures of performance. For some measures, such as absenteeism and turnover, local or regional comparisons are also appropriate.

7.4 Supplier and Partner Results

This Item addresses current levels and trends in key measures and/or indicators of supplier and partner performance. 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 the organization, or 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 the organization's purchases, e.g., quality, delivery, and price.

Data reported should also reflect how suppliers and partners have contributed to the organization's performance goals. Results reported could include cost savings; reductions in scrap, waste, or rework; and cycle time or productivity enhancements.

The Item calls for comparative information so that results reported can be meaningfully evaluated against competitors or other relevant external measures of performance.

7.5 Organization-Specific Results

This Item addresses key performance results not covered in Items 7.1 - 7.4, that contribute significantly to the organization's goals: customer satisfaction, operational effectiveness, and financial/program performance. The Item encourages the use of any unique measures the organization has developed to track performance in areas important to the organization. Results should reflect key product, service, and process performance measures. These might include those that serve as predictors and/or intermediate measures (directly or indirectly) of customer satisfaction, financial/program performance results, or broader measures of outcomes and objectives. Measures of productivity and operational effectiveness in all key areas, resource utilization, support areas and product/service delivery areas are appropriate for inclusion. Results of compliance with regulatory/legal requirements should be reported. Measures and/or indicators of product and service performance should relate to requirements that matter to the customer. These features are derived from the customer-related Items 3.1 and 3.2 (listening posts). If the features have been properly selected, improvements in them should show a clear positive correlation with customer and overall performance management improvement indicators captured in Items 7.1 and 7.2. The correlation between product/service performance and customer indicators is a critical management tool, a device for defining and focusing on key quality requirements. In addition, the correlation might reveal emerging or changing business or mission requirements, the changing importance of requirements, or even the potential obsolescence of product and/or services.

Product/service performance appropriate for inclusion might be based upon one or more of the following: internal (organization) measurements, field performance, data collected by the organization or on behalf of the organization, or surveys of customers on product and service performance. Although data appropriate for inclusion are primarily based upon internal measurements and field performance, data collected by the organization or other organizations through follow-ups might be included 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).

Measures and/or indicators of operational effectiveness could include the following: environmental improvements reflected in emissions levels, waste stream reductions, by-product use, and recycling; cycle time, lead times, set-up times, and other responsiveness indicators; process assessment results such as customer assessment or third party assessment (such as ISO 9000); and business-specific indicators such as innovation rates, innovation effectiveness, cost reductions through innovation, time to market, product/process yield, complete and accurate shipments, and measures of strategic goal achievement.

The Item calls for comparative information so that results reported can be evaluated against competitors and/or similar organizations inside or outside government, or other relevant external measures of performance. These comparative data might include agency best, best competitor or similar organization inside or outside government, agency average, and appropriate benchmarks. Such data might be derived from independent surveys, studies, laboratory testing, or other sources.

VII. 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: Approach, Deployment, and Results. All Items require applicants to furnish information relating to one or more of these dimensions. Specific factors associated with the evaluation dimensions are described below.

Approach

"Approach" refers to the design or methodology in reference to the Item requirements. 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 cycles;
- Degree to which approach is based upon objective, reliable data/information;
- Degree to which approach is prevention based; 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 performance measures identified in the Organization Overview and in Approach/Deployment Items.

Item Classification and Scoring Dimensions

Award 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 convey 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. However, the evaluation factor, "breadth and importance of performance improvements," is concerned with how widespread and how significant an applicant's 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 all critical to assessment and feedback. However, evaluation and feedback will also consider the relevance and importance to the applicant's organization of reported improvements in these dimensions. The areas of greatest relevance and 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, 3.1, 6.1, and 7.5. Of particular importance are the key customer requirements and key business drivers.

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 58). 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 Applicants' Responses

President's Quality Award Program Examiners observe the following guidelines in assignment of 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., 40% 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 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.

