

2011–2012

# Health Care Criteria for Performance Excellence



# THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

## A Public-Private Partnership

Building active partnerships in the public sector—and among the private sector and all levels of government—is fundamental to the success of the Baldrige Performance Excellence Program in improving national competitiveness. Private-sector support for the program in the form of funds, volunteer efforts, and participation in public outreach continues to grow.

To ensure the continued growth and success of these partnerships, each of the following organizations plays an important role.

## Foundation for the Malcolm Baldrige National Quality Award

The Foundation for the Malcolm Baldrige National Quality Award was created to foster the success of the program. The foundation's main objective is to raise funds to permanently endow the award program.

Prominent leaders from U.S. organizations serve as foundation trustees to ensure that the foundation's objectives are accomplished. A broad cross section of organizations throughout the United States provides financial support to the foundation.

## National Institute of Standards and Technology

The National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce, manages the Baldrige Performance Excellence Program. NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. NIST carries out its mission in four cooperative programs, including the Baldrige Performance Excellence Program. The other three are the NIST laboratories, conducting research that advances the nation's technology infrastructure and is needed by U.S. industry to continually improve products and services; the Hollings Manufacturing Extension Partnership, a nationwide network of local centers offering technical and business assistance to smaller manufacturers; and the Technology Innovation Program, which provides cost-shared awards to industry, universities, and consortia for research on potentially revolutionary technologies that address critical national and societal needs.

## American Society for Quality

The American Society for Quality (ASQ) assists in administering the award program under contract to NIST. ASQ's vision is to make quality a global priority, an organizational imperative, and a personal ethic and, in the process, to become the community for all who seek quality concepts, technology, or tools to improve themselves and their world.

## Board of Overseers

The Board of Overseers advises the Department of Commerce on the Baldrige Performance Excellence Program. The board is appointed by the secretary of commerce and consists of distinguished leaders from all sectors of the U.S. economy. The board

evaluates all aspects of the program, including the adequacy of the Criteria and processes for determining award recipients. An important part of the board's responsibility is to assess how well the program is serving the national interest and, as needed, recommend changes and improvements to the secretary of commerce and to the director of NIST.

## Board of Examiners

The Board of Examiners evaluates award applications and prepares feedback reports. The Panel of Judges, part of the Board of Examiners, makes award recommendations to the director of NIST. The board consists of leading experts from U.S. businesses and education, health care, and nonprofit organizations. NIST selects members through a competitive application process. The current board consists of more than 575 members. Of these, 12 (who are appointed by the secretary of commerce) serve as judges, and approximately 90 serve as senior examiners. All members of the board must take part in an Examiner Preparation Course.

Board members also play a significant role in sharing information about the program. Their membership in hundreds of professional, trade, community, and state organizations helps them disseminate this information.

## Award Recipients

Award recipients are required to share information on their successful performance strategies with other U.S. organizations. However, recipients are not required to share proprietary information, even if such information was part of their award application. The principal mechanism for sharing information is The Quest for Excellence® Conference, held annually. Two regional conferences are also held annually to offer additional forums for sharing the applicants' best practices.

For more than 20 years, award recipients have demonstrated their commitment to improving U.S. competitiveness and furthering the U.S. pursuit of performance excellence by also generously sharing information with hundreds of thousands of companies, education organizations, health care organizations, government agencies, nonprofit organizations, and others. This sharing far exceeds expectations and program requirements. These efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.

## The Alliance for Performance Excellence

The Alliance for Performance Excellence (<http://www.baldrigepe.org/alliance>), a nonprofit national network, aims to enhance the success and sustainability of its member Baldrige-based programs. The Alliance's member organizations promote the use of the Baldrige Criteria; disseminate information on the Baldrige Award process and Baldrige concepts; serve as a feeder system for the national program, providing a significant number of examiners and award applicants; network with the Baldrige Performance Excellence Program and each other; and receive and use the Baldrige Criteria for Performance Excellence and other program and training materials from the national program.



# Baldrige Performance Excellence Program

National Institute of Standards and Technology • Department of Commerce

**To:** U.S. Health Care Organizations

**From:** Harry S. Hertz, Director  
Baldrige Performance Excellence Program

**Subject:** Why Is Baldrige Important for You Now?

Because the Baldrige Health Care Criteria for Performance Excellence are about you! Because they are about survival and sustainability in your marketplace with a high-performing, high-integrity organization. Because the Baldrige Criteria ask you all the right questions.

Is addressing all the Baldrige Health Care Criteria easy? No! But neither is achieving sustainable results in today's challenging health care environment. Will the Health Care Criteria help you think and act strategically? Yes. Will they help you align your processes and your resources? Yes. Will they help you engage your workforce, your patients, and your stakeholders? Yes. Are these worthwhile goals? You decide.

Whether your organization is small or large; is involved in ambulance service, health maintenance, or another health care service; and has one facility or multiple sites across the country, the Health Care Criteria provide a valuable framework that can help you plan, perform, and measure results in an uncertain environment. The Health Care Criteria can help you decide on tools such as the Plan-Do-Check-Act methodology, a Balanced Scorecard, and Six Sigma.

How to begin that first Baldrige assessment? Take a few minutes and scan the questions in the Organizational Profile on pages 4–6. A discussion of the answers to these questions might be your first Baldrige assessment. For additional guidance, refer to our free booklet *Your Guide to Performance Excellence*.

Do you need to know what your staff and your senior leaders think? Or do you believe you have been making progress but want to accelerate or better focus your efforts? Try using our simple *Are We Making Progress?* and *Are We Making Progress as Leaders?* questionnaires. Organized by the seven Baldrige Criteria categories, they will help you check your progress on organizational goals and can improve communication among your workforce members and your leadership team.

Even if you don't expect to receive the Baldrige Award, submitting an award application has valuable benefits. Every applicant receives a detailed feedback report based on a rigorous evaluation conducted by a panel of specially trained experts.

The Health Care Criteria are in your hands . . . so is an incredible opportunity. Why not take advantage of that opportunity? When you turn these pages, you turn the corner toward performance excellence. If you want more information, please contact me at [baldrige@nist.gov](mailto:baldrige@nist.gov).

## Need some useful tools to begin the Baldrige challenge? Try using

- *Getting Started with the Baldrige Criteria*, available on our Web site at [http://www.nist.gov/baldrige/enter/self\\_started.cfm](http://www.nist.gov/baldrige/enter/self_started.cfm)
- *easyInsight: Take a First Step toward a Baldrige Self-Assessment*, available at [http://www.nist.gov/baldrige/publications/easy\\_insight.cfm](http://www.nist.gov/baldrige/publications/easy_insight.cfm)
- *Are We Making Progress?* and *Are We Making Progress as Leaders?* available at <http://www.nist.gov/baldrige/publications/progress.cfm>
- Optional Self-Analysis Worksheet (Word file to download), available at [http://www.nist.gov/baldrige/publications/hc\\_criteria.cfm](http://www.nist.gov/baldrige/publications/hc_criteria.cfm)

Besides using these resources from the Baldrige Performance Excellence Program, visit <http://www.baldrigepe.org> to get support from Baldrige-based programs in your state or local area.

## THE QUEST FOR EXCELLENCE

### The 23rd and 24th Annual Quest for Excellence® Conferences

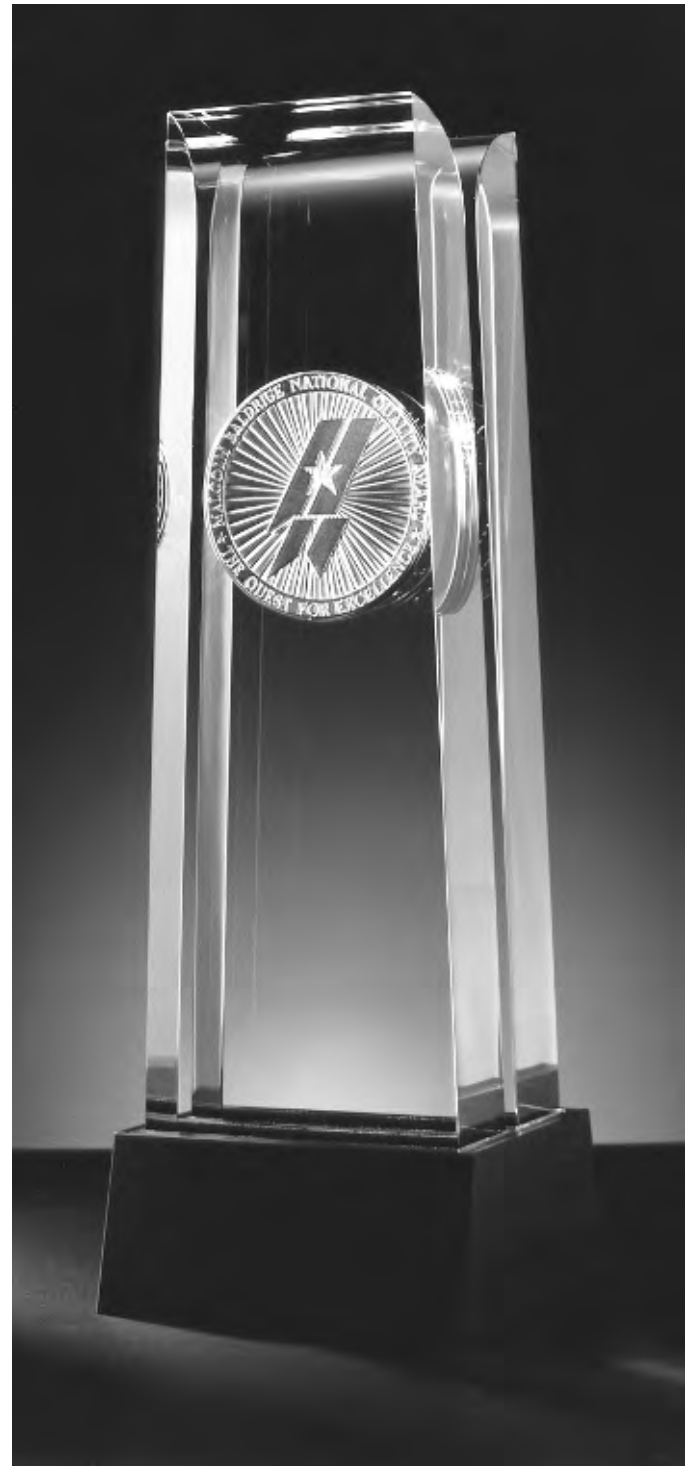
Each year, The Quest for Excellence, the official conference of the Malcolm Baldrige National Quality Award, provides a forum for Baldrige Award recipients to share their exceptional performance practices with worldwide leaders in business, education, health care, and nonprofit organizations. The 23rd Quest for Excellence will showcase the year 2010 award recipients, and the 24th Quest for Excellence will feature the year 2011 award recipients.

Since 1988, executives, managers, and other leaders have come to this conference to learn how these role-model organizations have achieved performance excellence. Chief executive officers (CEOs) and other leaders from the award recipient organizations give presentations covering all seven categories of the Baldrige Criteria, their journey to performance excellence, and their lessons learned. At this three-day conference designed to maximize learning and networking opportunities, attendees will be able to interact with award recipients.

The conferences will be held April 3–6, 2011, at the Marriott Wardman Park Hotel in Washington, D.C., and April 15–18, 2012, at the same location. For further information, contact the Baldrige Program by mail: Baldrige Performance Excellence Program, NIST, Administration Building, Room A600, 100 Bureau Drive, Stop 1020, Gaithersburg, MD 20899-1020; telephone: (301) 975-2036; fax: (301) 948-3716; or e-mail: [baldrige@nist.gov](mailto:baldrige@nist.gov). For a general overview of the Baldrige Program, visit the Baldrige Web site: <http://www.nist.gov/baldrige>.

### The Malcolm Baldrige National Quality Award

The President of the United States traditionally presents the award at a special ceremony in Washington, D.C. The award crystal, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black anodized aluminum, with the award recipient's name engraved on the base. A 22-karat gold-plated medallion is captured in the front section of the crystal. The medallion bears the name of the award and "The Quest for Excellence" on one side and the Presidential Seal on the other.



Crystal by Steuben

The Malcolm Baldrige National Quality Award logo and the phrases "The Quest for Excellence" and "Performance Excellence" are trademarks and service marks of the National Institute of Standards and Technology.

## The 2011–2012 Health Care Criteria for Performance Excellence

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Business/nonprofit and education organizations should use the appropriate Criteria booklets for their respective sectors. See pages 74–75 for ordering information.

If you plan to apply for the award in 2011 or 2012, you also will need the *Baldrige Award Application Forms*, which can be downloaded at [http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm).

The award application process consists of two steps: the first is to provide a completed eligibility certification package, and the second is to submit a completed award application package.

See pages 71–73 for due dates and other information.

We are easy to reach. Our Web site is <http://www.nist.gov/baldrige>.

# Baldrige Health Care Criteria for Performance Excellence Framework

## A Systems Perspective



# HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE FRAMEWORK

The requirements of the Health Care Criteria for Performance Excellence are embodied in seven categories, as follows:

- 1 Leadership**
- 2 Strategic Planning**
- 3 Customer Focus**
- 4 Measurement, Analysis, and Knowledge Management**
- 5 Workforce Focus**
- 6 Operations Focus**
- 7 Results**

The figure on page iv provides the framework connecting and integrating the categories.

From top to bottom, the framework has the following basic elements.

## Organizational Profile

Your Organizational Profile (top of figure) sets the context for the way your organization operates. Your organization's environment, key working relationships, and strategic situation—including competitive environment, strategic challenges and advantages, and performance improvement system—serve as an overarching guide for your organizational performance management system.

## Performance System

The performance system is composed of the six Baldrige categories in the center of the figure that define your processes and the results you achieve.

Leadership (category 1), Strategic Planning (category 2), and Customer Focus (category 3) represent the leadership triad. These categories are placed together to emphasize the importance of a leadership focus on strategy and on patients and stakeholders. Senior leaders set your organizational direction and seek future opportunities for your organization.

Workforce Focus (category 5), Operations Focus (category 6), and Results (category 7) represent the results triad. Your organization's workforce and key operational processes accomplish the work of the organization that yields your overall performance results.

All actions point toward Results—a composite of health care and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (category 1) and Results (category 7). The two-headed arrows indicate the importance of feedback in an effective performance management system.

## System Foundation

Measurement, Analysis, and Knowledge Management (category 4) are critical to the effective management of your organization and to a fact-based, knowledge-driven system for improving health care and operational performance and competitiveness. Measurement, analysis, and knowledge management serve as a foundation for the performance management system.

## Criteria Structure

The seven Criteria categories shown in the figure are subdivided into items and areas to address.

### Items

There are 17 process and results items, each focusing on a major requirement. Item titles and point values are given on page 3. The item format is shown on page 29.

### Areas to Address

Items consist of one or more areas to address (areas). Organizations should address their responses to the specific requirements of these areas.



## Baldridge Performance Excellence Program Honors the 2008 Award Recipients



On December 2, 2009, at a ceremony in Washington, D.C., the three 2008 Baldridge Award recipients were honored: Cargill Corn Milling North America (CCM) of Wayzata, Minnesota (manufacturing); Iredell-Statesville Schools (I-SS) of Statesville, North Carolina (education); and Poudre Valley Health System (PVHS) of Fort Collins, Colorado (health care). Clockwise from the upper left, the photographs show (1) U.S. Vice President Joe Biden; (2) U.S. Secretary of Commerce Gary Locke; (3) Secretary Locke, I-SS Chairman of

the Board of Education David W. Cash, I-SS Superintendent Brady Johnson, and Foundation for the Malcolm Baldridge National Quality Award Chair Joe Alexander; (4) Malcolm Hollensteiner, nephew of Malcolm Baldridge; (5) Secretary Locke, PVHS President/CEO Rulon F. Stacey, PVHS Director of Process Improvement Priscilla J. Nuwash, and Joe Alexander; and (6) Secretary Locke, CCM President Alan Willits, Cargill, Inc. Chairman and Chief Executive Officer Greg Page, and Joe Alexander.



# HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE—ITEM LISTING

## **P** Preface: Organizational Profile

- P.1 Organizational Description
- P.2 Organizational Situation

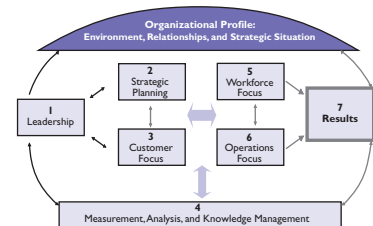
Categories and Items	Point Values
<b>1</b> Leadership	<b>120</b>
1.1 Senior Leadership	70
1.2 Governance and Societal Responsibilities	50
<b>2</b> Strategic Planning	<b>85</b>
2.1 Strategy Development	40
2.2 Strategy Implementation	45
<b>3</b> Customer Focus	<b>85</b>
3.1 Voice of the Customer	45
3.2 Customer Engagement	40
<b>4</b> Measurement, Analysis, and Knowledge Management	<b>90</b>
4.1 Measurement, Analysis, and Improvement of Organizational Performance	45
4.2 Management of Information, Knowledge, and Information Technology	45
<b>5</b> Workforce Focus	<b>85</b>
5.1 Workforce Environment	40
5.2 Workforce Engagement	45
<b>6</b> Operations Focus	<b>85</b>
6.1 Work Systems	45
6.2 Work Processes	40
<b>7</b> Results	<b>450</b>
7.1 Health Care and Process Outcomes	120
7.2 Customer-Focused Outcomes	90
7.3 Workforce-Focused Outcomes	80
7.4 Leadership and Governance Outcomes	80
7.5 Financial and Market Outcomes	80
<b>TOTAL POINTS</b>	<b>1,000</b>

**Note:** The scoring system used with the Criteria items in a Baldrige assessment can be found on pages 67–70.

## The Importance of Beginning with Your Organizational Profile

Your Organizational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in key information and focus on key performance requirements and results;
- it is used by the examiners and judges in application review, including the site visit, to understand your organization and what you consider important (you will be assessed using the Criteria requirements in relation to your organization's environment, relationships, influences, and challenges, as presented in your Organizational Profile); and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that the Organizational Profile can serve as your complete assessment, and you can use these topics for action planning.



## P Preface: Organizational Profile

The *Organizational Profile* is a snapshot of your organization, the KEY influences on HOW you operate, and the KEY challenges you face.

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

Describe your organization's operating environment and your KEY relationships with PATIENTS and STAKEHOLDERS, suppliers, and PARTNERS.

Within your response, include answers to the following questions:

#### a. Organizational Environment

- (1) **Service Offerings** What are your organization's main HEALTH CARE SERVICE offerings (see note 1 below)? What is the relative importance of each to your organizational success? What mechanisms do you use to deliver your services?
- (2) **VISION and MISSION** What are the distinctive characteristics of your organizational culture? What are your stated PURPOSE, VISION, VALUES, and MISSION? What are your organization's CORE COMPETENCIES and their relationship to your MISSION?
- (3) **WORKFORCE Profile** What is your WORKFORCE profile? What are your WORKFORCE or staff groups and SEGMENTS? What are their education levels? What are the KEY elements that engage them in accomplishing your MISSION and VISION? What are your organization's WORKFORCE and job DIVERSITY, organized bargaining units, KEY WORKFORCE benefits, and special health and safety requirements?
- (4) **Assets** What are your major facilities, technologies, and equipment?
- (5) **Regulatory Requirements** What is the regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; health care industry standards; and environmental, financial, and HEALTH CARE SERVICE delivery regulations?

#### b. Organizational Relationships

- (1) **Organizational Structure** What are your organizational structure and GOVERNANCE system? What are the reporting relationships among your GOVERNANCE board, SENIOR LEADERS, and parent organization, as appropriate?
- (2) **CUSTOMERS and STAKEHOLDERS** What are your KEY health care market SEGMENTS and PATIENT and STAKEHOLDER groups, as appropriate? What are their KEY requirements and expectations for your HEALTH CARE SERVICES, PATIENT and STAKEHOLDER support services, and operations? What are the differences in these requirements and expectations among market SEGMENTS and PATIENT and STAKEHOLDER groups?
- (3) **Suppliers and PARTNERS** What are your KEY types of suppliers, PARTNERS, and COLLABORATORS? What role do these suppliers, PARTNERS, and COLLABORATORS play in the delivery of your KEY HEALTH CARE SERVICES and PATIENT and STAKEHOLDER support services? What are your KEY mechanisms for communicating with suppliers, PARTNERS, and COLLABORATORS? What role, if any, do these organizations play in implementing INNOVATIONS in your organization? What are your KEY supply-chain requirements?

## Notes:

N1. “Health care service offerings” (P.1a[1]) refers to the health care services that your organization offers in the marketplace. Mechanisms for service delivery to your patients and stakeholders might be direct or through contractors, collaborators, or partners.

N2. “Core competencies” (P.1a[2]) refers to your organization’s areas of greatest expertise. Your organization’s core competencies are those strategically important capabilities that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate. Also, core competencies frequently preserve your competitive advantage.

N3. Many health care organizations rely heavily on volunteers to accomplish their work. These organizations should include volunteers in the discussion of their workforce (P.1a[3]).

N4. Workforce groups and segments (including organized bargaining units; P.1a[3]) might be based on the type of employment or contract reporting relationship, location, tour of duty, work environment, family-friendly policies, or other factors.

N5. Stakeholders may refer to patients’ families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, departments of health,

and students. Generic references to customers or stakeholders include patients.

N6. Patient and stakeholder groups (P.1b[2]) might be based on common expectations, behaviors, preferences, or profiles. Within a group, there may be patient and stakeholder segments based on differences and commonalities. Your markets might be subdivided into market segments based on health care services or features, service delivery modes, payors, business volume, geography, or other factors that your organization uses to define related market characteristics.

N7. Requirements of patient and stakeholder groups and health care market segments (P.1b[2]) might include accessibility, continuity of care, safety, security, leveraging of technology, billing requirements, socially responsible behavior, community service, cultural preferences, and multilingual services.

N8. Communication mechanisms (P.1b[3]) should be two-way and in understandable language, and they might be in person, via e-mail, Web-based, or by telephone. For many organizations, these mechanisms may change as marketplace, patient, or stakeholder requirements change.

For additional description of this item, see pages 33–34.

## Information for Understanding All Criteria Items

For definitions of key terms presented throughout the Criteria and scoring guidelines text in SMALL CAPS, see the Glossary of Key Terms on pages 57–66.

Frequently, several questions are grouped under one number (e.g., P.1a[3]). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

The items in the Baldrige Criteria are divided into three groups: the *Preface*, which defines your organizational environment; categories 1–6, which define your organization’s *processes*; and category 7, which contains your *results* for your organization’s processes. Only responses to the last two groups are scored during a Baldrige Award evaluation of an organization; the Organizational Profile items are used to provide context for the evaluation.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an item, (2) to give instructions and examples for responding to the item requirements, and (3) to indicate key linkages to other items. In all cases, the intent is to help you respond to the item requirements.

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

Describe your organization's competitive environment, your KEY STRATEGIC CHALLENGES and ADVANTAGES, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

### a. Competitive Environment

- (1) **Competitive Position** What is your competitive position? What are your relative size and growth in the health care industry or your markets served? What are the numbers and types of competitors and KEY COLLABORATORS for your organization?
- (2) **Competitiveness Changes** What are any KEY changes taking place that affect your competitive situation, including opportunities for INNOVATION and collaboration, as appropriate?
- (3) **Comparative Data** What are your KEY available sources of comparative and competitive data from within the health care industry? What are your KEY available sources of comparative data from outside the health care industry? What limitations, if any, affect your ability to obtain these data?

### b. Strategic Context

What are your KEY HEALTH CARE SERVICE, operational, societal responsibility, and human resource STRATEGIC CHALLENGES and ADVANTAGES?

### c. PERFORMANCE Improvement System

What are the KEY elements of your PERFORMANCE improvement system, including your evaluation, organizational LEARNING, and INNOVATION PROCESSES?

## Notes:

N1. Strategic challenges and advantages (P.2b) might relate to technology, health care services, your operations, your patient and stakeholder support, the health care industry, and people. Strategic advantages might include differentiators such as your technology leadership, innovation rate, accessibility, health care and administrative support services, cost, innovation rate, reputation for service delivery, and wait times for service.

N2. Performance improvement (P.2c) through learning and integration is an assessment dimension used in the scoring system to evaluate the maturity of organizational approaches and deployment (see pages 67–70). This question is intended

to help you and the Baldrige examiners set an overall context for your approach to performance improvement. Approaches to performance improvement that are compatible with the systems approach provided by the Baldrige framework should be related to your organization's needs and might include applying the Six Sigma methodology, implementing Plan-Do-Check-Act (PDCA) improvement cycles, or employing other process improvement and innovation tools. A growing number of organizations have implemented specific processes for meeting goals in product and process innovation.

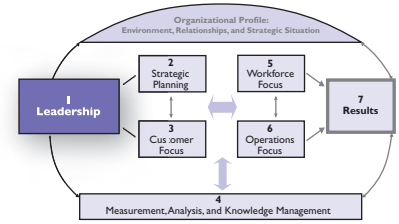
For additional description of this item, see page 34.

## Page Limit

For Baldrige Award applicants, the Organizational Profile is limited to five pages. These pages are not counted in the overall application page limit. Typing and formatting instructions for the Organizational Profile are the same as for the application. These instructions are given in the *Baldrige Award Application Forms*, which can be downloaded at [http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm).

# I Leadership (120 pts.)

The **Leadership** category examines HOW your organization's SENIOR LEADERS' personal actions guide and sustain your organization. Also examined are your organization's GOVERNANCE system and HOW your organization fulfills its legal, ethical, and societal responsibilities and supports its KEY communities.



## I.1 Senior Leadership: How do your senior leaders lead? (70 pts.)

Process

**Describe HOW SENIOR LEADERS' actions guide and sustain your organization. Describe HOW SENIOR LEADERS communicate with your WORKFORCE and encourage HIGH PERFORMANCE.**

Within your response, include answers to the following questions:

### a. VISION, VALUES, and MISSION

- (1) **VISION and VALUES** How do SENIOR LEADERS set your organization's VISION and VALUES? How do SENIOR LEADERS DEPLOY your organization's VISION and VALUES through your LEADERSHIP SYSTEM, to the WORKFORCE, to KEY suppliers and PARTNERS, and to PATIENTS and other STAKEHOLDERS, as appropriate? How do SENIOR LEADERS' actions reflect a commitment to the organization's VALUES?
- (2) **Promoting Legal and ETHICAL BEHAVIOR** How do SENIOR LEADERS' actions demonstrate their commitment to legal and ETHICAL BEHAVIOR? How do they promote an organizational environment that requires it?
- (3) **Creating a SUSTAINABLE Organization** How do SENIOR LEADERS create a SUSTAINABLE organization? How do SENIOR LEADERS achieve the following?
  - create an environment for organizational PERFORMANCE improvement, the accomplishment of your MISSION and STRATEGIC OBJECTIVES, INNOVATION, PERFORMANCE leadership, and organizational agility
  - create a WORKFORCE culture that delivers a consistently positive experience for PATIENTS and STAKEHOLDERS and fosters their ENGAGEMENT
  - create an environment for organizational and WORKFORCE LEARNING
  - develop and enhance their leadership skills
  - participate in organizational LEARNING, succession planning, and the development of future organizational leaders
  - create and promote a culture of PATIENT safety

### b. Communication and Organizational PERFORMANCE

- (1) **Communication** How do SENIOR LEADERS communicate with and engage the entire WORKFORCE? How do SENIOR LEADERS achieve the following?
  - encourage frank, two-way communication throughout the organization
  - communicate KEY decisions
  - take an active role in reward and recognition programs to reinforce HIGH PERFORMANCE and a PATIENT and health care focus
- (2) **Focus on Action** How do SENIOR LEADERS create a focus on action to accomplish the organization's objectives, improve PERFORMANCE, and attain its VISION? How do SENIOR LEADERS identify needed actions? How do SENIOR LEADERS include a focus on creating and balancing VALUE for PATIENTS and other STAKEHOLDERS in their organizational PERFORMANCE expectations?

### Notes:

**N1.** In health care organizations with separate administrative/operational and health care provider leaders, "senior leaders" refers to both sets of leaders and the relationship between them.

**N2.** Organizational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in items 2.1 and 2.2.

**N3.** A sustainable organization (1.1a[3]) is capable of addressing current organizational needs and possesses the agility and strategic management to prepare successfully for its future business, market, and operating environment. Both external and internal factors are considered. In this context, the concept of innovation includes both technological and organizational innovation

to help the organization succeed in the future. A sustainable organization also ensures a safe and secure environment for the workforce and other key stakeholders. An organization's contributions to environmental, social, and economic systems beyond those of its workforce and immediate stakeholders are considered in its societal responsibilities (item 1.2).

N4. A focus on action (1.1b[2]) considers the strategy, the workforce, the work systems, and the assets of your organization. It includes taking intelligent risks and implementing innovations and ongoing improvements in productivity that may be achieved

through eliminating waste or reducing cycle time; it might use techniques such as Six Sigma and Lean. It also includes the actions to accomplish your organization's strategic objectives (see 2.2a[1]).

N5. Your organizational performance results should be reported in items 7.1–7.5.

N6. For those organizations that rely on volunteers to accomplish their work, responses to 1.1b(1) also should discuss your efforts to communicate with and engage the volunteer workforce.

For additional description of this item, see pages 34–35.

## 1.2 Governance and Societal Responsibilities: How do you govern and fulfill your societal responsibilities? (50 pts.)

Process

Describe your organization's GOVERNANCE system and APPROACH to leadership improvement. Describe HOW your organization ensures legal and ETHICAL BEHAVIOR, fulfills its societal responsibilities, supports its KEY communities, and contributes to community health.

Within your response, include answers to the following questions:

### a. Organizational GOVERNANCE

(1) **GOVERNANCE System** How does your organization review and achieve the following KEY aspects of your GOVERNANCE system?

- accountability for the management's actions
- fiscal accountability
- transparency in operations and selection of and disclosure policies for GOVERNANCE board members, as appropriate
- independence in internal and external audits
- protection of STAKEHOLDER and stockholder interests, as appropriate

(2) **PERFORMANCE Evaluation** How do you evaluate the PERFORMANCE of your SENIOR LEADERS, including the chief executive? How do you use these PERFORMANCE evaluations in determining executive compensation? How do you evaluate the PERFORMANCE of members of your GOVERNANCE board, as appropriate? How do SENIOR LEADERS and your GOVERNANCE board use these PERFORMANCE reviews to advance their development and improve both their personal leadership EFFECTIVENESS and that of your board and LEADERSHIP SYSTEM, as appropriate?

### b. Legal and ETHICAL BEHAVIOR

(1) **Legal Behavior, Regulatory Behavior, and Accreditation** How do you address any adverse impacts on society of your HEALTH CARE SERVICES and operations? How do you anticipate public concerns with current and future services and operations? How do you prepare for these impacts and concerns in a proactive manner, including conserving natural resources and using EFFECTIVE supply-chain management PROCESSES, as appropriate? What are your KEY compliance PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory, legal, and accreditation requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your services and operations?

(2) **ETHICAL BEHAVIOR** How does your organization promote and ensure ETHICAL BEHAVIOR in all interactions? What are your KEY PROCESSES and MEASURES or INDICATORS for enabling and monitoring ETHICAL BEHAVIOR in your GOVERNANCE structure, throughout your organization, and in interactions with PATIENTS, PARTNERS, suppliers, and other STAKEHOLDERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOR?

### c. Societal Responsibilities and Support of KEY Communities

(1) **Societal Well-Being** How do you consider societal well-being and benefit as part of your strategy and daily operations? How do you contribute to the well-being of your environmental, social, and economic systems?

