The President's Quality Award Program

2000 Information and Application

United States Office of
Personnel Management

"The way government works matters. We could not maintain the confidence of the American people and we could not have ideas that delivered, unless the government was functioning in a sensible, modern and prudent way."

President Bill Clinton

MESSAGE FROM THE DIRECTOR

As Federal organizations prepare for the new millennium, we remain dedicated to creating a Government that works better and costs less. We are challenged to offer better service to customers, develop a higher performing workforce, use our resources more strategically, and get results. Regardless of your organization's mission, size or geographic location, the President's Quality Award Program Performance Excellence Criteria can help assess your progress toward meeting the goals of the 21st century.

For more than ten years, organizations have used the Criteria for self assessment while others have taken the "next step" and applied to the Program. Regardless of how organizations have used the Criteria, they claim two important outcomes.

- First, they can apply a disciplined approach for assessing and measuring performance on several important business factors: customers, products and services, financial, operational, and human resources.
- Second, managers are better able to target key performance gaps, set improvement priorities and introduce better and innovative ways to work with customers, partners, suppliers and the workforce.

Also, Program applicants report they gain an objective and external view of their organization's performance and receive a written summary of their organization's strengths and improvement opportunities. The summary provided applicants with useful, actionable feedback on their leadership system, strategic planning, key customers, information systems, human resources and core processes.

To make the Criteria easier to use, this year we restructured the Criteria Items. The language is more straightforward and simple, and the Items are written in a question format. Based on preliminary feedback, our Program customers view these changes very positively.

As we all work together to continue our Government reinvention efforts, I encourage organizations to apply to the Award Program and to use the Criteria to continuously improve.

Janice R Lachance

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

PROGRAM OVERVIEW

Background

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

Award Program Purposes

Overall, the Program:

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

The Program's Awards

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

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

The Program's Performance Excellence Criteria

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

MESSAGE TO FEDERAL EXECUTIVES

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

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

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

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

What Are the Benefits of Program Participation?

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

Can My Organization Use the Criteria for Self Assessment?

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

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

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

Presidential Award for Quality

Model of the 1999 Award

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

Award for Quality Improvement

Model of the 1999 Award

CONTENTS

Applications for the
2000 President's Quality Award Program
must be received by
the Office of Personnel Management
no later than
October 6, 1999.

I. CORE VALUES AND CONCEPTS

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

- They can help organizations improve their performance practices and capabilities.
- They facilitate communication and sharing of best 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 work force 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 is practiced at individual, work unit, and organizational levels; (3) improvement processes seek to eliminate problems at their source; and (4) 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 work force. Employee success depends increasingly on having opportunities to learn and to practice new skills. Organizations need to invest in the development of the work force 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. Work force 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 work force and to more flexible, high-performance work practices.

Major challenges in the area of work force development include: (1) integration of human resources management—selection, performance, recognition, training, and career advancement; (2) developing, cultivating, and sharing the organization's knowledge that is possessed by its employees; and (3) aligning human resources 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 program impact indicators, customer satisfaction, customer retention, and productivity. Through this approach, human resources management may be better integrated and aligned with business directions.

Fast Response

Success in competitive markets and meeting public expectations of Government requires increasingly rapid response times to changing public needs and 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. Design quality includes the creation of robust or failure-resistant processes and products. Costs of preventing problems at the design stage usually are much lower than costs of correcting problems that occur "downstream." Accordingly, organizations need to emphasize opportunities for innovation and interventions "upstream" at early stages in processes. This approach yields the maximum cost benefits and takes the greatest advantage of improvements and corrections. Such upstream intervention also should take into account the organization's suppliers.

Increasingly, design quality includes the ability to incorporate information gathered from diverse sources and data bases that combine factors such as customer preferences, 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. Effective design strategies should anticipate growing environmental demands and related issues and 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.

Organizations should 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. Short- and long-term plans, strategic objectives, and resource allocations need to reflect these commitments and changes. Major components of such long-term commitment includes developing employees and suppliers and fulfilling public responsibilities.

Management by Fact

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. The types of data and information needed for performance improvement and assessment are of many types, including: customer, program impact, 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. 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, cross-utilization, 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, Congress, the White House, 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.

II. 2000 PERFORMANCE EXCELLENCE CRITERIA

2000 CATEGORIES/ITEMS			POINT VALUES
1	**Leadership**		**125**
	1.1 Organizational Leadership	90	
	1.2 Organization Responsibility and Citizenship	35	
2	**Strategic Planning**		**95**
	2.1 Strategy Development	45	
	2.2 Strategy Deployment	50	
3	**Customer Focus**		**95**
	3.1 Customer and Market Knowledge	45	
	3.2 Customer Satisfaction and Relationships	50	
4	**Information and Analysis**		**95**
	4.1 Measurement of Organizational Performance	45	
	4.2 Analysis of Organization Performance	50	
5	**Human Resource Focus**		**95**
	5.1 Work Systems	35	
	5.2 Employee Education, Training, and Development	30	
	5.3 Employee Well-Being and Satisfaction	30	
6	**Process Management**		**95**
	6.1 Product and Service Processes	50	
	6.2 Support Processes	20	
	6.3 Supplier and Partnering Processes	25	
7	**Business Results**		**400**
	7.1 Customer Focused Results	125	
	7.2 Financial Performance Results	50	
	7.3 Human Resource Results	75	
	7.4 Supplier and Partner Results	75	
	7.5 Organizational Effectiveness Results	75	
	TOTAL POINTS		**1000**

Note: The Scoring System used with an assessment of the Criteria Items can be found on pages 65-68.

The Program's Performance Excellence Criteria

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

Specifically:

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

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

Key Features of the Criteria:

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

1 Leadership (125 pts.)

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

1.1 Organizational Leadership *(90 pts.)*

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Senior Leadership Direction

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

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

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

b. Organizational Performance Review

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

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

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

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

Notes:

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

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

N3. *For additional description of this Item, see page 30.*

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Responsibilities to the Public

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

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

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

b. Support of Key Communities

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

Notes:

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

*N2. Society impact results directly related to the organization's mission should be reported in Organizational Effectiveness Results (**Item 7.5a[3]**).*

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

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

N5. For additional description of this Item, see page 31.

2 Strategic Planning (95 pts.)

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

2.1 Strategy Development *(45 pts.)*

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

☒ A
☒ D
☐ R

Within your response, include answers to the following questions:

a. Strategy Development Process

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

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

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

b. Strategic Objectives

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

Notes:

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

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

N4. *The word strategy should be interpreted broadly. It might be built around or lead to any or all of the following: new products, services, and markets; revenue or mission* *growth; cost reduction; business acquisitions; and new partnerships and alliances. Strategy might be directed toward becoming a preferred supplier, a low-cost producer, a market innovator, and/or a high-end or customized service provider. Strategy might depend upon or require you to develop different kinds of capabilities, such as rapid response, customization, market understanding, lean or virtual manufacturing, relationships, rapid innovation, technology management, leveraging assets, business process excellence, and information management. Responses to* ***Item 2.1*** *should address the key factors from your point of view.*

N5. ***Item 2.1*** *addresses overall organizational directions and strategy that might include changes in services, products, and/or product lines. However, the Item does not address product and service design; these are addressed in* ***Item 6.1****.*

N6. For additional description of this Item, see pages 32-33.

2.2 Strategy Deployment *(50 pts.)*

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Action Plan Development and Deployment

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

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

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

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

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

b. Performance Projection

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

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

Notes:

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

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

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

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

- *recruitment, including critical skill categories and expected or planned changes in work force demographics;*
- *how the organization evaluates and improves its human resource planning and practices and alignment of these with 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; (c) performance appraisal; and (d) compensation, recognition, and benefits.*

N4. For additional description of this Item, see pages 33-34.

3 Customer Focus (95 pts.)

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

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Customer and Market Knowledge

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

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

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

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

Notes:

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

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

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

*N4. Information about customers and markets is requested as a key input to strategic development (**Item 2.1**). However, strategy development could also generate the need for new or additional customer and market information, including new information gathering methods, and new customers and segments from which to gather information.*

N5. For additional description of this Item, see pages 34-35.