Scoring Guidelines Summary

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 primary purposes of the Item • Early stages of a transition from reacting to problems to a general improvement orientation • Major gaps exist in deployment that would inhibit progress in achieving the primary purposes of the Item	10% to 30%	• Early stages of developing trends; some improvements and/or early good performance levels in a few areas • Results not reported for many to most areas of importance to the applicant's key business requirements • Favorable results reported, but not those which are most important to the applicant's key business and performance requirements
• A sound, systematic approach responsive to the primary purposes of the Item • A fact-based improvement process in place in key areas; more emphasis is placed on improvement than on reaction to problems • No major gaps in deployment, though some areas or work units may be in very early stages of deployment	40% to 60%	• Improvement trends and/or good performance levels reported for many to most areas of importance to the applicant's key business requirements • No pattern of adverse trends and/or poor performance levels in areas of importance to the applicant'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
• A sound, systematic approach, responsive to the overall purposes of the Item • A fact-based improvement process is a key management tool; clear evidence of refinement and improved integration as a result of improvement cycles and analysis • Approach is well deployed, with no major gaps; deployment may vary in some areas or work units	70% to 90%	• Current performance is good to excellent in most areas of importance to the applicant'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
• A sound, systematic approach, fully responsive to all the requirements of the Item • A very strong, fact-based improvement process is a key management tool; strong refinement and integration backed by excellent analysis • Approach is fully deployed without any significant weaknesses or gaps in any areas or work units	100%	• Current performance is excellent in most areas of importance to the applicant's key business requirements • Excellent improvement trends and/or sustained excellent performance levels in most areas • Strong evidence of agency and benchmark leadership demonstrated in many areas

VIII. GENERAL AND CRITERIA RESPONSE GUIDANCE

Writing an application for the President's Quality Award Program involves responding in 50 or 60 pages or less (depending on size of the organization) to the requirements given in the 20 Criteria Items, and preparing an Organization Overview discussed in Section IV. The guidelines given in this and the following sections are offered to assist applicants to respond most effectively to the Item requirements.

General Response Guidance

1. Read the entire Application package.

The main sections of the package provide an overall orientation to the Criteria, including how applicants' responses are evaluated. Applicants should be thoroughly familiar with the following sections:

- Performance Excellence Criteria — Section V
- Category, Item and Area Descriptions — Section VI
- Scoring System and Guidelines — Section VII
- Glossary of Key Terms — Section XI

2. Review the Criteria Item format.

The Criteria Item format (see Item Format figure on page 60) 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 and Areas to Address are described in Section VI.

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 55. Guidelines for responding to Approach/Deployment Items are given on pages 59-62. Guidelines for responding to Results Items are given on pages 62-64.

3. Start by preparing the Organization Overview.

The Organization Overview is the most appropriate starting point for writing an application. The Organization Overview is intended to help everyone, including the agency's application writer(s) and reviewer(s), to understand what is most important to the applicant's business. Guidelines for preparing the Organization Overview are found in Section IV.

Guidelines for Responding to Approach/Deployment Items

The Performance Excellence 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 fast-paced improvement of the applicant's performance. Diagnosis and feedback depend heavily upon the content and completeness of Approach/Deployment Item responses. For this

ITEM FORMAT

Types of information applicants are expected to provide in response to this Item. See Scoring System and Guidelines, Section VI.

Item Number

Item Title

Item Point Value

Basic Item requirements—expressed in general terms

7.3 Human Resource Results *(75 pts.)*

Summarize the organization's human resource results, including employee well-being, satisfaction, development, and work system performance.

In your response, address the following Area:

☐ A
☐ D
☒ R

a. Human Resource Results

Summarize current levels and trends in key measures and/or indicators of employee well-being, satisfaction, development, work system improvement, and effectiveness. Address all categories and types of employees, as appropriate. Include appropriate comparative data.

Specific requirements applicants are expected to address

Notes:

N1. The results reported in this Item should address results from activities described in **Category 5**. *The results should be responsive to key process needs described in* **Category 6**, *and the organization and human resource strategy described in* **Item 2.2**.

N2. Appropriate indicators of employee satisfaction, diversity, well-being, development, and effectiveness include safety, absenteeism, turnover, turnover rate for customer contact employees, grievances, strikes, worker compensation, innovation and suggestion rates, courses completed, and cross-training, as well as

N3. Appropriate measures and/or indicators of work system improvements and effectiveness might include job and job classification simplification, job rotation, work layout, work locations, and changing supervisory ratios.

N4. Results reported here should be clearly linked to the overall performance goals and objectives of the organization described in the **Organization Overview**, *and/or to Customer Satisfaction Results* **(Item 7.1)** *or Overall Financial and Performance Results* **(Item 7.2)**.