(2) **Community Support** How does your organization actively support and strengthen your KEY communities? What are your KEY communities? How do you identify these communities and determine areas for organizational involvement, including areas related to your CORE COMPETENCIES? How do your SENIOR LEADERS, in concert with your WORKFORCE, contribute to improving these communities and to building community health?

## Notes:

**N1.** Societal responsibilities in areas critical to your organization's ongoing marketplace success also should be addressed in Strategy Development (item 2.1) and in Operations Focus (category 6). Key results, such as results related to regulatory and legal requirements (including malpractice and the results of mandated financial audits); accreditation; reductions in environmental impacts through the use of "green" technology, resource-conserving activities, or other means; or improvements in social impacts, such as the global use of enlightened labor practices, should be reported as Leadership and Governance Outcomes (item 7.4).

**N2.** Transparency in operations of your governance board (1.2a[1]) should include your internal controls on governance processes.

**N3.** Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance management reviews, and formal or informal workforce and other stakeholder feedback and surveys.

**N4.** Measures or indicators of ethical behavior (1.2b[2]) might include the percentage of independent board members, instances of ethical conduct breaches and responses, survey results on workforce perceptions of organizational ethics, ethics hotline use, and results of ethics reviews and audits. They also might

include evidence that policies, workforce training, and monitoring systems are in place with respect to conflicts of interest and proper use of funds.

**N5.** Areas of societal contributions and community support appropriate for 1.2c might include your efforts to improve the environment (e.g., collaboration to conserve the environment or natural resources); strengthen local community services, education, and health; and improve the practices of trade, business, or professional associations.

**N6.** The health and safety of your workforce are not addressed in item 1.2; you should address these workforce factors in item 5.1.

**N7.** Actions to build community health (1.2c[2]) are population-based services supporting the general health of the communities in which you operate. Such services will likely draw upon your core competencies and might include health education programs, immunization programs, unique health services provided at a financial loss, population-screening programs (e.g., for hypertension), sponsorship of safety programs, and indigent care and other community benefits. You should report the results of your community health services in item 7.1.

For additional description of this item, see page 35.

## Assessment of Item Responses

Item responses are assessed by considering the Criteria item requirements; your key business factors presented in your Organizational Profile; and the maturity of your approaches, breadth of their deployment, and strength of your improvement process and results relative to the scoring system. Refer to the scoring system information on pages 67–70.

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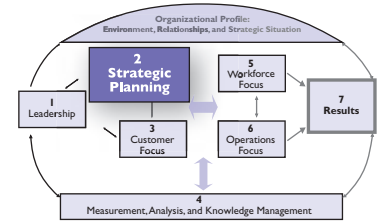
*I see the Baldrige process as a powerful set of mechanisms for disciplined people engaged in disciplined thought and taking disciplined action to create great organizations that produce exceptional results.*

—Jim Collins, author of *Good to Great: Why Some Companies Make the Leap . . . and Others Don't*

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## 2 Strategic Planning (85 pts.)

The **Strategic Planning** category examines HOW your organization develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are HOW your chosen STRATEGIC OBJECTIVES and ACTION PLANS are implemented and changed if circumstances require, and HOW progress is measured.



### 2.1 Strategy Development: How do you develop your strategy? (40 pts.)

Process

**Describe HOW your organization establishes its strategy to address its STRATEGIC CHALLENGES and leverage its STRATEGIC ADVANTAGES. Summarize your organization's KEY STRATEGIC OBJECTIVES and their related GOALS.**

Within your response, include answers to the following questions:

#### a. Strategy Development PROCESS

- (1) **Strategic Planning PROCESS** How does your organization conduct its strategic planning? What are the KEY PROCESS steps? Who are the KEY participants? How does your PROCESS identify potential blind spots? How do you determine your CORE COMPETENCIES, STRATEGIC CHALLENGES, and STRATEGIC ADVANTAGES (identified in your Organizational Profile)? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning PROCESS address these time horizons?
- (2) **Strategy Considerations** How do you ensure that strategic planning addresses the KEY elements listed below? How do you collect and analyze relevant data and information pertaining to these factors as part of your strategic planning PROCESS?
  - your organization's strengths, weaknesses, opportunities, and threats
  - early indications of major shifts in technology, markets, HEALTH CARE SERVICES, PATIENT and STAKEHOLDER preferences, competition, the economy, and the regulatory environment
  - long-term organizational SUSTAINABILITY, including needed CORE COMPETENCIES, and PROJECTIONS of your future PERFORMANCE and your competitors' or comparable organizations' future PERFORMANCE
  - your ability to execute the strategic plan

#### b. STRATEGIC OBJECTIVES

- (1) **KEY STRATEGIC OBJECTIVES** What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?
- (2) **STRATEGIC OBJECTIVE Considerations** How do your STRATEGIC OBJECTIVES achieve the following?
  - address your STRATEGIC CHALLENGES and STRATEGIC ADVANTAGES
  - address your opportunities for INNOVATION in HEALTH CARE SERVICES, operations, and your business model
  - capitalize on your current CORE COMPETENCIES and address the potential need for new CORE COMPETENCIES
  - balance short- and longer-term challenges and opportunities
  - consider and balance the needs of all KEY STAKEHOLDERS
  - enhance your ability to adapt to sudden shifts in your market conditions

#### Notes:

**N1.** "Strategy development" refers to your organization's approach to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, knowledge (see 4.2a for relevant organizational knowledge), or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve participation by key suppliers, distributors, partners, patients, and stakeholders.

**N2.** The term "strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new health care services; redefinition of key patient and stakeholder groups or market segments; intelligent risks; new core competencies; revenue growth via various approaches, including acquisitions, grants, and endowments; divestitures; new partnerships and alliances; and new staff or volunteer relationships. Strategy might

be directed toward becoming a preferred provider, a center for clinical and service excellence, a research leader, a low-cost provider, a market innovator, a provider of a high-end or customized service, or an integrated service provider. It also might be directed toward meeting a community or public health care need.

**N3.** Your organization's strengths, weaknesses, opportunities, and threats (2.1a[2]) should address all factors that are key to your organization's future success, including the following, as appropriate: your patient, stakeholder, and health care market requirements, expectations, and opportunities; your culture, policies, and procedures to ensure patient safety and avoid medical errors; your policies and procedures regarding access to care and equity of care; your opportunities for innovation and role-model performance; your core competencies; your competitive and



collaborative environments and your performance now and in the future relative to competitors and comparable organizations; technological and other key innovations or changes that might affect your services and how you operate, as well as the rate of innovation; your workforce and other resource needs; your ability to capitalize on diversity; your opportunities to redirect resources to higher-priority health care services or areas; financial, societal, ethical, regulatory, technological, security, and other potential risks and opportunities; your ability to prevent and respond to emergencies, including natural or other disasters; changes in the national or global economy; requirements for and strengths and weaknesses of your partners and supply chain; changes in your parent organization; and other factors unique to your organization.

**N4.** Your ability to execute the strategic plan (2.1a[2]) should address your ability to mobilize the necessary resources and knowledge. It also should address your organizational agility based on contingency plans or, if circumstances require, a shift in plans and rapid execution of new or changed plans.

**N5.** Strategic objectives that address key challenges and advantages (2.1b[2]) might include access and locations, rapid response, customization, co-location with major partners, workforce capability and capacity, specific joint ventures; rapid innovation; societal responsibility actions or leadership; Web-based provider, patient, and stakeholder relationship management; implementation of electronic medical records and electronic care processes (e.g., order entry and e-prescribing); and enhancements in health care service quality. Responses to item 2.1 should focus on your specific challenges and advantages—those most important to your ongoing success and to strengthening your organization’s overall performance.

**N6.** Item 2.1 addresses your overall organizational strategy, which might include changes in health care service offerings and customer engagement processes. However, the item does not address customer engagement strategies or service design; you should address these factors in items 3.2 and 6.1, as appropriate.

For additional description of this item, see pages 36–37.

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

Process

**Describe HOW your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization’s ACTION PLANS, HOW they are DEPLOYED, and KEY ACTION PLAN PERFORMANCE MEASURES or INDICATORS. Project your organization’s future PERFORMANCE relative to KEY comparisons on these PERFORMANCE MEASURES or INDICATORS.**

Within your response, include answers to the following questions:

### a. ACTION PLAN Development and DEPLOYMENT

- (1) **ACTION PLAN Development** How do you develop your ACTION PLANS? What are your KEY short- and longer-term ACTION PLANS and their relationship to your STRATEGIC OBJECTIVES? What are the KEY planned changes, if any, in your HEALTH CARE SERVICES, your STAKEHOLDERS and markets (including your PATIENT populations), your suppliers and PARTNERS, and how you will operate?
- (2) **ACTION PLAN Implementation** How do you DEPLOY ACTION PLANS throughout the organization to your WORKFORCE and to KEY suppliers, PARTNERS, and COLLABORATORS, as appropriate, to achieve your KEY STRATEGIC OBJECTIVES? How do you ensure that the KEY outcomes of your ACTION PLANS can be sustained?
- (3) **Resource Allocation** How do you ensure that financial and other resources are available to support the accomplishment of your ACTION PLANS, while meeting current obligations? How do you allocate these resources to support the accomplishment of the plans? How do you manage the financial and other risks associated with the plans to ensure the financial viability of your organization?
- (4) **WORKFORCE Plans** What are your KEY human resource or WORKFORCE plans to accomplish your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS? How do the plans address potential impacts on your WORKFORCE members and any potential changes to WORKFORCE CAPABILITY and CAPACITY needs?
- (5) **PERFORMANCE MEASURES** What are your KEY PERFORMANCE MEASURES or INDICATORS for tracking the achievement and EFFECTIVENESS of your ACTION PLANS? How do you ensure that your overall ACTION PLAN measurement system reinforces organizational ALIGNMENT? How do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?
- (6) **ACTION PLAN Modification** How do you establish and implement modified ACTION PLANS if circumstances require a shift in plans and rapid execution of new plans?

### b. PERFORMANCE PROJECTIONS

For the KEY PERFORMANCE MEASURES or INDICATORS identified in 2.2a(5), what are your PERFORMANCE PROJECTIONS for both your short- and your longer-term planning time horizons? How does your projected PERFORMANCE on these MEASURES or INDICATORS compare with the projected PERFORMANCE of your competitors or other organizations offering similar HEALTH CARE SERVICES? How does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate? If there are current or projected gaps in PERFORMANCE against your competitors or comparable organizations, HOW will you address them?

## Notes:

N1. Strategy and action plan development and deployment are closely linked to other items in the Criteria. The following are examples of key linkages:

- item 1.1 for how your senior leaders set and communicate organizational direction
- category 3 for gathering patient, stakeholder, and market knowledge as input to your strategy and action plans and for deploying action plans
- category 4 for measurement, analysis, and knowledge management to support your key information needs, support your development of strategy, provide an effective basis for your performance measurements, and track progress relative to your strategic objectives and action plans
- category 5 for meeting your workforce capability and capacity needs, for workforce development and

learning system design and needs, and for implementing workforce-related changes resulting from action plans

- category 6 for changes to core competencies, work systems, and work process requirements resulting from your action plans
- item 7.1 for specific accomplishments relative to your organizational strategy and action plans

N2. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organizational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations in health care services and technology.

For additional description of this item, see page 37.

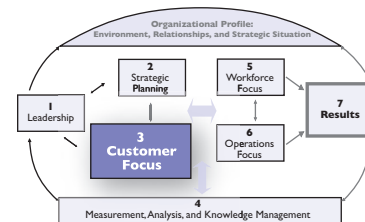
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*The Baldrige Award Program is still one of the best in the entire maelstrom of awards. There's the Nobel Prize, the Oscars, and all that, but the Baldrige Award is right up there! It's inspiring. It's exciting. It makes us proud.*

—Letitia Baldrige, etiquette expert,  
former chief of staff for Jacqueline Kennedy,  
and sister of Malcolm Baldrige

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## 3 Customer Focus (85 pts.)



The **CUSTOMER Focus** category examines HOW your organization engages its PATIENTS and STAKEHOLDERS for long-term marketplace success. This ENGAGEMENT strategy includes HOW your organization listens to the VOICE OF ITS CUSTOMERS (your PATIENTS and STAKEHOLDERS), builds CUSTOMER relationships, and uses CUSTOMER information to improve and identify opportunities for INNOVATION.

### 3.1 Voice of the Customer: How do you obtain information from your patients and stakeholders? (45 pts.)

Process

Describe HOW your organization listens to your PATIENTS and STAKEHOLDERS and gains satisfaction and dissatisfaction information.

Within your response, include answers to the following questions:

#### a. PATIENT and STAKEHOLDER Listening

- (1) **Listening to Current PATIENTS and STAKEHOLDERS** How do you listen to PATIENTS and STAKEHOLDERS to obtain actionable information? How do your listening methods vary for different PATIENT groups, STAKEHOLDER groups, or market SEGMENTS? How do you use social media and Web-based technologies to listen to PATIENTS and STAKEHOLDERS, as appropriate? How do your listening methods vary across the stages of PATIENTS' and STAKEHOLDERS' relationships with you? How do you follow up with PATIENTS and STAKEHOLDERS on the quality of services, PATIENT and STAKEHOLDER support, and transactions to receive immediate and actionable feedback?
- (2) **Listening to Potential PATIENTS and STAKEHOLDERS** How do you listen to former PATIENTS and STAKEHOLDERS, potential PATIENTS and STAKEHOLDERS, and competitors' PATIENTS and STAKEHOLDERS to obtain actionable information and to obtain feedback on your services, PATIENT and STAKEHOLDER support, and transactions, as appropriate?

#### b. Determination of PATIENT and STAKEHOLDER Satisfaction and ENGAGEMENT

- (1) **Satisfaction and ENGAGEMENT** How do you determine PATIENT and STAKEHOLDER satisfaction and ENGAGEMENT? How do these determination methods differ among PATIENT and STAKEHOLDER groups and market SEGMENTS, as appropriate? How do your measurements capture actionable information for use in exceeding your PATIENTS' and STAKEHOLDERS' expectations and securing your PATIENTS' and STAKEHOLDERS' ENGAGEMENT?
- (2) **Satisfaction Relative to Competitors** How do you obtain information on your PATIENTS' and STAKEHOLDERS' satisfaction relative to their satisfaction with your competitors? How do you obtain information on your PATIENTS' and STAKEHOLDERS' satisfaction relative to the satisfaction LEVELS of PATIENTS and STAKEHOLDERS of other organizations providing similar HEALTH CARE SERVICES or to health care industry BENCHMARKS, as appropriate?
- (3) **Dissatisfaction** How do you determine PATIENT and STAKEHOLDER dissatisfaction? How do your measurements capture actionable information for use in meeting your PATIENTS' and STAKEHOLDERS' requirements and exceeding their expectations in the future?

#### Notes:

N1. The “voice of the customer” refers to your process for capturing patient- and stakeholder-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated requirements, expectations, and desires of patients and stakeholders. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of patient and stakeholder data, such as survey data, focus group findings, blog comments and other social media data, and complaint data that affect patients' and stakeholders' purchasing and engagement decisions.

N2. Use of social media and Web-based technologies to listen to patients and stakeholders (3.1a[1]) provides a newer mode

of gathering insight into their perceptions of all aspects of your involvement with them. Use of social media may include blogs moderated by your organization and unsolicited opportunities to learn based on social media outlets your organization does not control, such as wikis, online forums, and blogs not moderated by your organization.

N3. Determining patient and stakeholder satisfaction and dissatisfaction (3.1b) might include the use of any or all of the following: surveys, formal and informal feedback, health care service utilization data, complaints, win/loss analysis, patient and stakeholder referral rates, and transaction completion rates. Information might be gathered on the Web, through personal contact or a third party, or by mail. Determining patient and stakeholder dissatisfaction should

be seen as more than reviewing low customer satisfaction scores. Dissatisfaction should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

N4. Dimensions of patient satisfaction (3.1b[1]) might include, for example, satisfaction with the quality of care, with provider interactions, with long-term health outcomes, and with ancillary services.