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

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

Within your response, include answers to the following questions:

☒ A

☒ D

☐ R

a. Customer Relationships

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

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

(3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall organizational improvement.

(4) How do you build relationships with customers for repeat business and/or positive referral?

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

b. Customer Satisfaction Determination

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

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

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

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

Notes:

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

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

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

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

N5. For additional description of this Item, see pages 35-37.

4 Information and Analysis (95 pts.)

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

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Measurement of Organizational Performance

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

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

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

Notes:

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

N2. Deployment of data and information might be via electronic or other means. Reliability [4.1a(1)] includes reliability of software and delivery systems as well as data accuracy.

N3. Comparative data and information include benchmarking and competitive comparisons. Benchmarking refers to processes and results that represent best practices and performance for similar activities, inside or outside the organization's industry. Competitive comparisons refer to performance relative to competitors or organizations with similar missions, functions and processes. See the glossary of Key Terms for a more complete description of benchmarking and the distinction between benchmarking and competitive comparisons.

N4. 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.

N5. For additional description of this Item, see pages 37-38.

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Analysis of Organizational Performance

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

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

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

Notes:

N1. *Analysis includes trends, projections, comparisons, and cause-effect correlations intended to support performance reviews and the setting of priorities for resource use. Accordingly, analysis draws upon many types of data: customer-related, financial and market, mission requirements, operational, competitive, and others.*

N2. *Responses to this Item might include information on agency annual performance reports developed pursuant to the Government Performance and Results Act, and performance measures and measurement systems developed for that purpose.*

N3. *Performance results should be reported in **Items 7.1, 7.2, 7.3, 7.4**, and **7.5**.*

N4. *For additional description of this Item, see pages 38-39.*

5 Human Resource Focus (95 pts.)

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

5.1 Work Systems *(35 pts.)*

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Work Systems

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

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

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

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

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

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

Notes:

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

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

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

N4. For additional description of this Item, see pages 40-41.

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Employee Education, Training, and Development

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

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

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

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

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

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

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

Notes:

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

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

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

N4. *For additional description of this Item, see pages 41-42.*

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Work Environment

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

b. Employee Support Climate

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

(2) How do senior leaders, managers, and supervisors encourage and motivate employees to develop and utilize their full potential in a diverse workforce?

c. Employee Satisfaction

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

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

(3) How do you relate assessment findings to key business results to identify work environment and employee support climate improvement priorities?

Notes:

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

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

N3. Measures and/or indicators of well-being, satisfaction, and motivation [5.3c(2)] might include: safety; absenteeism; turnover; turnover rate for customer-contact employees; grievances; other job actions; insurance costs; worker's compensation claims; and results of surveys. Results relative to such measures and/or indicators should be reported in ***Item 7.3****.*

N4. For additional description of this Item, see pages 42-43.

6 Process Management (95 pts.)

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

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Design Processes

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

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

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

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

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

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

b. Production/Delivery Processes

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

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

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

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

Notes:

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

*N2. Product and service design, production, and delivery differ greatly among organizations, depending upon many factors. These factors include the nature of the products and services, technology requirements, issues of modularity and parts commonality, customer and supplier relationships and involvement, and product and service customization. Responses to **Item 6.1*** *should address the most critical requirements for your organization.*

N3. Responses to ***Item 6.1*** *should include how customers and key suppliers and partners are involved in design processes, as appropriate.*

N4. Results of operational improvements in product/service design, productivity and delivery processes should be reported in ***Item 7.5****. Results of improvements in product/service performance should be reported in* ***Item 7.1****.*

N5. For additional description of this Item, see pages 43-45.

6.2 Support Processes *(20 pts.)*

Describe how your organization manages its key support processes.

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Support Processes

(1) What are your key support processes?

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

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

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

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

Notes:

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

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

N3. For additional description of this Item, see page 45.

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

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

Within your response, include answers to the following questions:

☒ A
☒ D
☐ R

a. Supplier and Partnering Processes

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

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

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

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

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

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

Notes:

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

N2. If your organization selects preferred suppliers and/or partners based upon volume of business or criticality of their supplied products and/or services, include selection criteria in the response.

*N3. Results of improvements in supplier and partnering processes and supplier/partner performance results should be reported in **Item 7.4**.*

*N4. If contractor staff who provide functions for the organization are supervised in their work by the organization's staff as employees, then they should be treated as an internal support process in **Item 6.2**.*

N5. For additional description of this Item, see pages 45-46.

7 Business Results (400 pts.)

The ***Business Results*** Category examines your organization's performance and improvement in key business areas—customer satisfaction, product and service performance, financial, marketplace performance, mission accomplishment, human resource results, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors.

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

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

Provide data and information to answer the following questions:

☐ A
☐ D
☒ R

a. Customer-Focused Results

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

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

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

Notes:

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

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

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

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

N5. ***Item 7.1*** *should only include results of performance in satisfying customers external to the 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****, Organizational Effectiveness Results).*

N6. For additional description of this Item, see pages 46-47.

7.2 Financial Performance Results *(50 pts.)*

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

Provide data and information to answer the following questions:

☐ A
☐ D
☒ R

a. Financial Performance Results

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

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

Notes:

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

N2. For those organizations involved in market-type activities, key results presented in response to 7.2a(2) are often measured in terms of financial and market performance, as they are in private sector commercial activities. For others in the public sector which do not operate in a market environment, non-financial and non-market measures such as program and impact accomplishment may be the most useful measures of operating performance. Accordingly, respondents are given flexibility as to the most appropriate results to present.

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

N4. Responses to 7.2 might include financial measures used to define progress in meeting performance outcomes, and goals and objectives established to meet the requirements of the Government Performance and Results Act.

N5. For additional description of this Item, see pages 47-48.

7.3 Human Resource Results *(75 pts.)*

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

Provide data and information to answer the following questions:

☐ A
☐ D
☒ R

a. Human Resource Results

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

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

Notes:

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

*N2. Appropriate indicators of employee satisfaction, diversity, well-being, and effectiveness might include safety, absenteeism, turnover, turnover for customer-contact employees, grievances, worker compensation, on-the-job performance improvements, and the results of employee surveys. For additional information regarding the appropriate measures of employee well-being and satisfaction, see Notes to **Item 5.3**. Appropriate measures and/or indicators of employee development might include innovation and suggestion rates, courses completed, learning, and cross-training.*

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

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

N5. For additional description of this Item, see page 48.

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

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

Provide data and information to answer the following question:

☐ A
☐ D
☒ R

a. Supplier and Partner Results

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

Notes:

*N1. Results reported here should relate directly to processes and performance requirements described in **Item 6.3**. Also, results should be clearly linked to the overall performance goals and objectives described in the **Organization Overview**.*

N2. For reporting purposes, any results deemed relevant and important by the applicant relating to contract employees supervised by the contractor should be addressed here.

N3. For additional description of this Item, see pages 48-49.

7.5 Organizational Effectiveness Results *(75 pts.)*

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

Provide data and information to answer the following questions:

☐ A
☐ D
☒ R

a. Organizational Effectiveness Results

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

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

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

Notes:

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

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

N4. For additional description of this Item, see page 49.

III. CATEGORY, ITEM AND AREA DESCRIPTIONS

1 Leadership *(Category 1)*

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

1.1 Organizational Leadership

This Item addresses how senior leaders set directions and build and sustain an organization conducive to high performance, individual and organizational learning, empowerment, and innovation. The Item asks how leadership takes into account all key stakeholders—customers, employees, suppliers, partners, the Congress, the public, and the community. The Item also addresses how senior leaders review overall organizational performance and capabilities.

Area 1.1a calls for information on: (1) the major aspects of leadership—creating values and expectations; (2) setting directions; (3) projecting a strong customer focus; (4) encouraging innovation; (5) developing and maintaining an effective leadership structure; and (6) effectively demonstrating, communicating, and deploying values, directions, expectations, and a strong customer focus. Setting directions includes creating future opportunities for the organization and its stakeholders. An effective leader promotes continuous learning, not only to improve overall performance, but also to involve all employees in the ongoing challenge to enhance customer value. To be successful, leadership must ensure that the organization captures and shares lessons learned. Communication by leadership is critical to organizational success. Communications need to include performance objectives and measures that help provide focus as well as alignment of work units and work processes.