For additional description of this Item, see pages 52-53.

Notes have one or more of the following purposes:

- clarify key terms and Item requirements
- give instructions
- give examples
- indicate/clarify important linkages

Location of Item Description.

Bold text highlights linkage to other Criteria Catagories, Items, and the Organization Overview.

reason, it is important to respond to these Items by providing key process information. Guidelines for organizing such information follow.

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

2. ***Write response(s) with the following questions, comments and guidelines in mind:***
   - Describe key processes and how they work

     — *Does the response show what is done and does it give a clear sense of how?*

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

   - Show that activities are systematic

     — *Does the response show a systematic approach or does it merely provide an example (anecdote)?*

     Provide information to show that approaches are systematic in contrast to examples or anecdotal accounts of activity. Systematic approaches are carried out continuously over time, with built-in cycles for improvement. Systematic approaches over time permit continuous learning, improvement and maturity.

   - Show deployment

     — *Does the response give clear and sufficient information on deployment of the approach addressed in the response?*

     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 use of summary tables that outline what is done 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.

   - Show focus and consistency

     — *Does the response show focus on key processes and improvements that offer the greatest potential to improve performance?*

     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 should be evident: (1) the Organization Overview should make clear what is important; (2) the Strategic Planning Category, including strategy and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organization-level analysis (Item 4.3) 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 can be demonstrated when accompanied by reporting corresponding results in appropriate Items of Category 7.

- Respond fully to Item requirements

  — *Does the response lack information on important parts of an Area to Address?*

  Responses should respond to all information on important parts of each Area to Address. Missing information will be interpreted as a gap in approach and/or deployment.

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

   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.

4. ***Cross-reference when appropriate.***

   While all Items are potentially linked, applicants should try to make each Item response self-contained. However, when responses to different Items are particularly closely related and/or mutually reinforcing, the responses should reference other Items rather than repeat information. In such cases, applicants should use designators (for example, "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.

Guidelines for Responding to Results Items

The Criteria place 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 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 goals and objectives rather than isolated or ad hoc accomplishments. Accordingly, the application should demonstrate a clear linkage between reported 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. ***Be guided by the following factors that 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 those of other appropriately selected organizations.

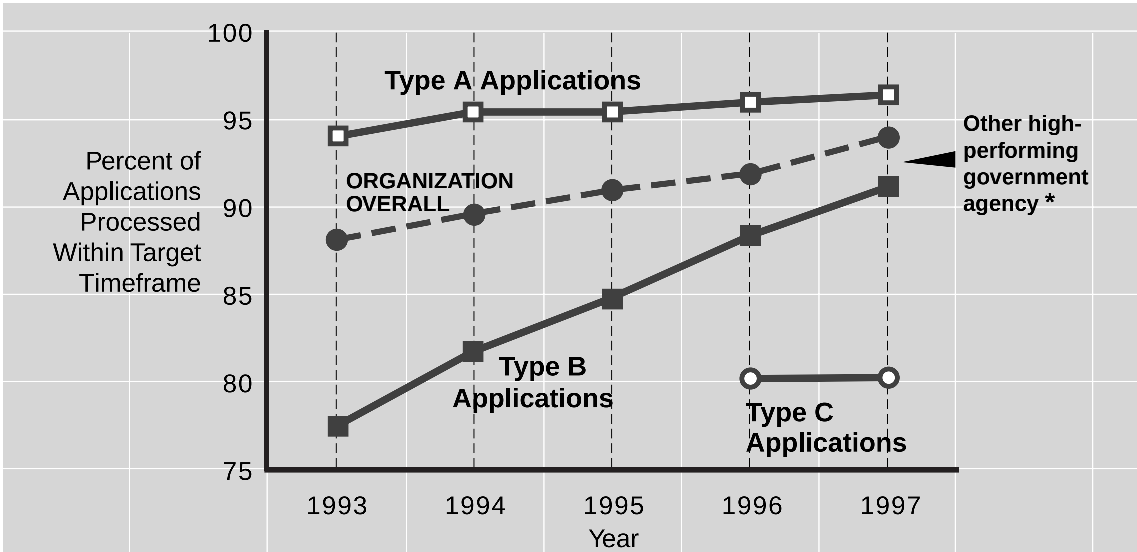
4. ***Include trend data covering actual periods for tracking trends.***
   Trend data should be provided whenever appropriate and possible. However, because of the importance of showing focus and deployment, new data should be included even if trends and comparisons are not yet well established. No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

5. ***Use a compact format.***
   Every effort should be made to provide key information in concise and compact form. One way to accomplish this is by use of 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 workforce has been declining, reporting safety results in terms of accidents per 100 employees would permit more meaningful trend data than total accidents.