N5. Determining relative patient and stakeholder satisfaction (3.1b[2]) may involve comparisons with competitors, comparisons with other organizations that deliver similar health care services in a noncompetitive marketplace, or comparisons achieved through health care industry or other organizations. Determining the relative satisfaction of patients and stakeholders also may involve determining why patients and stakeholders chose your competitors over you.

For additional description of this item, see pages 38–39.

### 3.2 Customer Engagement: How do you engage patients and stakeholders to serve their needs and build relationships? (40 pts.)

Process

**Describe HOW your organization determines HEALTH CARE SERVICE offerings and PATIENT and STAKEHOLDER communication mechanisms to support PATIENTS and STAKEHOLDERS. Describe HOW your organization builds PATIENT and STAKEHOLDER relationships.**

Within your response, include answers to the following questions:

#### a. HEALTH CARE SERVICE Offerings and PATIENT and STAKEHOLDER Support

- (1) **HEALTH CARE SERVICE Offerings** How do you identify PATIENT, STAKEHOLDER, and market requirements for HEALTH CARE SERVICE offerings? How do you identify and innovate service offerings to meet the requirements and exceed the expectations of your PATIENT and STAKEHOLDER groups and market SEGMENTS (identified in your Organizational Profile)? How do you identify and innovate service offerings to enter new markets, to attract new PATIENTS and STAKEHOLDERS, and to provide opportunities for expanding relationships with existing PATIENTS and STAKEHOLDERS, as appropriate?
- (2) **PATIENT and STAKEHOLDER Support** How do you enable PATIENTS and STAKEHOLDERS to seek information and support? How do you enable them to obtain HEALTH CARE SERVICES from you and provide feedback on your services and your support? What are your KEY means of PATIENT and STAKEHOLDER support, including your KEY communication mechanisms? How do they vary for different PATIENT and STAKEHOLDER groups or market SEGMENTS? How do you determine your PATIENTS' and STAKEHOLDERS' KEY support requirements? How do you ensure that PATIENTS' and STAKEHOLDERS' support requirements are DEPLOYED to all people and PROCESSES involved in PATIENT and STAKEHOLDER support?
- (3) **PATIENT and STAKEHOLDER Segmentation** How do you use PATIENT, STAKEHOLDER, market, and HEALTH CARE SERVICE offering information to identify current and anticipate future PATIENT and STAKEHOLDER groups and market SEGMENTS? How do you consider PATIENTS and STAKEHOLDERS of competitors and other potential PATIENTS, STAKEHOLDERS, and markets in this segmentation? How do you determine which PATIENT and STAKEHOLDER groups and market SEGMENTS to pursue for current and future HEALTH CARE SERVICES?
- (4) **PATIENT and STAKEHOLDER Data Use** How do you use PATIENT, STAKEHOLDER, market, and HEALTH CARE SERVICE offering information to improve marketing, build a more PATIENT- and STAKEHOLDER-focused culture, and identify opportunities for INNOVATION?

#### b. Building PATIENT and STAKEHOLDER Relationships

- (1) **Relationship Management** How do you market, build, and manage relationships with PATIENTS and STAKEHOLDERS to achieve the following?
  - acquire PATIENTS and STAKEHOLDERS and build market share
  - retain PATIENTS and STAKEHOLDERS, meet their requirements, and exceed their expectations in each stage of their relationship with you
  - increase their ENGAGEMENT with you
- (2) **Complaint Management** How do you manage PATIENT and STAKEHOLDER complaints? How does your PATIENT and STAKEHOLDER complaint management PROCESS ensure that complaints are resolved promptly and EFFECTIVELY? How does your PATIENT and STAKEHOLDER complaint management PROCESS enable you to recover your PATIENTS' and STAKEHOLDERS' confidence and enhance their satisfaction and ENGAGEMENT?

## Notes:

**N1.** “Customer engagement” refers to your patients’ and stakeholders’ investment in your organization and health care service offerings. Characteristics of engagement include patient and stakeholder retention and loyalty, patients’ and stakeholders’ willingness to make an effort to obtain health care services from—and increase the services they obtain from—your organization, and patients’ and stakeholders’ willingness to actively advocate for and recommend your organization and health care service offerings.

**N2.** “Health care service offerings” and “health care services” refer to the services and programs that you offer in the marketplace. Health care service offerings (3.2a) should consider all the important characteristics of services that patients and stakeholders receive in each stage of their relationship with you. The focus should be on features that affect patients’ and stakeholders’ preferences and loyalty—for example, those features that affect their view of clinical and service quality and differentiate your services from competing offerings or those of organizations offering similar health care services. Beyond

specific health care provisions leading to desired health care outcomes, those features might include extended hours, family support services, ease of access to and use of your services, timeliness, cost, and assistance with billing/paperwork processes and transportation. Key health care service features also might take into account how transactions occur and factors such as the confidentiality and security of patient and stakeholder data. Your results on performance relative to the key service features should be reported in item 7.1, and those concerning patients’ and stakeholders’ perceptions and actions (outcomes) should be reported in item 7.2.

**N3.** The goal of patient and stakeholder support (3.2a[2]) is to make your organization easy to obtain health care from and responsive to your patients’ and stakeholders’ expectations.

**N4.** Building patient and stakeholder relationships (3.2b) might include the development of partnerships or alliances with stakeholders.

[For additional description of this item, see page 39.](#)

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*I honestly in my heart believe that because we participated in the Baldrige Program and because it gave us that consistent feedback, there are people who are alive today who wouldn't have been had we not been so committed to the Baldrige process.*

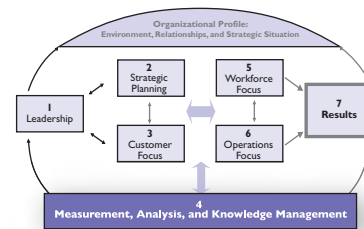
—Rulon Stacey, president and CEO of 2008 Baldrige award recipient  
Poudre Valley Health System

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## 4

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

The *Measurement, ANALYSIS, and Knowledge Management* category examines HOW your organization selects, gathers, analyzes, manages, and improves its data, information, and KNOWLEDGE ASSETS and HOW it manages its information technology. The category also examines HOW your organization uses review findings to improve its PERFORMANCE.



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

**Process**

Describe HOW your organization measures, analyzes, reviews, and improves its PERFORMANCE through the use of data and information at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

### a. PERFORMANCE Measurement

- (1) **PERFORMANCE MEASURES** How do you select, collect, align, and integrate data and information for tracking daily operations and overall organizational PERFORMANCE, including progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? What are your KEY organizational PERFORMANCE MEASURES, including KEY short-term and longer-term financial MEASURES? How frequently do you track these MEASURES? How do you use these data and information to support organizational decision making and INNOVATION?
- (2) **Comparative Data** How do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision making and INNOVATION?
- (3) **PATIENT and STAKEHOLDER Data** How do you select and ensure the EFFECTIVE use of VOICE-OF-THE-CUSTOMER data and information (including complaints) to support operational and strategic decision making and INNOVATION?
- (4) **Measurement Agility** How do you ensure that your PERFORMANCE measurement system is able to respond to rapid or unexpected organizational or external changes?

### b. PERFORMANCE ANALYSIS and Review

How do you review organizational PERFORMANCE and capabilities? How do you use your KEY organizational PERFORMANCE MEASURES in these reviews? What ANALYSES do you perform to support these reviews and ensure that conclusions are valid? How do you use these reviews to assess organizational success, competitive PERFORMANCE, financial health, and progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? How do you use these reviews to assess your organization's ability to respond rapidly to changing organizational needs and challenges in your operating environment?

### c. PERFORMANCE Improvement

- (1) **Best-Practice Sharing** How do you use PERFORMANCE review findings to share lessons learned and best practices across organizational units and WORK PROCESSES?
- (2) **FUTURE PERFORMANCE** How do you use PERFORMANCE review findings and KEY comparative and competitive data to project future PERFORMANCE?
- (3) **Continuous Improvement and INNOVATION** How do you use organizational PERFORMANCE review findings to develop priorities for continuous improvement and opportunities for INNOVATION? How are these priorities and opportunities DEPLOYED to work group and functional-level operations throughout your organization? When appropriate, HOW are the priorities and opportunities DEPLOYED to your suppliers, PARTNERS, and COLLABORATORS to ensure organizational ALIGNMENT?

### Notes:

N1. Performance measurement (4.1a) is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, and organizational levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities,

inside or outside the health care industry. Competitive comparisons relate your organization's performance to that of competitors and other organizations providing similar health care services.

**N3.** Organizational performance reviews (4.1b) should be informed by organizational performance measurement and by performance measures reported throughout your Criteria item responses, and they should be guided by the strategic objectives and action plans described in items 2.1 and 2.2. The reviews also might be informed by internal or external Baldrige assessments.

**N4.** Performance analysis (4.1b) includes examining performance trends; organizational, health care industry, and technology projections; and comparisons, cause-effect

relationships, and correlations. Performance analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, such analysis draws on all types of data: patient- and stakeholder-related, health care outcome, financial and market, operational, and competitive/comparative.

**N5.** The results of organizational performance analysis and review should contribute to your organizational strategic planning in category 2.

**N6.** Your organizational performance results should be reported in items 7.1–7.5.

For additional description of this item, see pages 39–41.

## 4.2 Management of Information, Knowledge, and Information Technology: How do you manage your information, organizational knowledge, and information technology? (45 pts.)

Process

Describe HOW your organization builds and manages its KNOWLEDGE ASSETS. Describe HOW your organization ensures the quality and availability of needed data, information, software, and hardware for your WORKFORCE, SUPPLIERS, PARTNERS, COLLABORATORS, and PATIENTS and STAKEHOLDERS.

Within your response, include answers to the following questions:

### a. Data, Information, and Knowledge Management

(1) **Properties** How do you manage your organizational data, information, and knowledge to ensure the following properties?

- accuracy
- integrity and reliability
- timeliness
- security and confidentiality

(2) **Data and Information Availability** How do you make needed data and information available to your WORKFORCE, SUPPLIERS, PARTNERS, COLLABORATORS, PATIENTS, and STAKEHOLDERS, as appropriate?

(3) **Knowledge Management** How do you manage organizational knowledge to accomplish the following?

- the collection and transfer of WORKFORCE knowledge
- the transfer of relevant knowledge from and to PATIENTS, STAKEHOLDERS, SUPPLIERS, PARTNERS, and COLLABORATORS
- the rapid identification, sharing, and implementation of best practices
- the assembly and transfer of relevant knowledge for use in your INNOVATION and strategic planning PROCESSES

### b. Management of Information Resources and Technology

(1) **Hardware and Software Properties** How do you ensure that hardware and software are reliable, secure, and user-friendly?

(2) **Emergency Availability** In the event of an emergency, HOW do you ensure the continued availability of hardware and software systems and the continued availability of data and information to EFFECTIVELY SERVE PATIENTS, STAKEHOLDERS, and organizational needs?

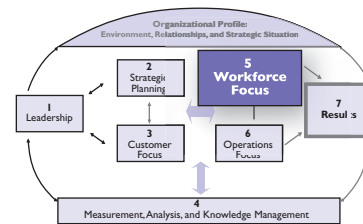
### Note:

**N1.** Data and information access (4.2a[2]) might be via electronic or other means.

For additional description of this item, see page 41.

## 5 Workforce Focus (85 pts.)

The **WORKFORCE Focus** category examines your ability to assess WORKFORCE CAPABILITY and CAPACITY needs and build a WORKFORCE environment conducive to HIGH PERFORMANCE. The category also examines HOW your organization engages, manages, and develops your WORKFORCE to utilize its full potential in ALIGNMENT with your organization's overall MISSION, strategy, and ACTION PLANS.



### 5.1 Workforce Environment: How do you build an effective and supportive workforce environment? (40 pts.)

Process

Describe HOW your organization manages WORKFORCE CAPABILITY and CAPACITY to accomplish the work of the organization. Describe HOW your organization maintains a safe, secure, and supportive work climate.

Within your response, include answers to the following questions:

#### a. WORKFORCE CAPABILITY and CAPACITY

- (1) **CAPABILITY and CAPACITY** How do you assess your WORKFORCE CAPABILITY and CAPACITY needs, including skills, competencies, and staffing levels?
- (2) **New WORKFORCE Members** How do you recruit, hire, place, and retain new members of your WORKFORCE? How do you ensure that your WORKFORCE represents the diverse ideas, cultures, and thinking of your hiring and PATIENT and STAKEHOLDER community?
- (3) **Work Accomplishment** How do you organize and manage your WORKFORCE to achieve the following?
  - accomplish the work of your organization
  - capitalize on the organization's CORE COMPETENCIES
  - reinforce a PATIENT, STAKEHOLDER, and health care focus
  - exceed PERFORMANCE expectations
  - address your STRATEGIC CHALLENGES and ACTION PLANS
- (4) **WORKFORCE Change Management** How do you prepare your WORKFORCE for changing CAPABILITY and CAPACITY needs? How do you manage your WORKFORCE, its needs, and your needs to ensure continuity, prevent WORKFORCE reductions, and minimize the impact of WORKFORCE reductions, if they do become necessary? How do you prepare for and manage periods of WORKFORCE growth?

#### b. WORKFORCE Climate

- (1) **Workplace Environment** How do you address workplace environmental factors, including accessibility, to ensure and improve WORKFORCE health, safety, and security? What are your PERFORMANCE MEASURES and improvement GOALS for each of these WORKFORCE needs? What are any significant differences in these factors and PERFORMANCE MEASURES or targets for different workplace environments?
- (2) **WORKFORCE Policies and Benefits** How do you support your WORKFORCE via policies, services, and benefits? How are these tailored to the needs of a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?

#### Notes:

N1. "Workforce" refers to the people actively involved in accomplishing the work of your organization. It includes your organization's permanent, temporary, and part-time personnel, as well as any contract staff supervised by your 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). It includes team leaders, supervisors, and managers at all levels. People supervised by a contractor should be addressed in category 6 as part of your larger work systems.

N2. "Workforce capability" (5.1a) refers to your organization's ability to accomplish its work processes through the knowledge,

skills, abilities, and competencies of its people. Capability may include the ability to build and sustain relationships with your patients and stakeholders; innovate and transition to new technologies; develop new health care services and work processes; and meet changing health care, market, and regulatory demands.

"Workforce capacity" (5.1a) refers to your organization's ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your health care services to your patients and stakeholders, including the ability to meet seasonal or varying demand levels.



N3. Workforce capability and capacity should consider not only current needs but also future requirements based on your strategic objectives and action plans reported in category 2.

N4. 5.1a(2) addresses only new workforce members. The retention of existing workforce members is considered in item 5.2, Workforce Engagement.

N5. Preparing your workforce for changing capability and capacity needs (5.1a[4]) might include training, education, frequent communication, considerations of workforce employment and employability, career counseling, and outplacement and other services.

For additional description of this item, see page 42.