Area 1.1b addresses the senior leaders' role in reviewing overall organizational performance, including using employee feedback to improve leadership effectiveness. This aspect of leadership is crucial because reviews help to build consistency behind goals and 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 overall performance, senior leaders develop leadership and create an organization capable of adapting to changing opportunities and requirements. An important part of the senior leaders' organizational review is the translation of review findings into an action agenda—sufficiently specific so deployment throughout the organization and to suppliers/partners and key customers is possible. The action agenda could include opportunities for innovation to gain a performance leadership position relative to competitors and/or other organizations with similar processes, products, or services.

1.2 Public 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 three basic aspects of public responsibility in planning products, services, and operations: (1) making legal and regulatory requirements and risk factors an integral part of performance management and improvement; (2) being sensitive to issues of public concern, whether or not these issues are currently embodied in law; and (3) ensuring ethical behavior in all stakeholder interactions.

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

Area 1.2b calls for information on how the organization practices good citizenship in support of its key communities, as a contributing member and as a positive influence upon other organizations. Opportunities for involvement and leadership include efforts by the organization, senior leaders, and employees to strengthen community services, education, health care, the environment, and practices of trade, business, and professional associations. Levels of involvement and leadership are dependent upon organization size and available resources.

Good citizenship activities include community service by employees, which is encouraged and supported by the organization. For example, organizations, their leaders, and employees could help to influence the adoption of higher standards in education by communicating employability requirements to schools. Organizations could partner with other businesses and health care providers to improve health in the local community by providing education and volunteer services to address public health issues. Also, organizations could partner to influence governmental trade and business associations to engage in beneficial cooperative activities, such as sharing best practices to improve overall performance excellence.

2 Strategic Planning *(Category 2)*

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

Specifically:

- customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, new markets, and market share—key factors in competitiveness, profitability, and business and/or mission success; and

- operational performance improvement contributes to short-term and longer-term productivity growth and cost/price competitiveness. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening competitive fitness.

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

The Strategic Planning Category examines how organizations:

- understand the key customer, market, and operational requirements as input to setting strategic directions. This helps ensure that ongoing process improvements are aligned with the organization's strategic directions.
- optimize the use of resources, ensure the availability of trained employees, and ensure bridging between short-term and longer-term requirements that may entail capital expenditures, supplier development, etc.
- ensure that deployment will be effective—that there are mechanisms to transmit requirements and achieve alignment on three basic levels: (1) the 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 a distinct competitive position in the marketplace and/or program/mission driven environment. These requirements do not necessarily imply formalized plans, planning systems, departments, or specific planning cycles. Also, the Category does not imply that all improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives compete for limited resources. In most cases, priority setting depends heavily upon a cost rationale. However, there also might be critical requirements such as societal responsibilities that are not driven by cost considerations alone.

The Category is generally consistent with and supportive of the requirements of the Government Performance and Results Act. The focus of the Criteria is on planning strategically without regard to organizational level. If strategic plans are developed by higher levels within the overall organization, the applicant's 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

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

The focus of the Item is on competitive leadership, which usually depends upon revenue growth for market-oriented organizations or clear accomplishment of program mission as well as operational effectiveness. This requires a view of the future that takes into account not only the current mission environment, and the markets or segments required to compete, but also how to adjust to changing requirements and how to compete. "How to compete" presents many options and requires understanding of the organization's and competitors' strengths and weaknesses. Although no specific time horizon is included, the thrust of the Item is sustained competitive and strategic leadership.

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

Area 2.1b addresses the organization's strategic objectives—those that are to serve as the basis for strategy deployment. The Area also calls for information on how the strategic objectives are evaluated against the key factors spelled out in Area 2.1a.

2.2 Strategy Deployment

This Item addresses how the organization's strategic objectives are translated into 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 translation and implementation of the organization's directions, incorporating measures that permit clear communication and tracking of progress and performance. The strategy might include how the organization deploys strategic and performance plans to meet the provisions of the Government Performance and Results Act.

Area 2.2a calls for information on how the action plans are developed and 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—for example, via key processes and key measurements. Alignment and consistency are intended also to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all work units. Performance measures are also critical to performance tracking.

Critical action plan requirements include human resource plans to support the overall strategy. Examples of possible human resource plan elements are:

- redesign of work organizations and/or jobs to increase employee responsibility and decision making;
- initiatives to promote labor-management cooperation, such as partnerships with unions;
- initiatives to foster knowledge sharing and cross-functional interactions throughout the organization;
- creation or modification of compensation and recognition systems based on building shareholder value and/or customer satisfaction;
- creation of opportunities for employees to learn and use skills that go beyond current job assignments through redesign of processes or organizations;
- education and training initiatives, including those that involve developmental assignments to prepare future managers/leaders;
- creation of individual development and/or learning plans;
- formation of partnerships with educational institutions to develop employees or to help ensure the future supply of well-prepared employees; and
- introduction of distance learning or other technology-based learning approaches.

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 targets and/or goals, as well as competitors 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 and change relative to competitors and relative to their own targets or stretch goals as a diagnostic management tool.

In addition to improvement relative to past performance and to competitors, projected performance also might include changes resulting from new business ventures, entry into new markets, emerging societal needs relative to the organization's basic mission, product/service innovations, or other strategic directions.

3 Customer Focus *(Category 3)*

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

3.1 Customer and Market Knowledge

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

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

Some examples are:

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

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

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

3.2 Customer Satisfaction and Relationships

This Item addresses how the organization effectively manages its interaction and follow-ups with customers. Relationships provide a potentially important means for organizations to understand and manage customer expectations and to develop new business. Also, customer-contact employees may provide vital information to build partnerships and other longer-term relationships with customers.

The Item also addresses how the organization determines customer satisfaction and satisfaction relative to competitors and/or similar organizations inside and outside of the government. Satisfaction relative to competitors and/or organizations with similar missions, functions or processes, 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 obtaining actionable information, such as feedback and complaints from customers. To be actionable, the information gathered should meet two conditions: (1) responses should be tied directly to key business processes, so that opportunities for improvement are clear; and (2) responses should be translated into cost/revenue or program effectiveness 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 account of all key points in the response chain—all units or individuals in the organization that make effective interactions possible. The principal issue in complaint management is prompt and effective resolution of complaints, including recovery of customer confidence.

In addition, Area 3.2a addresses how the organization learns from complaints and ensures that design/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 in overall organizational improvement.

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

Area 3.2a also 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. Avenues to, and bases for, relationships often 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 business and/or mission needs.

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

- how the organization gathers information on customer satisfaction, including any important differences in approaches for different customer groups or market mission-related segments. This highlights the importance of the measurement scale in determining those factors that best reflect customers' market behaviors—repurchase, new business, positive response to products or services, and positive referral;
- how the organization follows up with customers regarding products, services, and recent transactions to determine satisfaction and to resolve problems quickly; and
- how satisfaction relative to competitors and/or other organizations with similar missions, functions or processes is determined. Such information might be derived from organization-based comparative studies or independent studies. 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.

4 Information and Analysis *(Category 4)*

Information and Analysis is the main point within the Criteria for all key information to effectively measure performance and manage the organization, and to drive improvement of 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 and analysis might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

4.1 Measurement of Organizational Performance

This Item addresses the organization's selection, management, and use of information and data for performance measurement in support of organizational planning 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 major components of an effective performance measurement system. It examines the selection and use of measures and indicators for tracking daily operations and those for tracking overall organizational performance. Alignment and integration of measures are viewed in terms of extent and effectiveness of use to meet organizational needs. Alignment and integration include how measures are aligned throughout the organization, how they are integrated to yield organization-wide measures, and how performance measurement requirements are deployed by the senior leaders to track work group and/or functional-level performance on key measures targeted for organization-wide improvement. Data and information reliability is an important component for monitoring operations and for data integration to assess overall performance.