6. ***Integrate results into the body of the text.***
   When the response uses graphs, charts, or tables, descriptions of results should be integrated into the text in summary form and should be presented 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 following chart illustrates data an applicant might present as part of a response to Item 7.5, Organization-Specific Results. A major function of the applicant is processing of 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.

Figure 7.5-3 Application Processing Within Target Time Frame



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

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

- A figure number is provided for reference to the chart in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a 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 58), 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 which the applicant has chosen to compare itself against.
- 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.

IX. CORE VALUES AND CONCEPTS

The President's Quality Award Program Criteria are the basis for applying for the Awards and for providing feedback to applicants. They define a quality system, the key elements of a quality improvement effort, and the relative importance and interrelationship of these elements. The Criteria are supportive of the Administration's efforts to reinvent the 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-practices 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 core values and concepts are described below.

Customer-Driven Quality: Quality is judged by customers. All product and service features and characteristics that contribute value to customers and lead to customer satisfaction and preference must be a key focus of an organization's management system. Value, satisfaction, and preference may be influenced by many factors throughout the customer's overall experience in using the organization's products and services. These factors include the organization's relationship with customers that helps build trust, confidence, and loyalty. This concept of quality includes not only the product and service characteristics that meet basic customer requirements, but it also includes those features and characteristics that enhance them and differentiate them from alternative and competing offerings. Such enhancement and differentiation may be based upon new offerings, combinations of product and service offerings, rapid response, or special relationships.

Customer-driven quality is thus a strategic concept. 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, 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.

Leadership: An organization's senior leaders need to set directions and create a customer orientation, clear and visible values, and high expectations. Reinforcement of the values and expectations requires personal commitment and involvement. The leaders' basic values and commitment need to address all stakeholders and include areas of public responsibility. The leaders need to guide the creation of strategies, systems, and methods for achieving excellence and building capabilities. The strategies and values need to guide all activities and decisions of the organization. The senior leaders need to commit to the development of the entire workforce and should encourage participation and creativity by all employees. Through their personal involvement in planning, communications, review of organization performance, and employee recognition, the senior leaders serve as role models, reinforcing the values and building leadership and initiative throughout the organization.

Continuous Improvement and Learning: Achieving the highest levels of performance requires a well-executed approach to continuous improvement. The term "continuous improvement" refers to both incremental and "breakthrough" improvement. Improvement needs to be "embedded" in the way the organization functions. Embedded means: (1) improvement is part of the daily work of all work units; (2) improvement processes seek to eliminate problems at their source; and (3) improvement is driven by opportunities to do better, as well as by problems that must be corrected. Sources of improvement include: employee ideas; research and development; customer input; and benchmarking or other comparative performance information.

Improvement and learning include: (1) enhancing value to customers through new and improved products and services; (2) reducing errors, defects, and waste; (3) improving responsiveness and cycle-time performance; (4) improving productivity and effectiveness in the use of all resources; (5) improving the organization's performance in fulfilling its public responsibilities and serving as an organization citizenship role model; and (6) developing new business opportunities. Thus, improvement and learning are directed not only to providing better products and services, but also to being more responsive and efficient.

Employee Participation and Development: An organization's success in improving performance depends increasingly on the skills and motivation of its workforce. Employee success depends increasingly on having opportunities to learn and to practice new skills. Organizations need to invest in the development of the workforce through education, training, and opportunities for continuing growth. Such opportunities might include classroom and on-the-job training, job rotation, and pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and better link training to work processes. Workforce education and training may need to utilize advanced technologies, such as electronic support systems, computer-based learning, and satellite broadcasts. Increasingly, training, development, and work units need to be tailored to a diverse workforce and to more flexible, high-performance work practices.