## 5.2 Workforce Engagement: How do you engage your workforce to achieve organizational and personal success? (45 pts.)

Process

Describe HOW your organization engages, compensates, and rewards your WORKFORCE to achieve HIGH PERFORMANCE. Describe HOW you assess WORKFORCE ENGAGEMENT and use the results to achieve higher PERFORMANCE. Describe HOW members of your WORKFORCE, including leaders, are developed to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

### a. WORKFORCE PERFORMANCE

- (1) **Elements of ENGAGEMENT** How do you determine the KEY elements that affect WORKFORCE ENGAGEMENT? How do you determine the KEY elements that affect WORKFORCE satisfaction? HOW are these elements determined for different WORKFORCE groups and SEGMENTS?
- (2) **Organizational Culture** How do you foster an organizational culture that is characterized by open communication, HIGH-PERFORMANCE WORK, and an engaged WORKFORCE? How do you ensure that your organizational culture benefits from the diverse ideas, cultures, and thinking of your WORKFORCE?
- (3) **PERFORMANCE Management** How does your WORKFORCE PERFORMANCE management system achieve the following?
  - support HIGH-PERFORMANCE WORK and WORKFORCE ENGAGEMENT
  - consider WORKFORCE compensation, reward, recognition, and incentive practices
  - reinforce a PATIENT, STAKEHOLDER, and health care focus and achievement of your ACTION PLANS

### b. Assessment of WORKFORCE ENGAGEMENT

- (1) **Assessment of ENGAGEMENT** How do you assess WORKFORCE ENGAGEMENT? What formal and informal assessment methods and MEASURES do you use to determine WORKFORCE ENGAGEMENT and WORKFORCE satisfaction? How do these methods and MEASURES differ across WORKFORCE groups and SEGMENTS? HOW do you use other INDICATORS, such as WORKFORCE retention, absenteeism, grievances, safety, and PRODUCTIVITY, to assess and improve WORKFORCE ENGAGEMENT?
- (2) **Correlation with Organizational RESULTS** How do you relate your WORKFORCE ENGAGEMENT assessment findings to KEY organizational RESULTS reported in category 7 to identify opportunities for improvement in both WORKFORCE ENGAGEMENT and health care RESULTS?

### c. WORKFORCE and Leader Development

- (1) **LEARNING and Development System** How does your LEARNING and development system address the following factors for your WORKFORCE members and leaders?
  - your organization's CORE COMPETENCIES, STRATEGIC CHALLENGES, and accomplishment of its ACTION PLANS, both short-term and long-term
  - organizational PERFORMANCE improvement and INNOVATION
  - ethical health care and ethical business practices
  - PATIENT and STAKEHOLDER focus
  - their LEARNING and development needs, including those that are self-identified and those identified by supervisors, managers, and SENIOR LEADERS
  - the transfer of knowledge from departing or retiring WORKFORCE members
  - the reinforcement of new knowledge and skills on the job
- (2) **LEARNING and Development EFFECTIVENESS** How do you evaluate the EFFECTIVENESS and efficiency of your LEARNING and development system?
- (3) **Career Progression** How do you manage EFFECTIVE career progression for your entire WORKFORCE? How do you accomplish EFFECTIVE succession planning for management and leadership positions?

## Notes:

N1. “Workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization.

N2. The characteristics of “high-performance work” environments (5.2a[2] and 5.2a[3]), in which people do their utmost for the benefit of their patients and stakeholders and for the success of the organization, are key to understanding an engaged workforce. These characteristics are described in detail in the definition of “high-performance work” on page 59.

N3. Compensation, recognition, and related reward and incentive practices (5.2a[3]) include promotions and bonuses that might be based on performance, skills acquired, and other factors. Recognition systems for volunteers and independent practitioners who contribute to the work of the organization should be included, as appropriate.

N4. Identifying improvement opportunities (5.2b[2]) might draw on your workforce-focused results presented in item 7.3 and might involve addressing workforce-related problems based on their impact on your organizational results reported in response to other category 7 items.

N5. Your organization may have unique considerations relative to workforce development, learning, and career progression. If this is the case, your response to 5.2c should include how you address these considerations. Your response should also consider the breadth of development opportunities your organization might use, including education, training, coaching, mentoring, and work-related experiences.

For additional description of this item, see pages 42–44.

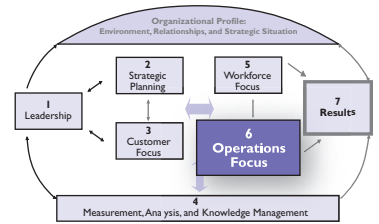
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*The Baldrige journey for us has really never been about winning the crystal. It's about being worthy, about accelerating our performance, about transforming our organization, making it a better place for our physicians to practice, achieving stronger political outcomes, about creating a great work environment, and eventually getting to this vision of ours of building healthy communities.*

—David Tilton, president and CEO of 2009  
Baldrige Award recipient AtlantiCare

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## 6 Operations Focus (85 pts.)



### 6.1 Work Systems: How do you design, manage, and improve your work systems? (45 pts.)

Process

Describe HOW your organization designs, manages, and improves its WORK SYSTEMS to deliver PATIENT and STAKEHOLDER VALUE, prepare for potential emergencies, and achieve organizational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

#### a. WORK SYSTEM Design

- (1) **Design Concepts** How do you design and innovate your overall WORK SYSTEMS? How do you capitalize on your CORE COMPETENCIES? How do you decide which PROCESSES within your overall WORK SYSTEMS will be internal to your organization (your KEY WORK PROCESSES) and which will use external resources?
- (2) **WORK SYSTEM Requirements** How do you determine KEY WORK SYSTEM requirements, incorporating input from PATIENTS, STAKEHOLDERS, suppliers, PARTNERS, and COLLABORATORS, as appropriate? What are the KEY requirements for these WORK SYSTEMS?

#### b. WORK SYSTEM Management

- (1) **WORK SYSTEM Implementation** What are your organization's WORK SYSTEMS? How do you manage and improve your WORK SYSTEMS to deliver PATIENT and STAKEHOLDER VALUE and achieve organizational success and SUSTAINABILITY?
- (2) **Cost Control** How do you control the overall costs of your WORK SYSTEMS? How do you prevent rework and errors, including medical errors and unintended harm to PATIENTS? How do you minimize the costs of inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate?

#### c. Emergency Readiness

How do you ensure WORK SYSTEM and workplace preparedness for disasters or emergencies? How does your disaster and emergency preparedness system consider prevention, management, continuity of operations for PATIENTS and the community, evacuation, and recovery?

#### Notes:

N1. "Work systems" refers to how the work of your organization is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your health care services and business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your health care services to your patients and stakeholders and to succeed in your marketplace.

N2. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or due to a local or national emergency, including potential pandemics. Health care organizations should consider both community-related disasters, where they play a role as first responders, and organization-specific incidents that threaten continued operations (e.g., fire, building damage, or loss of power/water). Emergency considerations related to information technology should be addressed in item 4.2.

For additional description of this item, see page 44.

## 6.2 Work Processes: How do you design, manage, and improve your key work processes? (40 pts.)

Describe HOW your organization designs, manages, and improves its KEY WORK PROCESSES to deliver PATIENT and STAKEHOLDER VALUE and achieve organizational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

### a. WORK PROCESS Design

- (1) **Design Concepts** How do you design and innovate your WORK PROCESSES to meet all the KEY requirements? How do you incorporate new technology, organizational knowledge, evidence-based medicine, HEALTH CARE SERVICE excellence, and the potential need for agility into these PROCESSES? How do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into these PROCESSES?
- (2) **WORK PROCESS Requirements** How do you determine KEY WORK PROCESS requirements? What are your organization's KEY WORK PROCESSES? What are the KEY requirements for these WORK PROCESSES?

### b. WORK PROCESS Management

- (1) **KEY WORK PROCESS Implementation** How do your KEY WORK PROCESSES relate to your WORK SYSTEMS? How does your day-to-day operation of these PROCESSES ensure that they meet KEY PROCESS requirements? What are your KEY PERFORMANCE MEASURES or INDICATORS and in-process MEASURES for the control and improvement of your WORK PROCESSES?
- (2) **PATIENT Expectations and Preferences** How do you address and consider each PATIENT's expectations? How are HEALTH CARE SERVICE delivery PROCESSES and likely outcomes explained to set realistic PATIENT expectations? How are PATIENT decision making and PATIENT preferences factored into the delivery of HEALTH CARE SERVICES?
- (3) **Supply-Chain Management** How do you manage your supply chain? How do you ensure that suppliers you select are qualified and positioned to enhance your PERFORMANCE and PATIENT and STAKEHOLDER satisfaction? How do you evaluate supplier PERFORMANCE? How do you deal with poorly performing suppliers?
- (4) **PROCESS Improvement** How do you improve your WORK PROCESSES to improve health care outcomes, achieve better PERFORMANCE, reduce variability, and improve HEALTH CARE SERVICES?

### Notes:

N1. Your key work processes (6.2a[2]) are your most important internal value creation processes and might include health care and service design and delivery, patient and stakeholder support, supply-chain management, business, and support processes. Your key work processes are those that involve the majority of your organization's workforce members and produce patient and stakeholder value. "Projects" are unique work processes intended to produce an outcome and then go out of existence. Project management also may be applied to a work system challenge or opportunity.

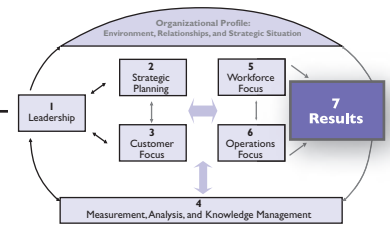
N2. To improve process performance (6.2b[4]) and reduce variability, your organization might implement approaches such

as a Lean Enterprise System, the Six Sigma methodology, the Plan-Do-Check-Act (PDCA) methodology, or other process improvement tools. These approaches might be part of your performance improvement system described in response to P.2c in the Organizational Profile.

N3. The results of improvements in health care outcomes and health care service and process performance should be reported in item 7.1.

For additional description of this item, see pages 44–45.

## 7 Results (450 pts.)



The **RESULTS** category examines your organization's PERFORMANCE and improvement in all key areas—health care and PROCESS outcomes, CUSTOMER-focused outcomes, WORKFORCE-focused outcomes, leadership and GOVERNANCE outcomes, and financial and market outcomes. PERFORMANCE LEVELS are examined relative to those of competitors and other organizations with similar HEALTH CARE SERVICE offerings.

### 7.1 Health Care and Process Outcomes: What are your health care and process effectiveness results? (120 pts.)

Results

**Summarize your organization's key health care results and its key performance and process effectiveness and efficiency results. Include processes that directly serve patients and stakeholders, strategy, and operations. Segment your results by health care service offerings, by patient and stakeholder groups and market segments, and by process types and locations, as appropriate. Include and indicate your results for key measures that are publicly reported and/or mandated by regulatory, accreditor, or payor requirements. Include appropriate comparative data.**

Provide data and information to answer the following questions:

#### a. Patient-Focused Health Care Results

What are your current levels and trends in key measures or indicators of health care outcomes and process performance that are important to and directly serve your patients and stakeholders? How do these results compare with the performance of your competitors and other organizations with similar offerings?

#### b. Operational Process Effectiveness Results

- (1) **Operational Effectiveness** What are your current levels and trends in key measures or indicators of the operational performance of your key work systems and processes, including productivity, cycle time, and other appropriate measures of process effectiveness, efficiency, and innovation?
- (2) **Emergency Preparedness** What are your current levels and trends in key measures or indicators of the effectiveness of your work system and workplace preparedness for disasters or emergencies?

#### c. Strategy Implementation Results

What are your results for key measures or indicators of the accomplishment of your organizational strategy and action plans, including building and strengthening core competencies?

#### Notes:

**N1.** Results reported in item 7.1 should provide key information for analysis and review of your organizational performance (item 4.1); demonstrate use of organizational knowledge (item 4.2); and provide the operational basis for customer-focused outcomes (item 7.2) and financial and market outcomes (item 7.5). Results for Centers for Medicare and Medicaid Services (CMS) core measures should be included if your organization reports these measures.

**N2.** Health care and process results reported in 7.1a should relate to the key patient and stakeholder requirements and expectations identified in P.1b(2), based on information gathered in items 3.1 and 3.2. The measures or indicators should address factors that affect patients' and stakeholders' preferences, such as those included in item P.1, note 7, and item 3.2, note 2.

**N3.** Results reported in 7.1b should address your key operational requirements as presented in the Organizational Profile and in items 6.1 and 6.2.

**N4.** Appropriate measures and indicators of operational process effectiveness (7.1b) might include audit, just-in-time delivery, and acceptance results for externally provided health care services and processes; supplier and partner performance; health care service and work system innovation rates and results; simplification of internal jobs and job classifications; work layout improvements; changes in supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.

**N5.** Measures or indicators of strategy and action plan accomplishment (7.1c) should address your strategic objectives and goals identified in 2.1b(1) and your action plan performance measures and projected performance identified in 2.2a(5) and 2.2b, respectively.

For additional description of this item, see pages 46–47.

## 7.2 Customer-Focused Outcomes: What are your patient- and stakeholder-focused performance results? (90 pts.)

Results

Summarize your organization's KEY PATIENT- and STAKEHOLDER-focused RESULTS for PATIENT and STAKEHOLDER satisfaction, dissatisfaction, and ENGAGEMENT. SEGMENT your RESULTS by HEALTH CARE SERVICE offerings, PATIENT and STAKEHOLDER groups, and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

### a. CUSTOMER-Focused RESULTS

- (1) **PATIENT and STAKEHOLDER Satisfaction** What are your current LEVELS and TRENDS in KEY MEASURES OF INDICATORS of PATIENT and STAKEHOLDER satisfaction and dissatisfaction? How do these RESULTS compare with the PATIENT and STAKEHOLDER satisfaction LEVELS of your competitors and other organizations providing similar HEALTH CARE SERVICES?
- (2) **PATIENT and STAKEHOLDER ENGAGEMENT** What are your current LEVELS and TRENDS in KEY MEASURES OF INDICATORS of PATIENT and STAKEHOLDER ENGAGEMENT, including relationship building? How do these RESULTS compare over the course of your PATIENTS' and STAKEHOLDERS' relationship with you, as appropriate?

### Notes:

N1. Patient and stakeholder satisfaction, dissatisfaction, engagement, and relationship-building results reported in this item should relate to the patient and stakeholder groups and market segments discussed in P.1b(2) and category 3 and to the listening and determination methods and data described in item 3.1.

N2. Measures and indicators of patient and stakeholder satisfaction with your health care services relative to satisfaction

with competitors and other organizations providing similar health care services (7.2a[1]) might include information and data from your patients and stakeholders and from independent organizations. Results on the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) should be included if your organization reports these measures.

For additional description of this item, see page 47.

## 7.3 Workforce-Focused Outcomes: What are your workforce-focused performance results? (80 pts.)

Results

Summarize your organization's KEY WORKFORCE-focused RESULTS for your WORKFORCE environment and for WORKFORCE ENGAGEMENT. SEGMENT your RESULTS to address the DIVERSITY of your WORKFORCE and to address your WORKFORCE groups and SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

### a. WORKFORCE RESULTS

- (1) **WORKFORCE CAPABILITY and CAPACITY** What are your current LEVELS and TRENDS in KEY MEASURES OF WORKFORCE CAPABILITY and CAPACITY, including staffing levels and appropriate skills?
- (2) **WORKFORCE Climate** What are your current LEVELS and TRENDS in KEY MEASURES OF INDICATORS of your WORKFORCE climate, including WORKFORCE health, safety, and security and WORKFORCE services and benefits, as appropriate?
- (3) **WORKFORCE ENGAGEMENT** What are your current LEVELS and TRENDS in KEY MEASURES OF INDICATORS of WORKFORCE ENGAGEMENT and WORKFORCE satisfaction?
- (4) **WORKFORCE Development** What are your current LEVELS and TRENDS in KEY MEASURES OF INDICATORS of WORKFORCE and leader development?

### Notes:

N1. Results reported in this item should relate to processes described in category 5. Your results should be responsive to key work process needs described in category 6 and to your organization's action plans and human resource or workforce plans described in item 2.2.

N2. Responses to 7.3a(3) should include measures and indicators identified in response to 5.2b(1).

N3. Results for paid workforce members, independent practitioners, volunteers, and health profession students should be included as appropriate.

For additional description of this item, see pages 47–48.