The Item calls for information on how competitive comparisons and benchmarking information are selected and used to help drive performance improvements. Included in effective selection and use of competitive comparisons and benchmarking information and data are: (1) determination of needs and priorities; (2) criteria for seeking appropriate information—from within and outside the organization's business area and/or markets; and (3) use of information and data to set stretch targets and to promote major improvements in areas most critical to the organization's competitive strategy.

The major premises underlying the use of comparative information are: (1) organizations facing tough competition and high public expectations need to know "where they stand" relative to competitors and to best practices; (2) comparative and benchmarking information often provides impetus for significant ("breakthrough") improvement or changes 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 competitive sourcing. Finally, the Item examines how requirements are met to keep the organization's performance measurement system current with changing business and mission-related needs.

4.2 Analysis of Organizational Performance.

This Item addresses the analysis of organizational performance—the principal basis for assessing an organization's overall health. Analysis guides an organization's process management toward key business results and toward attaining strategic objectives. Despite their importance, individual facts and data do not usually provide a sound basis for actions or priorities. Action depends upon understanding cause/effect connections among processes and between processes and business results. Process actions may have many resource implications; results may have many cost and revenue and/or mission accomplishment implications as well. There is a critical need to provide a sound analytical basis for decisions since resources for improvement are limited and cause/effect connections are often unclear.

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

The Item examines how information and data from all parts of the organization are analyzed to assess overall organizational health and to support daily operations.

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

- how product and service quality improvement correlate with key customer indicators such as customer satisfaction, customer retention, and market share;
- cost/revenue, cost/benefit and cost/effectiveness implications of customer-related problems and problem resolution effectiveness;
- interpretation of market share changes, where appropriate, in terms of customer gains and losses and changes in customer satisfaction;
- improvement trends in key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels;
- relationships between employee/organizational learning and value added per employee;
- financial benefits derived from improvements in employee safety, absenteeism, and turnover;
- benefits and costs associated with education and training;
- benefits and costs associated with improved organizational knowledge management and sharing;
- how the ability to identify and meet employee requirements correlates with employee retention, motivation, and productivity;
- cost/revenue and cost/effectiveness implications of employee-related problems and problem resolution effectiveness;
- trends in individual measures of productivity, such as work force productivity; individual or aggregate measures of productivity, and quality relative to competitors and/or organizations with similar missions, functions or processes;
- performance trends relative to competitors and/or similar organizations on key quality attributes;
- cost trends relative to competitors and/or similar organizations inside or outside of government;
- relationships between product/service quality, operational performance indicators, and overall financial performance trends, as reflected in indicators such as operating costs, revenues, asset utilization, and value added per employee;
- allocation of resources among alternative improvement projects based on cost/revenue implications and improvement potential;
- net earnings derived from quality/operational/human resource performance improvements;
- comparisons among business units showing how quality and operational performance improvement affect financial performance;
- trends in aggregate measures such as total factor productivity; and
- trends in economic, market, and stakeholder indicators of value.

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

5 Human Resource Focus *(Category 5)*

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

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

5.1 Work Systems

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

The Item calls for information on work and job design. The basic aim of such design 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 and job design might include simplification of job classifications, cross-training, cross utilization, job rotation, and changes in work layout and work locations.

Approaches also might entail using technology and changing the 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. Effective communication is also important across functions and work units to ensure a focus on customer requirements and to ensure an environment of encouragement, trust, and mutual commitment. In some cases, teams might involve individuals in different locations linked via computers or conferencing technology.

The Item calls for information on how managers and supervisors motivate employees and encourage employees to develop and utilize their full potential. Some high performance organizations are addressing these needs via career and learning objectives, developed jointly with employees.

The Item also addresses the important alignment of incentives with the achievement of key organizational objectives. The basic thrust of this is the consistency between the compensation and recognition approaches, and work structures and processes. The Item calls for information on employee compensation and recognition—how they reinforce high performance job design, work organizations and teamwork, and a 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 gainsharing, use of new skills, demonstrations of self-learning, and knowledge sharing. The approaches might take into account linkages to customer retention or other performance objectives.

The Item addresses an increasingly important need of leading edge organizations: the ability to profile, recruit, and hire good employees. This requirement entails ensuring that work force diversity is reflective of the organization's community.

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 ongoing needs of employees and a high performance workplace that accommodates 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 and knowledge sharing 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. Education also might include basic skills such as reading, writing, language, and arithmetic.

The Item calls for information on how education and training are designed, delivered, reinforced, and evaluated, with special emphasis upon 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 organizational 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 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 of the organization to enhance employees' career opportunities and employability.

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

Although the Item does not explicitly call for information on training for customer-contact employees, such training is increasingly important. It usually entails: (1) acquiring key knowledge and skills, including knowledge of products and services; (2) listening to customers; (3) soliciting comments from customers; (4) anticipating and handling problems or failures ("recovery"); (5) developing skills in customer retention; and (6) learning how to effectively manage expectations.

5.3 Employee Well-Being and Satisfaction

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

Area 5.3a calls for information regarding a safe and healthful work environment to show 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 the need to consider a variety of services, facilities, activities, and opportunities and to tailor these to ensure the well-being, satisfaction, and motivation of all employees. Increasingly, the needs of a diverse work force have to be addressed. Senior leaders, managers and supervisors have a specific responsibility to encourage employees and to promote effective communications across the work force.

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

Area 5.3c calls for information on how the organization determines employee well-being, satisfaction, and motivation. The Area recognizes that many factors might affect employees. 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 that might affect well-being, satisfaction, and motivation, such as: 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 well-being, satisfaction, and motivation might include safety, absenteeism, turnover, turnover rate for customer-contact employees, grievances, and worker's 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.

Area 5.3c also addresses how the information and data on the well-being, satisfaction, 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 organizational performance.

6 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, linkage to suppliers and partners, operational performance, cycle time, and evaluation and continuous improvement. Flexibility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to the ability to adapt quickly and effectively to changing requirements.

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

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

6.1 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 operated and improved. The trouble-free introduction of new products and services is important to the management of these processes. This requires effective coordination, starting early in the product and service design phase. The Item also examines organizational learning through a focus on how lessons learned in one process or work unit are replicated and added to the knowledge base of other projects or work units.

Area 6.1a calls for information on the design of products and services, and their production/delivery processes. Aspects of this design include: (1) how changing customer and market requirements and technology are incorporated into product and service designs; (2) how production/delivery processes are designed to meet customer, quality, and operational performance requirements; (3) how design and production/delivery processes are coordinated to ensure trouble-free and timely introduction and delivery of products and services; and (4) how design processes are evaluated and improved to achieve better performance.

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

Many organizations also need to consider requirements for suppliers and/or business 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 utilize parts, equipment, and facilities used for other products, coordination of resources might be a major concern, but might offer means to significantly reduce unit costs and time to market. This should be addressed in responding to Area 6.1a.

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

Area 6.1b calls for information on the management and improvement of 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 performance. Expected performance frequently requires setting performance levels or standards to guide decision making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the 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 else in the organization.

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

Area 6.1b 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. A variety of process improvement approaches are commonly used. These include: (1) sharing 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) using alternative technology; and (6) using information from customers of the processes—within and outside the organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

6.2 Support Processes

This Item addresses how the organization designs, implements, operates, 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 usually do not depend significantly upon product and service characteristics. Support process design requirements usually depend significantly upon internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include finance and accounting, software services, sales, marketing, public and congressional relations, information services, personnel, legal services, plant and facilities management, research and development, and secretarial and other administrative services.

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 previously 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 are: (1) process analysis and research; (2) benchmarking; (3) use of alternative technology; and (4) use of information from customers of the processes—within and outside the organization. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

6.3 Supplier and Partnering Processes

This Item addresses how the organization designs, implements, operates, and improves its supplier and partnering processes and relationships. It also addresses supplier and partner performance management and improvement. The terms "supplier" and "partner" refer to other organizations (public and private) and to units of the parent organization that provide goods and services. Suppliers' and partners' goods and services may be used at any stage in the production, design, delivery, and use of the organization's products and services. Thus, suppliers include businesses such as distributors, dealers, warranty repair services, transportation, contractors, and franchises, as well as those that provide materials and components. Suppliers also include service suppliers, such as health care, training, and education providers.