Major challenges in the area of workforce development include: (1) integration of human resource management—selection, performance, recognition, training, and career advancement; and (2) aligning human resource management with business plans and strategic change processes. Addressing these challenges requires 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 customer satisfaction, customer retention, and productivity. Through this approach, human resource management may be better integrated and aligned with business directions.

Fast Response: Success in competitive markets and meeting increasing public expectations of government requires ever-shorter cycles for new or improved product and service introduction. Also, faster and more flexible response to customers is now a more critical requirement. Major improvement in response time often requires simplification of work organizations and work processes. To accomplish such improvement, the time performance of work processes should be among the key process measures. There are other important benefits derived from this focus. For instance, response time improvements often drive simultaneous improvements in organization, quality, and productivity. Hence it is beneficial to consider response time, quality, and productivity objectives together.

Design Quality and Prevention: To achieve high performance, organizations need to emphasize design quality—problem and waste prevention achieved through building quality into products and services and efficiency into production and delivery processes. Costs of preventing problems at the design stage usually are much lower than costs of correcting problems that occur “downstream.” Design quality includes the creation of fault-tolerant (robust) or failure-resistant processes and products.

Increasingly, design quality includes the ability to incorporate information gathered from diverse sources and data bases that combine factors such as customer preference, alternative offerings, societal changes, and external research findings and developments. Therefore, an emerging element of performance excellence is the strategic use of integrated information systems to enable electronic performance networking and to improve and measure mission performance. Government and industry alike face, and in many cases have solved, information management challenges by developing enterprise information systems; that is, systems that operate across entire organizations of unique and diverse functional elements.

From the point of view of public responsibility, the design stage is a critical decision point. The government organization's responsibility is to be proactive; i.e., beyond compliance. Design decisions affect process waste streams and the composition of municipal and industrial wastes. The growing demands for a cleaner environment mean that organizations’ design strategies need to include environmental factors.

Consistent with the theme of design quality and prevention, improvement needs to emphasize interventions “upstream”—at early stages in processes. Such upstream intervention also needs to take into account the organization's suppliers.

Long-Range View of the Future: Successful pursuit of an organization's goals and mission requires a strong future orientation and a willingness to make long-term commitments to all stakeholders—customers, employees, suppliers, the public, and the community. Planning needs to anticipate many types of changes including those that may affect customers' expectations of products and services; technological developments; changing expectations of Congress, the Executive Branch and special interest groups; changing customer segments; evolving regulatory requirements; community/societal expectations; and thrusts by alternative service and product providers. Plans, strategies, and resource allocations need to reflect these commitments and changes. A major part of the long-term commitment is developing employees and suppliers and fulfilling public responsibilities.

Management by Fact: Modern performance management systems depend upon measurement and analysis of performance. Measurements must derive from the organization's strategy and encompass all key processes and the outputs and results of those processes. Facts and data needed for performance improvement and assessment are of many types, including: customer, product and service performance, operations, market, competitive comparisons, supplier, employee-related, and cost and financial. Analysis refers to extracting larger meaning from data to support evaluation and decision making at all levels within the organization. Such analysis may entail using data to reveal information—such as trends, projections, and cause and effect—that might not be evident without analysis. Facts, data, and analysis support a variety of organization purposes, such as planning, reviewing organization performance, improving operations, and comparing organization performance with others working in similar environments or with "best practices" benchmarks.

A major consideration in the use of data and analysis to improve performance involves the creation and use of performance measures or indicators. Performance measures or indicators are measurable characteristics of products, services, processes, and operations the organization uses to track and improve performance. The measures or indicators should be selected to best represent the factors that lead to improved customer, operational, strategic and financial performance. A system of measures or indicators tied to customer and/or organization performance requirements represents a clear basis for aligning all activities with the organization's goals. Through the analysis of data obtained from the tracking processes, the measures or indicators themselves may be evaluated and changed. 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.

Partnership Development: Organizations should seek to build internal and external partnerships to better accomplish their overall goals.

Internal partnerships might include those that promote labor-management cooperation, such as agreements with unions. Agreements might entail employee development, cross-training, or new work organizations, such as high-performance work teams. Internal partnerships might also involve creating new working relationships among organization units to improve flexibility and responsiveness.