## 7.4 Leadership and Governance Outcomes: What are your senior leadership and governance results? (80 pts.)

Summarize your organization's KEY SENIOR LEADERSHIP and GOVERNANCE RESULTS, including those for fiscal accountability, legal compliance, ETHICAL BEHAVIOR, societal responsibility, and support of KEY COMMUNITIES and community health. SEGMENT your RESULTS by organizational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

### a. Leadership, GOVERNANCE, and Societal Responsibility RESULTS

- (1) **Leadership** What are your RESULTS for KEY MEASURES or INDICATORS of SENIOR LEADERS' communication and engagement with the WORKFORCE to DEPLOY VISION and VALUES, encourage two-way communication, and create a focus on action?
- (2) **GOVERNANCE** What are your KEY current findings and TRENDS in KEY MEASURES or INDICATORS of GOVERNANCE and fiscal accountability, internal and external, as appropriate?
- (3) **Law, Regulation, and Accreditation** What are your RESULTS for KEY MEASURES or INDICATORS of achieving and surpassing legal, regulatory, and accreditation requirements?
- (4) **Ethics** What are your RESULTS for KEY MEASURES or INDICATORS of ETHICAL BEHAVIOR and of STAKEHOLDER trust in your organization's SENIOR LEADERS and GOVERNANCE? What are your RESULTS for KEY MEASURES or INDICATORS of breaches of ETHICAL BEHAVIOR?
- (5) **Society** What are your RESULTS for KEY MEASURES or INDICATORS of your organization's fulfillment of its societal responsibilities, your organization's support of its KEY COMMUNITIES, and its contributions to community health?

### Notes:

N1. Responses to 7.4a(1) should address communication processes identified in item 1.1.

N2. Responses to 7.4a(2) might include financial statement issues and risks, important internal and external auditor recommendations, and the management's responses to these matters.

N3. Regulatory, legal, and accreditation results (7.4a[3]) should address requirements described in 1.2b. Workforce-related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA] reportable incidents) should be reported in 7.3a(2).

N4. For examples of measures of ethical behavior and stakeholder trust (7.4a[4]), see item 1.2, note 4.

N5. Responses to 7.4a(5) should address your organization's societal responsibilities described in 1.2b(1) and 1.2c(1), as well as support of the key communities and contributions to community health described in 1.2c(2). Measures of contributions to societal well-being might include reduced energy consumption; the use of renewable energy resources, recycled water, and alternative approaches to conserving resources (e.g., increased audio and video conferencing); and the global use of enlightened labor practices.

For additional description of this item, see page 48.

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*Baldrige is a commitment to excellence that never ends. . . . We want to learn every day, we want to be better every day, and Baldrige gave us the framework . . . to pursue that journey of excellence.*

—Mark Laney, president and CEO of 2009  
Baldrige Award recipient Heartland Health

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## 7.5 Financial and Market Outcomes: What are your financial and marketplace performance results? (80 pts.)

Summarize your organization's KEY financial and marketplace PERFORMANCE RESULTS by market SEGMENTS or PATIENT and STAKEHOLDER groups, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

### a. Financial and Market RESULTS

- (1) **Financial PERFORMANCE** What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return, financial viability, or budgetary PERFORMANCE, as appropriate?
- (2) **Marketplace PERFORMANCE** What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of marketplace PERFORMANCE, including market share or position, market and market share growth, and new markets entered, as appropriate?

### Notes:

N1. Responses to 7.5a(1) might include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by market segment or patient or stakeholder group. Responses also might include measures of financial viability, such as liquidity, debt-to-equity

ratio, days cash on hand, asset utilization, cash flow, and bond ratings, as appropriate. Measures should relate to the financial measures reported in 4.1a(1) and the financial management approaches described in item 2.2.

For additional description of this item, see page 48.

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*Embracing the Baldrige Criteria as a framework to bring excellence to our industry [makes] good business sense, and more important, it's the right thing to do for our patients.*

—Frank J. Sardone, president and CEO of 2005  
Baldrige Award recipient Bronson Methodist Hospital

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## CHANGES FROM THE 2009–2010 HEALTH CARE CRITERIA

The Health Care Criteria for Performance Excellence have evolved significantly over time to help organizations address a dynamic environment, focus on strategy-driven performance, and address concerns about customer and workforce engagement, governance and ethics, societal responsibilities, and long-term organizational sustainability. The Criteria have continually progressed toward a comprehensive, integrated systems perspective of organizational performance management.

The year-to-year changes to the Baldrige Criteria have been evolutionary. However, since the Baldrige Program's inception over 20 years ago, the changes to the Criteria have been revolutionary. They have evolved from having a specific focus on manufacturing quality to having a comprehensive strategic focus on overall organizational performance, competitiveness, and sustainability. With each update of the Criteria, the Baldrige Program must balance two important stakeholder considerations. On one hand, there is a need for the Criteria to be at the leading edge of validated management practice to help users address the increasingly complex challenges they face; on the other hand, there is a desire for the Criteria to remain stable in order to provide users with a basis for continuity in their performance assessments. Starting in 2009, the Baldrige Program moved to a formal two-year revision cycle for the Criteria. Since that two-year cycle continues to meet the dual demands on the Criteria stated above, we have decided to retain that approach, making these the 2011–2012 Health Care Criteria for Performance Excellence.

The most significant revisions to the Criteria this year address two areas of importance: (1) dealing with complexity in enterprise leadership and management, and (2) customer engagement.

Complexity is a fact of organizational life. To succeed in today's global, competitive, uncertain environment, organizations must accept complexity. The Baldrige Criteria are complex because achieving organizational sustainability in a global economy is complex. However, the Criteria provide a holistic frame of reference. While the Criteria require complex thinking, they also provide the path to clear identification of an organization's relevant issues and strategic advantages, followed by identification of key data, and then analyses for decision making. Handling complexity requires agility and the ability to execute with a sufficient degree of simplicity.

One of the key foci for the current revisions is to help your organization achieve that simplicity in execution. Each group of questions (the numbered paragraphs in each item) now has a subheading that summarizes the content. With the outline formed by the category and item titles, titles for the areas to address, and these subheadings, Criteria users now have a simple guide to performance excellence. All the significant aspects of a performance management system are covered in this outline, and the individual questions provide added guidance and details when you need those. We also have strengthened *the line of sight from strategic challenges and advantages to core competencies, to strategy, and then to work systems and work processes*. This clear set

of linkages should move an organization from the strategic environment in which it functions to the execution of its operations in a logical sequence. While each of these concepts is complex, the line of sight should simplify the execution. Strategy development in our global marketplace will increasingly require some degree of intelligent risk taking, which is introduced as a new consideration in 2011 to place all important considerations in the Criteria user's purview.

The concept of customer engagement has continued to receive increasing attention as organizations compete in the global marketplace and in competitive local markets. We have reorganized the flow of logic in the customer focus category to address this concept better. The responsibility for establishing an organizational culture that fosters customer engagement for mutual success and customer loyalty begins with the senior leadership and is a part of creating a sustainable organization. We have placed the responsibility for a patient- and stakeholder-focused culture in the senior leadership item. Listening to and learning from and about the customer has taken on new dimensions with the advent of wide-scale use of social media. This concept has been added to questions on how your organization listens to customers.

The most significant changes in the Criteria items and the Criteria booklet are summarized as follows:

- The number of areas to address has been reduced from 41 to 40, and the number of Criteria items has been reduced from 18 to 17, plus 2 in the Preface: Organizational Profile section.
- The question that appeared in numerous items about keeping systems current with changing health care needs and directions has been removed from the Health Care Criteria. This topic should be covered in strategic planning and also is a sign of organizational maturity, which is reflected in the scoring guidelines as a function of learning and integration.

### Preface: Organizational Profile

- Item P.1, **Organizational Description**, no longer asks about managing supplier and partner relationships. Supply-chain management is now addressed in item 6.2.
- Item P.2, **Organizational Situation**, now includes societal responsibility as a factor to consider in your strategic challenges and advantages.

### Category I: Leadership

- Item 1.1, **Senior Leadership**, now includes a focus on creating a workforce culture that fosters customer engagement as a leadership responsibility.
- Item 1.2, **Governance and Societal Responsibilities**, asks how senior leader performance evaluations are used in determining executive compensation.

## Category 2: Strategic Planning

- This category has an enhanced focus on organizational agility to address a changing strategic environment.
- Item 2.1, **Strategy Development**, now asks how your strategic planning process considers projections of your and your competitors' future performance. The item also asks questions about your ability to adapt to sudden shifts in your market conditions.
- Item 2.2, now **Strategy Implementation**, specifically asks about the relationship of your action plans to your strategic objectives.

## Category 3: Customer Focus

- This category has been redesigned to enhance the flow of logic and incorporate the use of social media as a mechanism for listening to customers.
- Item 3.1, now **Voice of the Customer**, asks about how you listen to current and potential patients and stakeholders and how you determine patient and stakeholder satisfaction, dissatisfaction, and engagement.
- Item 3.2, now **Customer Engagement**, asks about your health care service offerings, patient and stakeholder support, patient and stakeholder support segmentation, and use of patient and stakeholder support data. These are important to building relationships with patients and stakeholders, which is addressed in the second part of the item.

## Category 4: Measurement, Analysis, and Knowledge Management

- Item 4.1, **Measurement, Analysis, and Improvement of Organizational Performance**, now includes voice-of-the-customer data as a key component of organizational performance measurement. Use of customer data was previously addressed as a stand-alone factor in category 3. Performance improvement questions now ask about best-practice sharing and about use of performance review findings and comparative data to project future performance.

## Category 5: Workforce Focus

- This category has been reconfigured and simplified to enhance the flow of logic.
- Item 5.1, now **Workforce Environment**, includes preparing for periods of workforce growth as part of managing workforce capacity and capability.
- Item 5.2, now **Workforce Engagement**, includes patient and stakeholder focus as an element of workforce and leader development.

## Category 6: Operations Focus

- This category, now **Operations Focus**, has been renamed to focus on the operations that produce and support the delivery of your health care service offerings.
- Item 6.1, **Work Systems**, has been simplified to focus exclusively on work systems, including controlling costs of those systems.
- Item 6.2, **Work Processes**, specifically asks about the relationship of your work processes to your work systems. The item also asks about your supply-chain management processes.

## Category 7: Results

- This category has been aligned with the changes in categories 1–6 to encourage the measurement of important and appropriate results and also has been reduced from six items to five.
- Item 7.1, now **Health Care and Process Outcomes**, results from the combination of former items dealing with health care outcomes and process outcomes. This change has been made for these reasons: (1) it is important to relate processes to the ultimate goal of delivering ever-improving value to patients and stakeholders, contributing to improved health care quality and organizational sustainability; and (2) there is a desire to drive thinking on cause-effect relationships between strategic and operational processes and health care outcomes.
- Item 7.3, now **Workforce-Focused Outcomes**, has been realigned to follow the flow of logic in category 5.
- Item 7.4, now **Leadership and Governance Outcomes**, more explicitly details leadership responsibilities for delivering key results.
- Item 7.5, now **Financial and Market Outcomes**, places this item last as the “bottom line” for many organizations.

## Glossary of Key Terms

- Several words in the Glossary of Key Terms section have had slightly updated definitions. There has been a particular effort to clarify the definition of performance projections.

## Results Scoring Guidelines

- The results scoring guidelines have been modified to align better with the item format and organizational maturity by addressing the basic, overall, and multiple requirements of results items. Also, performance projection expectations are now included only in the 90–100% scoring range.

# HEALTH CARE CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 17 process and results Criteria items. For organizations writing an application for the Baldrige Award, responding involves addressing these requirements in 50 or fewer pages.

The guidelines are presented in three parts:

- (1) general guidelines regarding the Criteria booklet, including how the items are formatted
- (2) guidelines for responding to process items
- (3) guidelines for responding to results items

To respond most effectively to the Criteria items, your organization also will find it important to refer to the scoring guidelines (pages 68–69), which describe how organizations can demonstrate increasing accomplishment and improvement relative to the requirements of the Criteria items.

## General Guidelines

### I. Read the entire Criteria booklet.

The main sections of the booklet provide a full orientation to the Criteria, including how responses are to be evaluated for self-assessment or by Baldrige examiners. You should become thoroughly familiar with the following sections:

- Health Care Criteria for Performance Excellence (pages 4–26)
- Scoring System (pages 67–70)

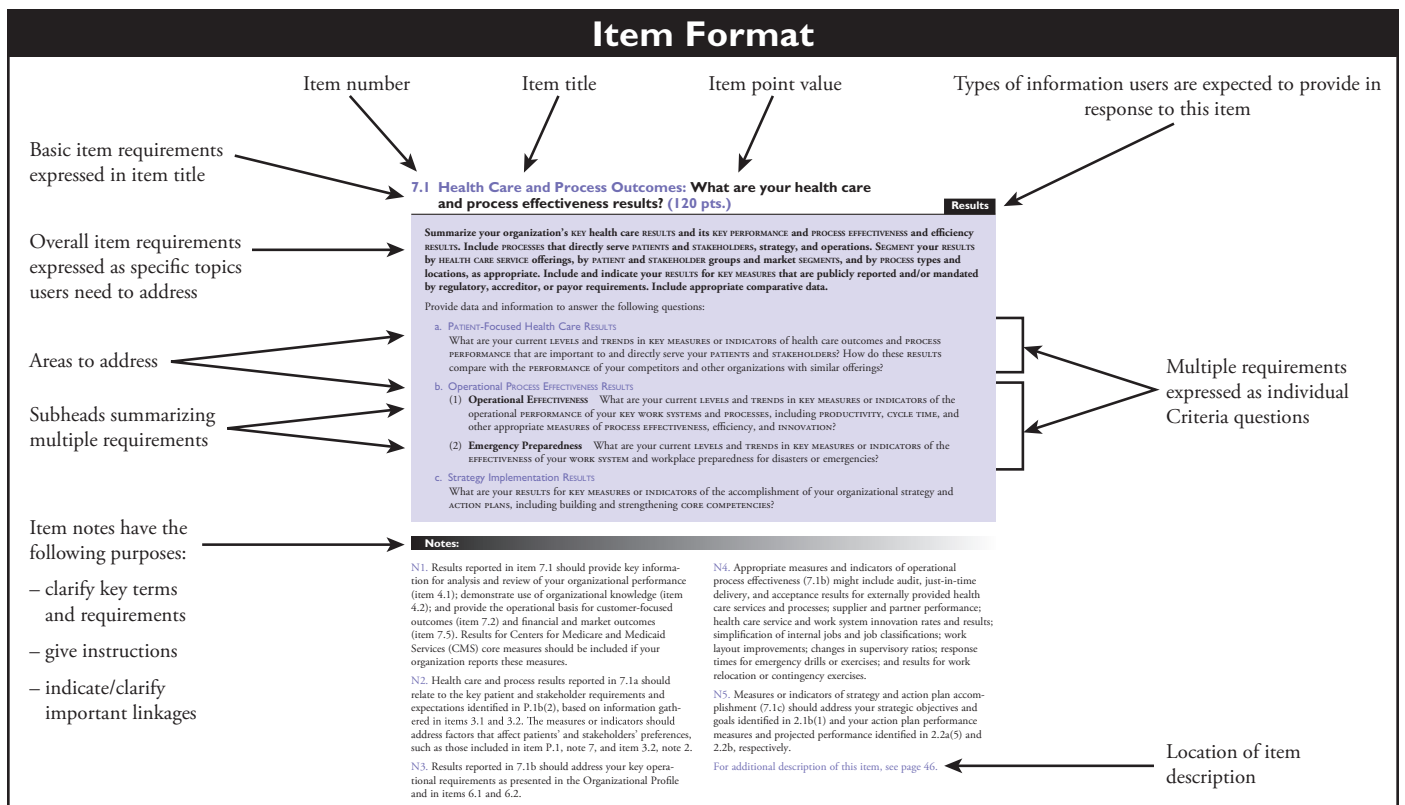
- Glossary of Key Terms (pages 57–66)
- Category and Item Descriptions (pages 33–48)

### 2. Review the item format and understand how to respond to the item requirements.

The item format (see figure below) shows the different parts of items, the role of each part, and where each part is placed. It is especially important for you to understand the multiple requirements contained in the areas to address. The item notes following the item requirements are an aid to understanding the areas to address. Each item and area to address is described in greater detail in the Category and Item Descriptions section (pages 33–48).