The Item places particular emphasis on the unique relationships that organizations are building with key and preferred suppliers, including establishing partnering relationships. For many organizations, suppliers and partners are an increasingly important part of achieving not only high performance and lower-cost objectives, but also strategic objectives. For example, they might provide unique design, integration, and marketing capabilities.

Item 6.3 requests the key performance requirements for 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 inspections, certification, testing, and rating systems.

Item 6.3 also requests information on actions and plans to improve the ability of suppliers and partners to contribute to achieving your organization's performance goals. These actions and plans might include one or more of the following: (1) improving your own procurement and supplier management processes (including seeking feedback from suppliers and internal customers); (2) joint planning; (3) rapid information and data exchanges; (4) use of benchmarking and comparative information; (5) customer-supplier teams; (6) training; (7) long-term agreements; (8) incentives; and (9) recognition. Actions and plans might also include changes in supplier selection, leading to a reduction in the number of suppliers and enhancement of partnership agreements.

7 Business Results *(Category 7)*

Business Results Category provides a results focus that encompasses the customer's evaluation of the organization's products and services, overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's dual purposes—superior value of offerings as viewed by customers and the marketplace, and superior organizational 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 overall mission and business strategy. Item 4.2 calls for analysis of business results data and information to determine overall organizational performance.

7.1 Customer-Focused Results

This Item addresses the results of most significance to assessing the organization's customer-related performance—customer satisfaction, customer dissatisfaction, customer satisfaction relative to competitors, and product/service performance. 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: (1) customer satisfaction and dissatisfaction; (2) retention, gains, and losses of customers and customer accounts; (3) positive customer referrals; (4) customer complaints and warranty claims; (5) customer-perceived value based on quality and price; and (6) competitive awards, ratings, and recognition from customers and independent organizations. Relevant data and information also include product and service performance measures, especially those that serve as predictors of customer satisfaction. These product and service features are derived from the customer-related Items 3.1 and 3.2 ("listening posts"). If properly selected, improvements in the features should show a clear, positive correlation with customer and overall performance management improvement indicators.

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

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

7.2 Financial Performance Results

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

Measures of financial performance reported in Item 7.2a(1) might include return on investment, fiscal stewardship, cost/benefit and cost/effectiveness measures, and other appropriate financial activity measures, and other liquidity and financial activity measures. 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. Marketplace performance 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.

Non-financial measures of performance, and program impact and accomplishment 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.

Comparative data for measures in Item 7.2 might include agency best, best competitor, agency average, and appropriate benchmarks from inside or outside of the Government.

7.3 Human Resource Results

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

Results reported could include generic and business- or organization-specific factors. Generic factors include safety, absenteeism, turnover, and satisfaction. Organization-specific factors include those results measures commonly used in the industry or related government function, 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 also are 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 your organization—the "buyer" or other direct recipient of the products and services. Data reported should reflect results by whatever means they occur—via improvements by suppliers and partners and/or through selection of better performing suppliers and partners. Measures and indicators of performance should relate to the principal factors involved in your organization's purchases, e.g., quality, delivery, and price.

Data reported also should reflect how suppliers and partners have contributed to your 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 Organizational Effectiveness Results

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

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

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

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

IV. GENERAL APPLICATION INFORMATION AND INSTRUCTIONS

APPLICATION INFORMATION

General Eligibility

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

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

Future Eligibility of Previous Award Recipients

Guidelines for eligibility follow:

- An organization and any of its sub-components may not compete in the President's Quality Award Program during the same year.
- Winners and their sub-components are ineligible to compete for the same award for four subsequent years. For example, the Defense Contract Management Command, Long Island, winner of the 1998 Presidential Award, or any of its sub-components, may not compete again for the Presidential Award until 2002. Also, prior winners of the Award for Quality Improvement or their sub-components are not eligible to compete for the Award for Quality Improvement within four years subsequent to receiving the Award, but they are eligible to compete for the Presidential Award.
- A sub-component of a Presidential Award winner may compete for the Award for Quality Improvement at any time.

Agency Limitations

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

- Up to 20,000 employees—4 applications
- Up to 50,000 employees—5 applications
- Over 50,000 employees—6 applications
- The Department of Defense may submit a maximum of 6 applications for *each* service (Army, Navy, and Air Force), and a *total* of 6 additional applications for the other Defense agencies.

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

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

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

Evaluation Process

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

Final Selection

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

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

2000 Award Program Process and Time Frame

Step 1:
Application Distribution,
April 1999

Step 1:
Applications are distributed to agencies. Applications may be obtained from the Office of Personnel Management (OPM). Preliminary copies of the Criteria were distributed in February 1999.

Step 2:
Agencies Establish Internal Review Process,
by July 1999.

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 1999

Step 3:
Organizations prepare eight copies of the application. Organizations submit applications to an agency-designated central coordinator.

ORGANIZATIONS SELECTED FOR A SITE VISIT MUST SUBMIT EIGHT ADDITIONAL APPLICATION COPIES TO OPM 1 WEEK FOLLOWING SELECTION.

Step 4:
Application Submission to OPM,
Due: October 6, 1999

Step 4:
Completed applications are reviewed at the agency level before submission to OPM. Applications are due to OPM on or before **October 6, 1999**.

Step 5:
Application Review,
October 18-22 and
October 25-29, 1999.

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

Step 6:
Site Visit Review,
November 1999 -
January 2000

Step 6:
Organizations are selected for site visits. **Site-visited organizations submit eight additional applications.** 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.

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

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

Step 7:
Judges' Final Review,
February 2000

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

Annual President's Quality Award Program Ceremony,
Summer 2000

Awards are presented at a special ceremony held in Washington, DC. The year 2000 ceremony will be held in conjunction with a national conference on quality and government improvement. Recipients of the Presidential Award for Quality and the Award for Quality Improvement receive special recognition for their outstanding accomplishments. Site-visited organizations may be recognized for their achievements at the ceremony.

Feedback Reports,
Reports Distributed,
December 1999 -
April 2000

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

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

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

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

Award Recipients' Responsibilities

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

Each Award recipient is asked to:

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

Costs

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

APPLICATION INSTRUCTIONS

General Directions

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

1) Complete the Nomination Form found in Section X;
2) Prepare an Organization Overview. Specific guidance and instructions are provided on pages 57-59.
3) Prepare a written application that addresses the questions associated with the 19 Criteria Items found in Section II. The Items are fully described in Section III. Specific guidance for responding to each Item is described on pages 59-64.
4) Make the application stand on its own by:
    - Responding to all questions for each Area to Address;
    - Assuming the Examiners reviewing the document have no prior knowledge about the organization;
    - Developing concise responses that are quantitative, where possible;
    - Supporting response statements with facts and information. Assertions unsupported by plausible data, information, or facts receive no credit during the application evaluation; and
    - Defining terminology specific to the mission and function of the organization. If acronyms are used, define them and provide a glossary. Glossary pages are not counted in the page limits specified below.

Application Format and Guidelines

The Organization Overview must be limited to 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*.

It is suggested that applicants prepare the Organization Overview first, and use it as a guide to write and review the written application addressing each of the 19 Criteria Items.

Guidelines for Submitting Applications

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

Role of Examiners and Judges

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

Agency Coordinator and Contact Point

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

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

OPM Contact Point and Submission of Applications

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

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

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

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

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

Applicant Submission Date

The Office of Personnel Management must receive applications by **October 6, 1999**. OPM will review each application to verify eligibility. Applications received after this date are not eligible for the 2000 President's Quality Award Program.

V. PREPARING AN APPLICATION PACKAGE

To prepare a President's Quality Award Program package, an applicant responds to a series of questions associated with the 19 Criteria Items. Responses are limited to 50 or 60 pages or less (depending on size of the organization). Also, the applicant prepares an Organization Overview. The Organization Overview is limited to 6 pages. These pages are not counted in the overall application page limit of 50 or 60 pages.

Guidelines to prepare the Organization Overview and respond to the Criteria Item questions are discussed below.