External partnerships might be with customers, suppliers, and education organizations for a variety of purposes, including education and training. An increasingly important kind of external partnership is the strategic partnership or alliance with other government organizations with similar or complementary missions. A partnership might permit the blending of an organization's core competencies or leadership capabilities with complementary strengths and capabilities of partners, thereby enhancing accomplishment of each partner's mission. Internal and external partnerships should seek to develop longer-term objectives. Partners should address the key requirements for success of the partnership, 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 means to help ensure success.

Organization Responsibility and Citizenship: An organization's leadership should stress its responsibilities to the public and good citizenship. This responsibility refers to basic expectations of the organization—operating ethics and protection of public health, safety, and the environment. Health, safety, and environmental considerations include the organization's operations as well as the life cycles of products and services. Organizations need to address factors such as resource conservation and waste reduction at their source. Planning related to public health, safety, and the environment should anticipate adverse impacts that may arise in facilities management, production, distribution, transportation, use and disposal of products. Plans should seek to prevent problems, to provide a forthright organization response if problems occur, and to make available information needed to maintain public awareness, safety, and confidence. Inclusion of public responsibility areas within a performance system means meeting all local, state, and Federal laws and regulatory requirements. It also means treating these and related requirements as areas for continuous improvement "beyond mere compliance." This requires that appropriate measures be created and used in managing performance.

Practicing good citizenship refers to leadership and support—within limits of an organization's resources—of publicly important purposes, including areas of organization responsibility. Such purposes might include education improvement, improving health care value, environmental excellence, resource conservation, community services, improving operating practices, and sharing of non-sensitive quality-related information. Leadership as an organization citizen also entails influencing other organizations, private and public, to partner for these purposes. For example, individual organizations could lead efforts to help define the obligations of other government entities to their communities.

Results Focus: An organization's performance system needs to focus on key results. Results should be guided and balanced by the interests of all stakeholders—customers, employees, suppliers and partners, the public, and the community. To meet the sometimes conflicting and changing aims that balance implies, organization strategy needs to explicitly address all stakeholder requirements to ensure that actions and plans meet the differing needs and avoid adverse impact on any stakeholders. The use of a balanced composite of performance measures offers an effective means to communicate requirements, to monitor actual performance, and to marshal support for improving results. The government executive has the basic responsibility of balancing the necessity of being entrepreneurial with directed missions and functions.

X. SUMMARY OF 1999 PRESIDENT'S QUALITY AWARD PROGRAM CHANGES

The Criteria continue to evolve toward comprehensive coverage of strategy-driven performance, addressing the needs of all stakeholders—customers, employees, suppliers and partners, Congress, special interest groups, and the public. The Criteria for 1999 further strengthen the systems view of performance management, and place a greater emphasis on the alignment of organization strategy, customer, mission and/or market knowledge, a high-performance workforce, key organization processes, and organization results. Increased focus has been given to all aspects of organizational and employee learning. The 1999 President's Quality Award Program also continues to conform closely to the evolving standards of the Malcolm Baldrige National Quality Award (MBNQA).

The most significant changes made in the Criteria and in the Program Information and Application are summarized below:

- The number of Areas to Address (Areas) has been reduced from 30 to 29, with a reduction of two Areas in Category 2, Strategic Planning, and the addition of one Area in Category 3, Customer Focus.
- The number of Item Notes has been increased from 48 to 68, to provide additional guidance, particularly in Strategic Planning, Management of Supplier and Partnering Processes, and Business Results.
- In the Scoring Guidelines Summary, new guidance has been added to the 10% – 30% range under Results. The new guidance stresses that lower scores are given when favorable results are reported, but not those which are important to the applicant's key business and performance requirements.
- The guidance on preparing the Organization Overview is now provided in a separate section (Section IV) and is positioned closer to the front of the document. Also, the guidance describes how Examiners use the Organization Overview in their review. These changes highlight the importance of the Organization Overview in the application process and brings it to the attention of applicants early in the application package.
- Section VIII, General and Criteria Response Guidance, combines material previously found in Section VII (General Response Guidance and Organization Overview) and Section VIII (Criteria Response Guidance) of the 1998 package. The new Section VIII has been modified to emphasize the importance of showing linkages among Results Items and appropriate Approach/Deployment Items, and linkages between Approach/Deployment Items.
- Section XI, Glossary of Key Terms, has been expanded by adding a definition of Comparisons (Benchmarking and Competitive Comparisons), Customers, and Strategic Planning. Also, the definition of Performance has been expanded to include a clarification of Supplier Performance.
- Format/design changes have been made throughout the package so that it is easier to read.