Each item is classified as either **process** or **results**, depending on the type of information required. Guidelines for responding to process items are given on pages 30–31. Guidelines for responding to results items are given on pages 31–32.

Item requirements are presented in question format. Some of the requirements in the areas to address include multiple questions. Responses to an item should contain information that addresses all questions; however, each question need not be answered separately. Responses to multiple questions within a single area to address may be grouped, as appropriate to your organization. These multiple questions serve as a guide in understanding the full meaning of the information being requested.



### 3. Refer to the scoring guidelines.

The evaluation of process and results item responses includes a review of the Criteria item requirements in combination with the scoring guidelines (pages 67–70). Specifically, as a complement to requirements of the process items (categories 1–6), the scoring guidelines address the maturity of your approaches, the breadth of deployment, the extent of learning, and integration with other elements of your performance management system. Similarly, as a complement to requirements of the results items (category 7), the scoring guidelines focus on the actual performance levels, the significance of the results trends, relevant comparative data, integration with important elements of your performance management system, and the strength of the improvement process. Therefore, you need to consider both the Criteria and the scoring guidelines as you prepare your responses to all items.

### 4. Understand the meaning of key terms.

Many of the terms used in the Criteria have meanings that may differ somewhat from standard definitions or definitions used in your organization. Terms printed in SMALL CAPS can be found in the Glossary of Key Terms beginning on page 57. Understanding these terms can help you accurately self-assess your organization and communicate your processes and results to those reviewing your responses and planning your improvement efforts.

### 5. Start by preparing the Organizational Profile.

The Organizational Profile is the most appropriate starting point. The Organizational Profile is intended to help everyone—including organizations using the Criteria for self-assessment, application writers, and reviewers—understand what is most relevant and important to your organization’s mission and to its performance as a health care provider. The questions in the Organizational Profile are on pages 4–6. The Organizational Profile is described in greater detail on pages 33–34.



## Guidelines for Responding to Process Items

Although the Criteria focus on key organizational performance results, these results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at rates slower than your competitors’ or comparable organizations’, it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of process items is to permit diagnosis of your organization’s *most important* processes—the ones that contribute most to organizational performance improvement and contribute to key outcomes or performance results. Diagnosis and feedback depend heavily on the content and completeness of your item responses. For this reason, it is important to respond to these items by providing your *key* process information. Guidelines for organizing and reviewing such information follow.

#### 1. Understand the meaning of “how.”

Process items include questions that begin with the word “how.” Responses should outline your key process information that addresses approach, deployment, learning, and integration (see Scoring System, page 67). Responses lacking such information, or merely providing an example, are referred to in the scoring guidelines as “anecdotal information.”

#### 2. Understand the meaning of “what.”

Two types of questions in process items begin with the word “what.” The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These latter questions set the context for showing alignment and integration in your performance management system. For example, when you identify key strategic objectives, your action plans, some of your performance measures, and some results reported in category 7 are expected to relate to the stated strategic objectives.

#### 3. Write and review responses with the following guidelines and comments in mind.

- Show that *approaches* are systematic. Systematic approaches are repeatable and use data and information to enable learning. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, innovation, and knowledge sharing, thereby enabling a gain in maturity.
- Show *deployment*. Deployment information should summarize how your approaches are implemented in different parts of your organization. Deployment can be shown compactly by using tables.

- Show evidence of *learning*.

Processes should include evaluation and improvement cycles, as well as the potential for breakthrough change. Process improvements should be shared with other appropriate units of the organization to enable organizational learning.

- Show *integration*.

Integration shows alignment and harmonization among processes, plans, measures, actions, and results that generate organizational effectiveness and efficiencies.

- Show focus and consistency.

There are four important considerations regarding focus and consistency: (1) the Organizational Profile should make clear what is important to your organization; (2) the Strategic Planning category (category 2), including the strategic objectives, action plans, and core competencies, should highlight areas of greatest focus and describe how deployment is accomplished; (3) the descriptions of organizational-level analysis and review (item 4.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) the Operations Focus category (category 6) should highlight the work systems and work processes that are key to your overall performance. *Showing focus and consistency in the process items and tracking corresponding measures in the results items should improve organizational performance.*

- Respond fully to item requirements.

Missing information will be interpreted as a gap in your performance management system. All areas to address should be addressed. Individual questions within an area to address may be addressed individually or together.

#### 4. Cross-reference when appropriate.

As much as possible, each item response should be self-contained. However, responses to different items also should be mutually reinforcing. It is appropriate to refer to the other responses rather than repeat information. In such cases, key process information should be given in the item requesting this information. For example, workforce development and learning systems should be described in item 5.2. Discussions about workforce development and learning elsewhere in your application would then reference but not repeat details given in your item 5.2 response.

#### 5. Use a compact format.

Applicants should make the best use of the 50 application pages permitted. Applicants are encouraged to use flowcharts, tables, and “bullets” to present information concisely. The 50-page application limit is designed to force your organization to consider what is most important in managing your enterprise and reporting your results.

### Guidelines for Responding to Results Items

The Criteria place a major emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.



#### 1. Focus on the most critical organizational performance results.

Results reported should cover the most important requirements for your organization’s success, highlighted in your Organizational Profile and in the Leadership, Strategic Planning, Customer Focus, Workforce Focus, and Operations Focus categories.

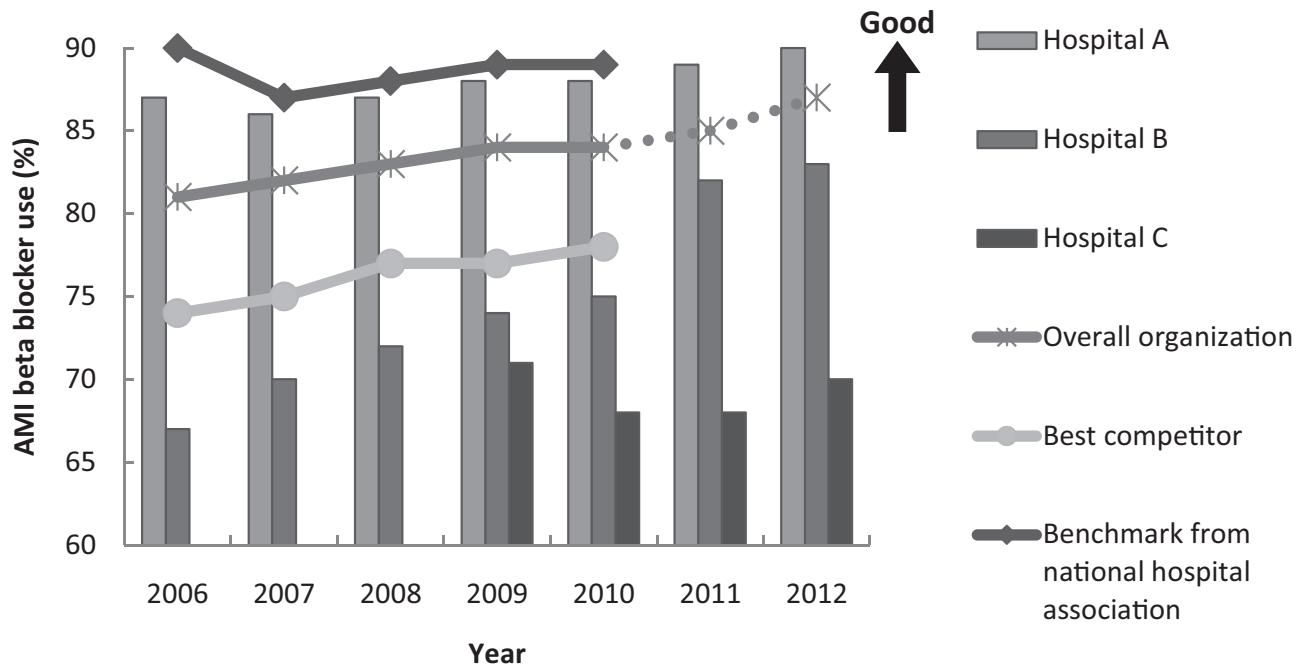
#### 2. Note the meaning of the four key requirements from the scoring guidelines for effective reporting of results data:

- *performance levels* that are reported on a meaningful measurement scale
- *trends* to show directions of results, rates of change, and the extent of deployment
- *comparisons* to show how results compare with those of other, appropriately selected organizations
- *integration* to show that all important results are included and segmented (e.g., by important patient or stakeholder, workforce, process, and health care service groups)

#### 3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. However, a minimum of three historical data points generally is needed to ascertain a trend. Trends might span five or more years for some results. Trends should represent historic and current performance and not rely on projected (future) performance. Time intervals between data points should be meaningful for the specific measure(s) reported. For important results, new data should be included even if trends and comparisons are not yet well established.

**Figure 7.1–3 Beta-Blocker Use**



**4. Use a compact format—graphs and tables.**

Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be “normalized” (i.e., presented in a way, such as using ratios, that takes into account size factors). For example, reporting safety trends in terms of needle sticks per 100 staff members would be more meaningful than total needle sticks if the number of staff members has varied over the time period or if you are comparing your results to those of organizations differing in size.

**5. Incorporate results into the body of the text.**

Discussion of results and the results themselves should be close together in a Baldrige Award application. *Trends that show a significant beneficial or adverse change should be explained.* Use figure numbers that correspond to items. For example, the third figure for item 7.1 would be figure 7.1–3. (See the example in the figure on this page.)

The graph shown on this page illustrates data that a health care system with multiple sites might present as part of a response to item 7.1, Health Care and Process Outcomes. In the Organizational Profile, the organization has indicated use of beta-blockers with acute myocardial infarction (AMI) as a key patient and stakeholder requirement.

The graph illustrates a number of characteristics of clear and effective results reporting:

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Data levels and trends are reported for a key patient and stakeholder requirement—use of beta-blockers with AMI.

- Results are presented for several years.
- An arrow indicates that an upward trend is good for this measure.
- Appropriate comparisons are shown clearly.
- The organization shows, using a single graph, that all three of its hospitals are separately tracked for beta-blocker use.
- The organization projects improved performance, including discontinuous or breakthrough improvement relative to prior performance for hospital B. The text should explain this breakthrough change and might refer to critical learning from hospital A as the basis for the projected change.

To help interpret the scoring guidelines (page 69), the following comments on the graphed results would be appropriate:

- The current overall organizational performance level is good. This conclusion is supported by the comparison with competitors and with a benchmark level.
- The overall organization shows beneficial improvement trends sustained over time.
- Hospital A is the current performance leader—showing sustained high performance and a slightly beneficial trend since 2007. Hospital B shows rapid improvement. Its performance is near that of the best competitor but trails hospital A.
- Hospital C—identified in the application as a new acquisition—is having early problems with ensuring beta-blocker use but is projecting a turnaround. (The organization should briefly explain these problems.)
- The organization has projected improvements in beta-blocker use for all of its hospitals. Hospital C continues to lag behind the others; hospital A is projected to meet its goal by 2012.

## CATEGORY AND ITEM DESCRIPTIONS

### Preface: Organizational Profile

The Organizational Profile provides an overview of your organization. The profile addresses your operating environment, your key organizational relationships, your competitive and collaborative environment and strategic context, and your approach to performance improvement. Your Organizational Profile provides a framework for understanding your organization. It helps the Baldrige examiners and judges when reviewing your application to understand what you consider important. It also helps you to guide and prioritize the information you present in response to the Criteria items in categories 1–7.

The Organizational Profile provides your organization with critical insight into the key internal and external factors that shape your operating environment. These factors, such as the vision, values, mission, core competencies, competitive and collaborative environment, and strategic challenges and advantages, impact the way your organization is run and the decisions you make. As such, the Organizational Profile helps your organization better understand the context in which it operates; the key requirements for current and future organizational success and sustainability; and the needs, opportunities, and constraints placed on your organization's management systems.

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

##### **Purpose**

This item addresses the key characteristics and relationships that shape your organizational environment. It also addresses your organization's governance system. The aim is to set the context for your organization and for your responses to the Criteria requirements in categories 1–7.

##### **Comments**

- The use of such terms as “purpose,” “vision,” “values,” “mission,” and “core competencies” varies depending on the organization, and some organizations may not use one or more of these terms. Nevertheless, you should have a clear understanding of the essence of your organization, why it exists, and where your senior leaders want to take the organization in the future. This clarity enables you to make and implement strategic decisions affecting the future of your organization.
- A clear identification and thorough understanding of your organization's core competencies are central to organizational sustainability and competitive performance. Executing your core competencies

well is frequently a marketplace differentiator. Keeping your core competencies current with your strategic directions can provide a strategic advantage, and protecting intellectual property contained in your core competencies can support sustainability.

- The legal and regulatory environment in which you operate places requirements on your organization and impacts how you run your organization. Understanding this environment is key to making effective operational and strategic decisions. Further, it allows you to identify whether you are merely complying with the minimum requirements of applicable laws, regulations, and standards of practice or exceeding them, a hallmark of leading organizations.
- Leading organizations have well-defined governance systems with clear reporting relationships. It is important to clearly identify which functions are performed by senior leaders and, as applicable, by your governance board and your parent organization. Board independence and accountability frequently are key considerations in the governance structure.
- In supplier-dependent organizations, suppliers play critical roles in processes that are important to running the organization and to maintaining or achieving a sustainable competitive advantage. Supply-chain requirements might



include accessibility, continuity of care, on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, process and health care service innovation, and customized services.

### ***P.2 Organizational Situation: What is your organization's strategic situation?***

#### **Purpose**

This item addresses the competitive and collaborative environment in which your organization operates, including your key strategic challenges and advantages. It also addresses how you approach performance improvement, including organizational learning and innovation processes. The aim is to understand your key organizational challenges and your system for establishing and preserving a sustainable advantage.

#### **Comments**

- Knowledge of an organization's strengths, vulnerabilities, and opportunities for improvement and growth is essential to the success and sustainability of the organization. With this knowledge, you can identify those health care service offerings, processes, competencies, and performance attributes that are unique to your organization; those that set you apart from other organizations; those that help you to preserve your competitive advantage; and those that you must develop to sustain or build your market position.
- Understanding who your competitors and collaborators are, how many you have, and their key characteristics is essential for determining what your competitive advantage is and what your collaborative opportunities are in the health care industry and marketplace. Leading organizations have an in-depth understanding of their current competitive and collaborative environments, including key changes taking place.
- Sources of comparative and competitive data might include external organizations (e.g., CMS, the National Committee for Quality Assurance [NCQA], the Joint Commission, and the Maryland Quality Indicator Project), health care industry journals and other publications, benchmarking activities, annual reports for publicly traded companies and public organizations, conferences, local networks, and industry associations. Comparative data, particularly in areas related to patient and stakeholder satisfaction, staff satisfaction, and organizational effectiveness (e.g., cycle time), can also be obtained from organizations outside the health care sector.
- Operating your organization in today's highly competitive marketplace means you are facing strategic challenges that can affect your ability to sustain performance and maintain your competitive position. These challenges might include your operational costs (e.g., pharmaceuticals, labor, or medical technology); expanding or decreasing markets; mergers or acquisitions by your organization and by your competitors; economic conditions, including fluctuating demand and economic downturns; needs for public health and bioterrorism preparedness; compliance with the Health

Insurance Portability and Accountability Act (HIPAA); the introduction of new or substitute health care services; rapid technological changes; or emergence of e-health care delivery technology. In addition, your organization may face challenges related to the recruitment, hiring, and retention of a qualified workforce.

- A particularly significant challenge, if it occurs to your organization, is being unprepared for a disruptive technology that threatens your competitive position or your marketplace. In the past, such technologies have included MRIs replacing myelograms, laparoscopic surgery replacing more invasive types of surgery, and social media challenging other means of communication. Today, organizations need to be scanning the environment inside and outside their immediate industry to detect such challenges at the earliest possible point in time.