GENERAL RESPONSE GUIDANCE

A. 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 II
- Category, Item and Area Descriptions — Section III
- Scoring System and Guidelines — Section VI
- Glossary of Key Terms — Section IX

B. Prepare the Organization Overview

To develop an application, applicants should begin by preparing the Organization Overview. The Overview provides a background and description of the key elements most important to the organization's mission and business. The Overview highlights the following: an overall organization description (e.g., mission, size, location, etc.), principal factors influencing performance success, key 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 sets the stage for the application review. It helps the Examiners understand: (1) what is relevant and important to the applicant's mission and function, (2) key factors influencing how the organization operates, and (3) the organization's future directions. These factors significantly influence how the application is evaluated, and ultimately, how it is scored.

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

The Organization Overview should contain five elements:

1. ***Basic Organization Description***

   Applicants 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;
   - the organization's culture; its purpose, vision, mission, and values as appropriate;
   - its major markets or mission/service areas (local, regional, national, or international);
   - chart depicting current organizational structure;
   - major equipment, facilities and technology used; and
   - brief history of when and how quality principles and tools have been/are used to improve organizational performance.

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

2. ***Principal Factors Determining Performance Success***

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

3. ***Customer Requirements***

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

4. ***Supplier and Partnering Relationships***

   Applicants should provide the following information:
   - types and numbers of principal suppliers and partners;
   - 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.

5. Other Strategic Factors Important to the Applicant

Applicants should provide the following information:

- competitive factors, if applicable, such as the organization's position (size) in the industry, numbers and types of competitors, and principal factors determining competitive success;
- major new thrusts or future challenges;
- introduction of new technologies;
- laws or regulations significantly affecting operations; and
- new organizational alliances/partners.

C. Review the Criteria Item Format

The Criteria Item format (see the Item Format figure) 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 III.

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 66. 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.

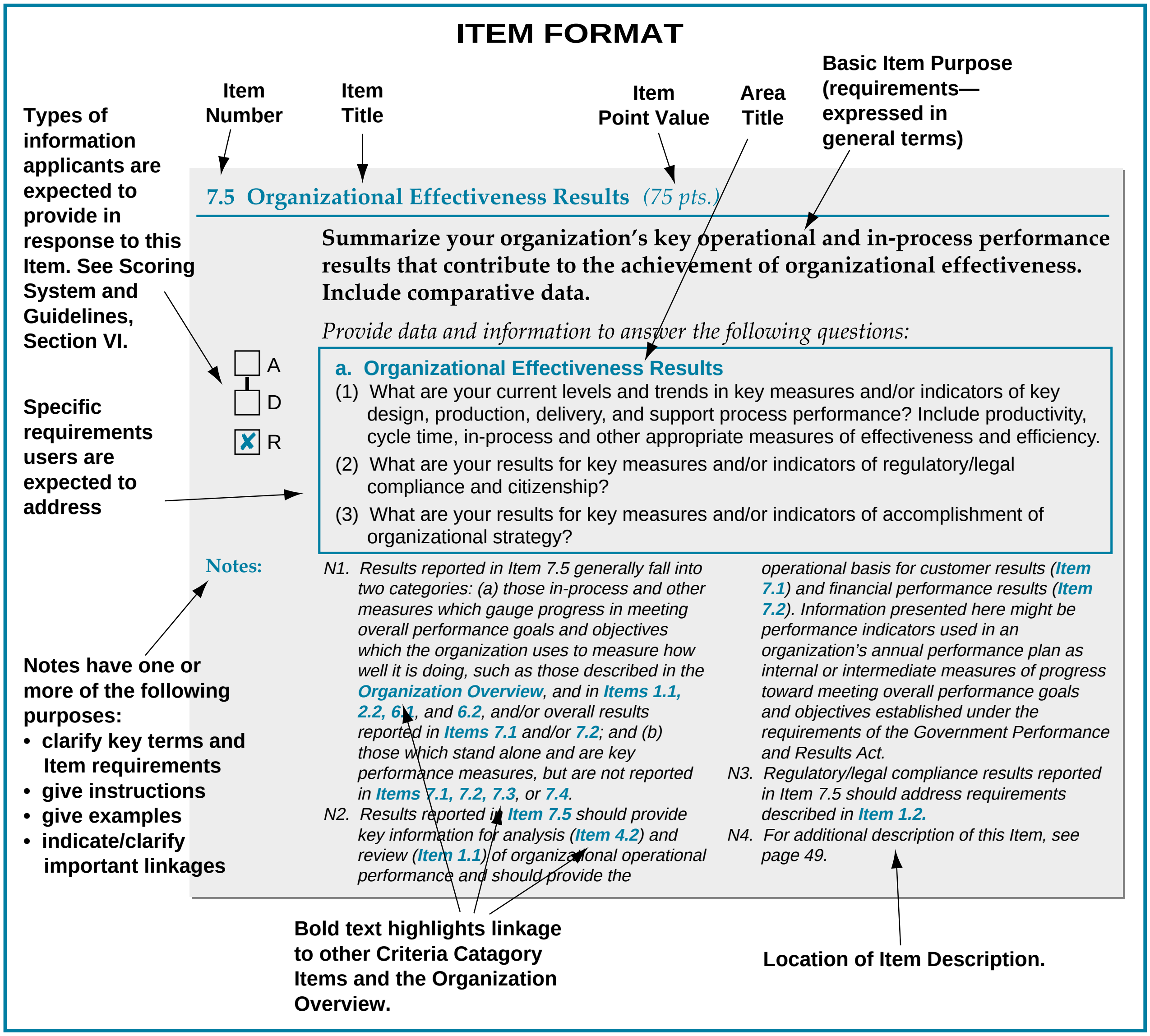
Item requirements are presented in question format, sometimes with modifying statements. Item responses should contain answers to all questions and modifying statements, however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, if appropriate.

CRITERIA RESPONSE GUIDANCE

The Criteria response guidelines are presented in two parts: (A) Guidelines for Responding to Approach/Deployment Items and (B) Guidelines for Responding to Results Items.

A. Guidelines for Responding to Approach/Deployment Items

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



ITEM FORMAT

7.5 Organizational Effectiveness Results *(75 pts.)*

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

Provide data and information to answer the following questions:

☐ A
☐ D
☒ R

a. Organizational Effectiveness Results

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

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

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

Notes:

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

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

N4. For additional description of this Item, see page 49.

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 examples, are referred to in the Scoring Guidelines as anecdotal information.

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

   - Describe **what** the key processes are and **how** they work

It is important to give basic information about **what** the organization's key processes are, **how** they work and **who** is responsible for them. 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 are analyzed and what is done with the information so that the reader understands the mechanics of how the process is carried out.

- Show that activities are systematic

  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

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

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

- Show focus and consistency

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

  There are four areas where focus and consistency 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 the areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organization-level analysis (Item 4.2) should show how the organization analyzes performance information to set priorities; and (4) the Process Management Category should highlight product, service, support, and supplier processes that are key to overall performance. When describing activities in the Approach-Deployment Items, focus and consistency can be demonstrated when accompanied by reporting corresponding results in appropriate Items of Category 7.

- Respond fully to Item requirements

  Responses should include information on the 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, there may be instances when responses to different Items are mutually reinforcing. It is then appropriate to reference responses to other Items, rather than to repeat information. In such cases, applicants should use designators (e.g., "see 2.3a below").

5. ***Use a compact format.***

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

6. ***Refer to the Scoring Guidelines***

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

B. 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. These requirements should be 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 the goals and objectives rather than isolated or *ad hoc* accomplishments. Accordingly, the application should demonstrate a clear linkage between Results and Approach/Deployment Items reported elsewhere in the application. These linkages should suggest a cause-effect relationship between Approach/Deployment Items and reported Results, either directly or indirectly.

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

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

   The chart on page 64 illustrates data an applicant might present as part of a response to Item 7.5, Organizational Effectiveness Results. A major function of the applicant is processing 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.