- The guidelines for submitting applications have been revised. Applicants should now submit 15 copies of their completed application package and submit 1 disc copy of the application text. Additional details, and font size requirements of this year's package are found on pages 7 and 8.

Changes by Category are:

Leadership

- Item 1.1 has been reformatted to address more clearly the organization's overall leadership system and the senior leaders' roles in providing effective leadership.

Strategic Planning

- Areas 2.1b, 2.2a, and 2.2b from 1998 have been combined into one Area for 1999. This new 1999 Area 2.2a, Strategy and Action Plans, presents an integrated approach to translation of strategy into action plans, including related human resource plans. This change is intended to strengthen the system perspective of performance planning, plan implementation and plan deployment. Human Resource Plans and Strategy Action Plans are reported together. This change is made to enhance the importance of human resource planning by making clear that such plans should be an integral part of the organization's overall performance plan.

Customer Focus

- A new Area 3.2c, Relationship Building, has been added in 1999. This change is intended to focus attention on proactive organization processes to build longer-term relationships with customers.

Information and Analysis

- The selection, use, and analysis of organization and comparative information and data have been more closely aligned with key organization processes, action plans, and opportunities for improvement. This change is intended to strengthen the systems perspective of performance management.

Human Resource Focus

- The Category title is changed from Human Resource Development and Management to: (1) reflect a focus on employees as internal customers, parallel to the Category 3 focus on external customers; and (2) place emphasis on an organization's human resources and eliminate the possible misperception that Category 5 is focused solely on the organization's human resource department and its activities/processes.

- Area 5.3b, Work Climate, has been strengthened to place an emphasis on how the organization encourages and motivates employees to utilize their full potential.

Process Management

- Item 6.3, Management of Supplier and Partnering Processes, has been expanded to enhance the focus on preferred and key supplier relationships and partnering processes.

Business Results

- Item point values have been adjusted for all Items to reflect changes in their relative importance. The changes are intended to stress the overall importance of Items 7.1 and 7.2 which measure customer satisfaction and overall organization performance results, and to clarify that Items 7.3, 7.4 and 7.5 measure results contributing to overall customer and organization performance.

- Item 7.1, Customer Satisfaction Results, has been expanded to encourage analysis of results by customer groups and market segments, if appropriate.

- Item 7.2, Overall Financial and Performance Results, has been modified as follows:
  - Area 7.2a has been renamed Financial and Performance Results to more closely describe its purpose; and
  - A new Area 7.2a(3), Marketplace Performance, has been added to focus on market-oriented government organizations.

- The point value for Item 7.3, Human Resource Results, has been increased. This change reinforces the importance of employees as customers.

- Item 7.5, Organization-Specific Results, has been reworded to more clearly explain the focus of this Item: either on intermediate results contributing to overall organization results reported elsewhere, or specific results which are unique to the applicant organization and do not fit well in the other Results Items.

All users of the 1999 Criteria are cautioned that some changes in wording have been made in all Items, many Item Notes, and the Scoring Guidelines. These changes help clarify how the Criteria can be better used for self-assessment and for the award process.

XI. 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, actions, information, and decisions among organizational units in support of these 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.

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 in 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 and taxpayers).

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. Other time-related terms in common use are: set-up time, change-over time, delivery time, and time to market.

High-Performance Work

High performance work refers to work approaches systematically directed toward achieving ever higher levels of overall performance, including quality and productivity.

Approaches to high-performance work vary in form, function, and incentive systems. Effective approaches generally include: cooperation between management and the workforce, including workforce 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 loyalties 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, and services. 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 numerous results information obtained from processes, products, and services that permits evaluation and comparison relative to goals, standards, past results, and to others. 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, and waste reduction. 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, 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.

Strategic Planning

Strategic planning is the process of setting strategic directions and determining key actions 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 the 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.

XII. NOMINATION FORM

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 ____________________

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

Signature ____________________

Name ____________________

Title ____________________

Address ____________________

____

____

Telephone ____________________

Date ____________________