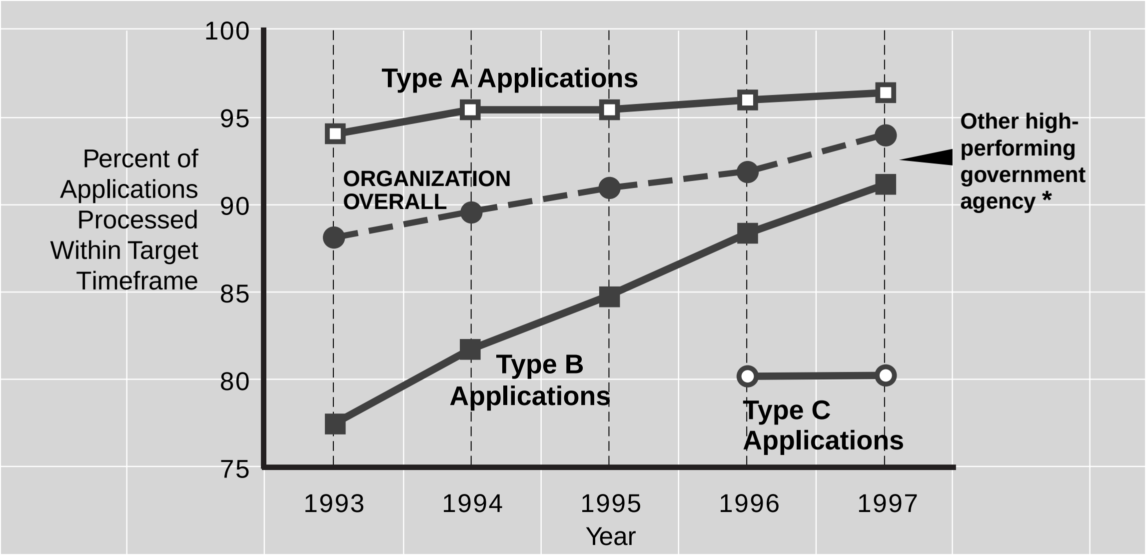
   Using the chart, the following characteristics of clear and effective data reporting are illustrated:

   - The chart is labeled with a figure number and title.
   - Both axes and units of measure are clearly labeled.
   - Trend lines report data for 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 68), the following comments on the charted results would be appropriate:

   - The current overall organization performance level is excellent compared with that of another President's Quality Award Program Award-winning government organization with similar application processing functions against which the applicant has chosen to compare itself.

Figure 7.5-3 Application Processing Within Target Time Frame



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

- 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.

VI. SCORING SYSTEM AND GUIDELINES

Scoring System

The system for scoring applicant responses to Criteria Items (Items) and for developing feedback is based upon three evaluation dimensions: (1) Approach, (2) Deployment, and (3) Results. Criteria users need to furnish information relating to 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 approach include:

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

Deployment

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

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

Results

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

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

Item Classification and Scoring Dimensions

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

The two types of Items and their designations are:

1. Approach/Deployment ☐ A ☐ D
2. Results ☐ R

Approach and Deployment are linked to emphasize that descriptions of Approach should always 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 on key measures and/or indicators of organizational performance. 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 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 importance should be addressed in the Organization Overview and are a primary focus of Items related to the organization's customers and final products and services, such as Items 2.1, 2.2, 3.1, 6.1, 7.1, and 7.5. Of particular importance are the key customer requirements, key strategic drivers and action plans.

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 68). Applicants should make sure that important areas described in the Organization Overview have related performance indicators which are reported in Category 7. Applications should show linkages between results in Category 7 and in other Category elements such as key customer requirements and process management.

Assignment of Scores to Criteria Responses

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

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

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

Scoring Guidelines

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

NOTE: To better understand the key terms such as "basic purpose" and "specific requirements" of the Item, see Item Format model on page 60.

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

Introduction

Self-assessment looks at the health of an organization. Effective organizations assess their performance to identify strengths and pinpoint opportunities to improve management practices and programs. Through continuous self-assessment, organizations can review, prioritize and select the best approaches for getting results.

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

Linking Self-Assessment to the Government Performance and Results Act

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

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

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

The Benefits of Using the Criteria for Self-Assessment

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

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

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

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

VIII. 2000 PRESIDENT'S QUALITY AWARD PROGRAM SUMMARY OF CHANGES

General 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, the Congress, special interest groups, and the public. The 2000 Criteria further strengthen the systems view of performance management and place a greater emphasis on aligning key components of the performance management system. The roles of data, information, and analysis in measuring and managing performance are emphasized. Increased focus has been given to all aspects of organizational and employee learning and knowledge sharing, as well as to segmentation of markets, customers, and employee groups to improve information gathering and decision making.

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

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

- The number of Items has been reduced from 20 to 19 due to the reformatting of Category 4.0, Information and Analysis. The Areas to Address have been reduced from 29 to 27.
- All Items have been rewritten as questions to enhance clarity and readability.
- The Scoring Guidelines have been revised and expanded to better link scoring dimensions to Criteria requirements.
- The overall Category point distribution has changed. Category 1, Leadership (125 pts) and Category 7, Business Results (400 pts) are assigned higher point values than the other five categories, representing the relative importance of these Categories to an organization's performance management system. The remaining five Categories are all assigned 95 points, in recognition that each Category is equally important to a high-performing organization.
- Overall guidance and application information was reorganized to help Program applicants. All general application information is now organized into one section, Section IV, General Application Information and Instructions. Material related to preparing an application, including preparing the Organization Overview, is now found in one section, Section V, Preparing an Application Package.
- The Organization Overview now includes five elements. The new element asks applicants to address the principal factors for determining performance success.
- Section VII, Using the Performance Excellence Criteria for Organization Self-Assessment has been added to highlight the benefits of using the Criteria for internal evaluation.
- Information on Core Values and Concepts (now Section I) has been moved forward in the package to stress its importance in applying the Criteria.

- In 1999, the MBNQA published Criteria for Health Care and Education organizations. To assist Federal organizations with health care and education missions apply the President's Quality Award Program Criteria, this package contains supplementary guidance and Notes found on pages 73-80.
- Guidelines for submitting applications have been revised. Applicants should now submit eight copies of their completed applications. Organizations selected for site visits will be asked to submit additional applications. Applicants are not required to submit a disk copy of their application. Additional details and font size requirements are found in Section IV.

Significant changes by Category are:

Category 1—Leadership.
Item 1.1 is now Organizational Leadership to emphasize the role of senior leaders in setting direction and guiding the organization. Area 1.1b, Organizational Performance Review, has been moved to this Item from 1999 Item 4.3 to emphasize the senior leaders' role in and responsibility for performance review. Category points are now 125 versus 130 for 1999.

Category 2—Strategic Planning.
Item 2.1 is now Strategy Development, with two key purposes: (1) a description of the strategy development process, and (2) a statement of the key current strategic objectives that result from that process. Item 2.2 is now Strategy Deployment, with emphasis on the important steps in deploying strategy: developing and identifying action plans to address the organization's strategic objectives, identifying key performance measures to track progress, and deploying the action plans and performance measures. Category points are now 95 versus 80 for 1999.

Category 3—Customer Focus.
Item 3.2, Customer Satisfaction and Relationships, now has two Areas to Address, reduced from three in 1999. The new Area 3.2a, Customer Relationships, combines the 1999 Areas that dealt with accessibility, complaint management and relationships building. This change is intended to recognize the importance of accessibility and successful complaint management as components of building positive customer relationships. Category points are now 95 versus 80 for 1999.

Category 4—Information and Analysis.
This Category now contains two Items, reduced from three in 1999. Category emphasis has shifted to focus on organizational performance measurement and analysis as the purposes for data and information gathering. Item 4.1, Measurement of Organizational Performance, replaces Items 4.1 and 4.2 from 1999. The Item emphasizes the key information and data, including comparative and benchmark information and development and use of data needed for: (1) an effective performance measurement system and (2) alignment of performance throughout the organization. Item 4.2 is now Analysis of Organizational Performance (formerly in Item 4.3). The review function, as stated above, is now in Item 1.1. Category points are now 95 versus 80 for 1999.

Category 5—Human Resource Focus.
Item 5.1, Work Systems, has been expanded in scope to include: how managers and supervisors motivate employees, a description of the employee performance management system, and a description of recruitment and hiring practices. Item 5.3, Employee Well-Being and Satisfaction, has been modified to include consideration of the needs of a diverse work force. Category points are now 95 versus 120 for 1999.

Category 6—Process Management.
Item 6.3, Supplier and Partnering Processes, has been strengthened through identification of the key products and services purchased from suppliers/partners and through a focus on how effective interaction with suppliers and partners is ensured. The titles of Items 6.1, 6.2, and 6.3 have been changed slightly, dropping the words "Management of" since the Category title is Process Management. Category points are now 95 versus 110 for 1999.

Category 7—Business Results.
Item 7.1 is now Customer Focused Results instead of Customer Satisfaction Results. This change is intended to include all results that indicate the organization's success in all aspects of the customer's experience. These results include direct measures of satisfaction and dissatisfaction, indirect measures such as loyalty and positive referrals, and measures of program, product and service performance. Item 7.2 is now Financial Performance Results instead of Overall Financial and Performance Results. Item 7.4 includes reporting results relating to contractor employees. Item 7.5 is now Organizational Effectiveness Results instead of Organization Specific Results. This change is intended to focus attention on those operational performance results that affect achievement of organizational effectiveness. Category points remain at 400; however, points assigned to 7.1, 7.2 and 7.4 Items have changed from 1999.

Scoring Guidelines.
The Scoring Guidelines have been revised to provide a better description of the performance attributes that accompany increasing scores, and hence increasing performance system maturity. Scores are presented in 20% ranges to provide greater definition and differentiation of performance. Scoring range descriptors have been added that emphasize performance system alignment in both the approach/deployment and results dimensions. Specific approach/deployment descriptors have been added that emphasize the growing performance system maturity that results from cycles of evaluation, improvement, and organizational learning.

2000 President's Quality Award Criteria users 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 the award process and self-assessment.

Guidance for Government Health Care Organizations and Education Institutions

In 1998, the Malcolm Baldrige National Quality Award (MBNQA) Program added award categories for health care organizations and education institutions. The

Program developed specialized sets of Performance Excellence Criteria to recognize the unique aspects and environments of health-related and educational organizations. These new categories were established under the "Technology Administration Act of 1998," authorizing non-profit and for-profit education and health care organizations to apply for the MBNQA.

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

We encourage Federal organizations in health care and education-related missions to review the MBNQA Criteria and use them for self-assessment, performance improvement, and as a reference and guide when applying to the President's Quality Award Program. The Criteria are available from the MBNQA by calling (301) 975-2036, or through the Program's web site: http://www.quality.nist.gov. Please note that the existing Health Care and Education Criteria are the 1998 edition. They do not directly correspond to the changes incorporated in the 1999 MBNQA nor this year's President's Quality Award Program.

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

Health Care Supplementary Information

Category 1—Leadership

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

Supplementary Category Item Notes:

1.1 Organizational Leadership

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

1.2 Organization Responsibility and Citizenship

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

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

Category 2—Strategic Planning

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

Supplementary Category Item Notes:

2.1 Strategy Development

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

N2. Performance (2.1.b) as a health care provider encompasses all significant processes of the organization (e.g., patient care, clinical, regulatory compliance and accreditation, finance and accounting, community health services, and research and teaching).

Category 3—Customer Focus

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

Supplementary Category Item Notes:

3.1 Customer and Market Knowledge

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

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

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

Category 4—Information and Analysis

This Category examines health care organizations' performance management systems and how the organizations analyze performance data and information.

Supplementary Category Item Note:

4.2 Analysis of Organizational Performance

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

Category 5—Human Resource Focus

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

Supplementary Category Item Note:

5.1 Work Systems

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

Category 6—Process Management

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

Supplementary Category Item Notes:

6.1 Product and Service Processes

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

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

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

6.2 Support Processes

N1. The purpose of Item 6.2 is to permit organizations to separately highlight the processes that support health care service design and delivery processes addressed in Item 6.1. The support processes included in Item 6.2 depend on the organization's mission and how it operates, but should include key patient support processes (e.g., housekeeping, medical records, etc.), and key business and administrative processes (e.g., finance, contracting, etc.). Together, Items 6.1 and 6.2 should cover the key operations, processes, and activities of all departments.

6.3 Supplier and Partnership Processes

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

Category 7—Business Results

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

Supplementary Category Item Notes:

7.5 Organizational Effectiveness Results

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

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

Education Supplementary Information

Category 1—Leadership

This Category examines senior administrators' personal leadership and involvement in sustaining a student focus, clear goals, high expectations and a leadership system that promotes performance excellence. Also, the Category examines how objectives and expectations are integrated into the school's management system and how the school addresses its societal responsibilities and provides support to key school communities.

Supplementary Category Item Notes:

1.1 Leadership System

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

1.2 Organization Responsibility and Citizenship

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

Category 2—Strategic Planning

This Category examines how schools set strategic directions and how they develop key action plans to support the directions. Also, the Category examines how plans are deployed and performance is tracked.

Supplementary Category Item Notes:

2.1 Strategy Development

N1. Strategy should be interpreted broadly. It might include any or all of the following: addition or termination of programs; modifications in instructional design; use of technology, changes in testing and/or assessment; adoption of standards; services to new/changing student populations; research priorities; and partnerships with other schools.

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

Category 3—Customer Focus

This Category examines how schools determine student and stakeholder requirements, needs, expectations, and preferences. Also, the Category examines how schools build relationships with students and stakeholders and determine their satisfaction.

Supplementary Category Item Notes:

3.1 Customer and Market Knowledge

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

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

3.2 Customer Satisfaction and Relationships

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

Category 4—Information and Analysis

This Category examines schools' performance measurement systems and how schools analyze performance data and information.

Supplementary Category Item Note:

4.2 Analysis of Organizational Performance

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

Category 5—Human Resource Focus

This Category examines how schools enable faculty and staff to develop and use their full potential, aligned with the schools' performance. Also, the Category examines the school's efforts to build and maintain a climate conducive to performance excellence, full participation, and personal and organizational growth.

Supplementary Category Item Notes:

5.1 Work Systems

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

N2. Work design refers to how faculty and staff are organized and/or organize themselves in formal and informal, temporary or longer-term units.

Category 6—Process Management

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

Supplementary Category Item Notes:

6.1 Product and Service Processes

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

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

6.2 Support Processes

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

Category 7—Business Results

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

Supplementary Category Item Notes:

7.1 Customer-Focused Results

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

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

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

IX. GLOSSARY OF KEY TERMS

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

Action Plans	Action plans refer to principal organization-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the organization must do well for its strategy to succeed. Action plan development represents the critical stage in planning when general strategies and goals are made specific so that effective organization-wide understanding and deployment are possible. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all work units. Deployment might also require specialized training for some employees or recruitment of personnel. An example of an action plan element for a government organization supplying goods and services in competition with private-sector suppliers might be to develop and maintain a price leadership position. Deployment should entail the design of efficient processes, analysis of resource and asset use, and creation of related measures of resource and asset productivity, aligned for the organization as a whole. It might also involve the use of a cost-accounting system that provides activity-level cost information to support day-to-day work. Unit and/or team training should include priority setting based upon costs and benefits. Organization-level analysis and review should emphasize overall productivity growth. Ongoing competitive analysis and planning should remain sensitive to technological and other changes that might greatly reduce operating costs for the organization or its competitors.
Alignment	Alignment refers to unification of goals throughout the organization and consistency of processes, 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).

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

Leadership System

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

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

Measures and Indicators

Measures and indicators refer to numerical information that quantifies (measures) input, output, and performance dimensions of processes, products, 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 permit 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 action plans, and for translating plans into an effective performance management system. The process leads to establishment of general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the organization, and for establishment of annual performance goals linked to the general goals and objectives. It addresses: (1) how the goals and objectives are to be achieved, including operational processes, skills and technology, and human capital; (2) information and other resources required to meet those goals and objectives; (3) key factors external to the organization and beyond its control that could significantly affect the achievement of the general goals and objectives; and (4) how evaluations are used in establishing or revising goals and objectives. The term "Strategic Planning," as used in the Criteria, is consistent with the requirements established by the Government Performance and Results Act.

X. 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 ____________________

email ____________________

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

Signature ____________________

Name ____________________

Title ____________________

Address ____________________

____

____

Telephone ____________________

Date ____________________

PQAP-1
April 1999