### **Leadership (Category I)**

Leadership addresses how your senior leaders' actions guide and sustain your organization, setting organizational vision, values, and performance expectations. Attention is given to how your senior leaders communicate with your workforce, enhance their leadership skills, participate in organizational learning and develop future leaders, create a focus on action, and establish an environment that encourages ethical behavior and high performance. The category also includes your organization's governance system and how your organization fulfills its legal, ethical, and societal responsibilities; supports its key communities; and builds community health.

#### ***1.1 Senior Leadership: How do your senior leaders lead?***

#### **Purpose**

This item examines the key aspects of your senior leaders' responsibilities. It examines how your senior leaders set and communicate the organization's vision and values and how they practice these values. It focuses on your senior leaders' actions to create a sustainable, high-performing organization with a patient, stakeholder, and community focus.

#### **Comments**

- Senior leaders' central role in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organizational focus on action are key elements of this item. Success requires a strong orientation to the future and a commitment to improvement, innovation, and organizational sustainability. Increasingly, this requires creating an environment for empowerment, agility, and learning.
- In health care organizations with separate administrative/operational and health care leadership, an important aspect of leadership is the relationship between and collaboration of these two sets of leaders.
- In highly respected organizations, senior leaders are committed to establishing a culture of patient engagement, to developing the organization's future leaders, and to recognizing and



rewarding contributions by members of the workforce. Senior leaders enhance their personal leadership skills. They participate in organizational learning, the development of future leaders, succession planning, and recognition opportunities and events that celebrate the workforce. Development of future leaders might include personal mentoring or participation in leadership development courses.

## 1.2 Governance and Societal Responsibilities: How do you govern and fulfill your societal responsibilities?

### Purpose

This item examines key aspects of your organization's governance system, including leadership improvement. It also examines how your organization ensures that everyone in the organization behaves legally and ethically and how your organization fulfills its societal responsibilities, supports its key communities, and builds community health.

### Comments

- The organizational governance requirement addresses the need for a responsible, informed, transparent, and accountable governance or advisory body that can protect the interests of key stakeholders (including stockholders). This body should have independence in review and audit functions, as well as a performance evaluation function that monitors organizational and both CEOs' and medical staff leaders' performance.
- An integral part of health care delivery, performance management, and improvement is proactively addressing (1) the need for ethical behavior; (2) all legal, regulatory, and accreditation requirements; and (3) risk factors. Ensuring high performance in these areas requires establishing appropriate measures or indicators that senior leaders track. Your organization should be sensitive to issues of public concern related to your health care services and operations, whether or not these issues currently are embodied in laws and regulations. Role-model organizations look for opportunities to exceed requirements and to excel in areas of legal and ethical behavior.
- This item addresses the conservation of natural resources. Conservation can be achieved through the use of "green" technologies, the replacement of hazardous chemicals with water-based chemicals, energy conservation, the use of cleaner energy sources, or the recycling of by-products or wastes.
- Societal responsibility implies going beyond a compliance orientation. Opportunities to contribute to the well-being of



environmental, social, and economic systems and opportunities to support key communities are available to organizations of all sizes. The level and breadth of these contributions will depend on the size of your organization and your ability to contribute.

- Your organization's community involvement should include considering contributions in areas of your core competencies. Examples of organizational community involvement are partnering with other health care providers, businesses, and professional associations to engage in beneficial, cooperative activities, such as increasing equity and access to care and sharing best practices to improve overall U.S. health status and health care.
- Actions to build community health might include partnering with local organizations (public entities and businesses) and health care providers. The community health services offered by your organization will depend on your mission, including service requirements for tax-exempt organizations.

## Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, implementation of plans, how adequate resources are ensured to accomplish the plans, how accomplishments are measured and sustained, and how plans are changed if circumstances require a change. The category stresses that long-term organizational sustainability and your competitive or collaborative environment are key strategic issues that need to be integral parts of your organization's overall planning. Decisions about your organization's core competencies are an integral part of organizational sustainability and therefore are key strategic decisions.

While many organizations are increasingly adept at strategic planning, plan execution is still a significant challenge. This is especially true given market demands to be agile and to be prepared for unexpected change, such as volatile economic conditions or disruptive technologies that can upset an otherwise fast-paced but more predictable marketplace. This category highlights the need to place a focus not only on developing your plans, but also on your capability to execute them.

The Baldrige Health Care Criteria emphasize three key aspects of organizational excellence. These aspects are important to strategic planning:

- Patient-focused excellence is a strategic view of excellence. The focus is on the drivers of customer engagement, patient health status, new markets, and market share—key factors in competitiveness and organizational sustainability.
- Operational performance improvement and innovation contribute to short- and longer-term productivity growth and cost containment. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening your organizational fitness.
- Organizational and personal learning are necessary strategic considerations in today's fast-paced environment. The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work systems and learning initiatives with your organization's strategic directions, thereby ensuring that improvement and learning prepare you for and reinforce organizational priorities.

The Strategic Planning category examines how your organization

- determines its key strengths, weaknesses, opportunities, and threats; its core competencies; and its ability to execute your strategy
- optimizes the use of resources, ensures the availability of a skilled workforce, and bridges short- and longer-term requirements that may entail capital expenditures, technology development or acquisition, supplier development, and new health care partnerships or collaborations
- ensures that implementation will be effective—that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organization and executive level, (2) the key work system and work process level, and (3) the department/work unit and individual job level

The requirements in the Strategic Planning category encourage strategic thinking and acting in order to develop a basis for a distinct competitive and collaborative position in the marketplace. These requirements do not imply the need for formal planning departments or specific planning cycles. They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change or innovation, compete for limited resources. In most cases, setting priorities depends heavily on market demands and a cost rationale. However, you also might have critical requirements, such as the incorporation of new health care technology and community health or other societal responsibilities, that are not driven by cost considerations alone.

### 2.1 Strategy Development: How do you develop your strategy?

#### Purpose

This item examines how your organization determines its core competencies, strategic challenges, and strategic advantages and establishes its strategic objectives to address its challenges and leverage its advantages. The aim is to strengthen your overall performance, your performance relative to competitors and other organizations providing similar health care services, and your future success.

#### Comments

- This item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organization's future opportunities and directions—taking as long-term a view as appropriate and possible from the perspectives of your organization and your industry or marketplace. This approach is intended to provide a thorough and realistic context for the development of a patient-, stakeholder-, and market-focused strategy to guide ongoing decision making, resource allocation, and overall management.
- This item is intended to cover all types of health care organizations, competitive/collaborative situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action but do not imply the need for formal planning departments, specific planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new health care service or business, it is still necessary to set and to test the objectives that define and guide critical actions and performance.
- This item emphasizes health care industry leadership, which usually depends on health care service delivery and operational effectiveness. Health care industry leadership requires a view of the future that includes not only the markets or segments in which your organization provides services but also how it competes and collaborates in providing services in these markets. How it competes and/or collaborates presents many options and requires that you understand your organization's and your

competitors'/collaborators' strengths and weaknesses. How it competes also might involve decisions on taking intelligent risks in order to gain or retain a market leadership position. Although no specific time horizons are included, the thrust of this item is sustained performance leadership.

- An increasingly important part of strategic planning is projecting the future competitive and collaborative environment. This includes the ability to project your own future performance, as well as that of your competitors. Such projections help you to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organization, the potential need for new core competencies, the maturity of markets, the pace of change, and competitive/collaborative parameters (such as costs or the innovation rate), organizations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the competitive and collaborative environment.

## **2.2 Strategy Implementation: How do you implement your strategy?**

### **Purpose**

This item examines how your organization converts your strategic objectives into action plans to accomplish the objectives. It also examines how your organization assesses progress relative to these action plans. The aim is to ensure that your strategies are successfully deployed for goal achievement.

### **Comments**

- This item asks how your action plans are developed and deployed to your workforce, key suppliers, and partners. The accomplishment of action plans requires resources and performance measures, as well as the alignment of the plans of your departments/work units, suppliers, and partners. Of central importance is how you achieve alignment and consistency—for example, via work systems, work processes, and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all departments/work units. In addition, performance measures are critical for tracking performance.
- Many types of analyses can be performed to ensure that financial resources are available to support the accomplishment of your action plans, while your organization also meets existing obligations. For current operations, these efforts might include the analysis of cash flows, net income statements, and current liabilities versus current assets. For investments to accomplish action plans, the efforts might include analysis of discounted cash flows, ROI, or return on invested capital (ROIC). The specific types of analyses will vary from organization to organization. These analyses should help your organization assess the financial viability of your current operations and the potential viability of and risks associated with your action plan initiatives.
- Action plans should include human resource or workforce plans that are aligned with and support your overall strategy.

- Examples of possible human resource plan elements are
  - a redesign of your work organization and jobs to increase workforce empowerment and decision making
  - initiatives to promote greater labor-management cooperation, such as union partnerships
  - a consideration of the impacts of outsourcing on your current workforce and initiatives
  - initiatives to prepare for future workforce capability and capacity needs
  - initiatives to foster knowledge sharing and organizational learning
  - the modification of your compensation and recognition systems to recognize team, organizational, patient and stakeholder, or other performance attributes
  - education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of an educated and skilled workforce, and the establishment of training programs on new technologies important to the future success of your workforce and your organization
- Projections and comparisons in this item are intended to improve your organization's ability to understand and track dynamic, competitive performance factors. Projected performance might include changes resulting from new business ventures, entry into new markets, the introduction of new technologies, innovations, or other strategic thrusts that might involve a deliberate degree of risk. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to that of competitors or other organizations offering similar health care services and relative to its own targets or stretch goals. Such tracking serves as a key diagnostic tool for your organization's management to start, accelerate, or discontinue initiatives.

## **Customer Focus (Category 3)**

Customer Focus addresses how your organization seeks to engage your customers, with a focus on listening to and supporting patients and stakeholders, determining their satisfaction, offering the right services, and building relationships that result in loyalty through patients' and stakeholders' investment in your health care service offerings. The category stresses customer engagement as an important outcome of an overall patient and stakeholder culture and a learning and performance excellence strategy. Your patient and stakeholder satisfaction and dissatisfaction results provide vital information for understanding your patients, your stakeholders, and the marketplace. In many cases, the voice of the customer provides meaningful information not only on your patients' and stakeholders' views but also on their marketplace behaviors and how these views and behaviors may contribute to the sustainability of your organization in the marketplace.

Throughout the Criteria, patients frequently are identified separately from stakeholder groups to stress the importance of patients to health care organizations. However, the item requirements also refer to stakeholders generically to ensure the inclusion of all stakeholder groups in the organization's customer focus and performance management system. Stakeholders might include patients' families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, departments of health, and students. A key challenge to health care organizations may be balancing the differing expectations of patient and stakeholder groups.

### **3.1 Voice of the Customer: How do you obtain information from your patients and stakeholders?**

#### **Purpose**

This item examines your organization's processes for listening to your patients and stakeholders and determining their satisfaction and dissatisfaction. It also examines your processes for using patient and stakeholder data. The aim is to capture meaningful information in order to exceed your patients' and stakeholders' expectations.

#### **Comments**

- Selection of voice-of-the-customer strategies depends on your organization's key business factors. Increasingly, organizations listen to the voice of the customer via multiple modes. Some frequently used modes include focus groups with key patients and stakeholders, close integration with patients and key

stakeholders, interviews with lost and potential patients and stakeholders about their health care purchasing or relationship decisions, win/loss analysis relative to competitors and other organizations providing similar health care services, and survey or feedback information.

- This item emphasizes how you obtain actionable information from patients and stakeholders. Information that is actionable can be tied to key health care service offerings and organizational processes and can be used to determine cost and health care quality implications for setting improvement goals and priorities for change.
- In a rapidly changing technological, competitive, economic, and social environment, many factors may affect patient and stakeholder expectations and loyalty and your interface with patients and stakeholders in the marketplace. This makes it necessary to continually listen and learn. To be effective, listening and learning need to be closely linked with your organization's overall health care service strategy.
- Customers increasingly are turning to social media to voice their impressions of your health care services and patient and stakeholder support. This information may be provided through social interactions you mediate or through independent or customer-initiated means. All of these can be valuable sources of information for your organization. Organizations may need to become familiar with vehicles for monitoring and tracking this information.



- Knowledge of patient and stakeholder groups, market segments, and former and potential patients and stakeholders allows your organization to tailor health care service offerings, to support and tailor your marketing strategies, to develop a more patient- and stakeholder-focused workforce culture, to attract new patients, and to ensure organizational sustainability.
- In determining patient and stakeholder satisfaction and dissatisfaction, a key aspect is their comparative satisfaction with competitors, competing or alternative health care service offerings, and/or organizations providing similar health care services. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to patients' and stakeholders' preference are of critical importance in understanding factors that drive health care markets and potentially affect longer-term competitiveness and organizational sustainability.

### 3.2 *Customer Engagement: How do you engage patients and stakeholders to serve their needs and build relationships?*

#### **Purpose**

This item examines your organization's processes for identifying and innovating health care service offerings that serve your patients, stakeholders, and markets; enabling patients and stakeholders to seek information and support; and using patient, stakeholder, market, and health care service offering information. The item also examines how you build relationships with your patients and stakeholders and manage complaints in order to retain patients and stakeholders and increase their engagement with you. The aim of these efforts is to improve marketing, build a more patient- and stakeholder-focused culture, enhance patient and stakeholder loyalty, and identify opportunities for innovation.

#### **Comments**

- Customer engagement is a strategic action aimed at achieving such a degree of loyalty that the patient or stakeholder will advocate for your organization and health care service offerings. Achieving such loyalty requires a patient- and stakeholder-focused culture in your workforce based on a thorough understanding of your business strategy and the behaviors and preferences of your patients and stakeholders.
- A relationship strategy may be possible with some patients and stakeholders but not with others. The relationship strategies you do have may need to be distinctly different for each patient or stakeholder group and each market segment. They also may need to be distinctly different during various stages of patients' and stakeholders' relationships with you.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to the setting of priorities for process and health care service improvements. Successful outcomes require effective deployment of information throughout the organization.

## **Measurement, Analysis, and Knowledge Management (Category 4)**

The Measurement, Analysis, and Knowledge Management category is the main point within the Criteria for all key information about effectively measuring, analyzing, and improving performance and managing organizational knowledge to drive improvement and organizational competitiveness. In the simplest terms, category 4 is the "brain center" for the alignment of your organization's health care, administrative, and clinical operations with its strategic objectives. Central to such use of data and information are their quality and availability. Furthermore, since information, analysis, and knowledge management might themselves be primary sources of competitive advantage and productivity growth, this category also includes such strategic considerations.

### 4.1 *Measurement, Analysis, and Improvement of Organizational Performance: How do you measure, analyze, and then improve organizational performance?*

#### **Purpose**

This item examines your organization's selection and use of data and information for performance measurement, analysis, and review in support of organizational planning and performance improvement. This performance improvement includes efforts to improve health care results and outcomes (e.g., by selecting statistically meaningful indicators, adjusting data for risk, and linking outcomes to processes and provider decisions). The item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and nonfinancial data and information, including clinical data. The aim of performance measurement, analysis, review, and improvement is to guide your organization's process management toward the achievement of key organizational results and strategic objectives, to anticipate and respond to rapid or unexpected organizational or external changes, and to identify best practices that may be shared.

#### **Comments**

- Alignment and integration are key concepts for successful implementation and use of your performance measurement system. They are viewed in terms of the extent and effectiveness of their use to meet your performance assessment and improvement needs and your strategy development and execution. Alignment and integration include how measures are aligned throughout your organization and how they are integrated to yield organization-wide data and information. Alignment and integration also include how performance measurement requirements are deployed by your senior leaders to track departmental, work group, and process-level performance on key measures targeted for organization-wide significance or improvement.
- The use of comparative data and information is important to all organizations. The major premises for their use are that (1) your organization needs to know where it stands relative to competitors, to other providers, and to best practices, (2) comparative information and information obtained from benchmarking often provide the impetus for

significant (“breakthrough”) improvement or change, (3) comparing performance information frequently leads to a better understanding of your processes and their performance, and (4) comparative performance projections and competitors’ performance may reveal organizational challenges as well as areas where innovation is needed. Comparative information also may support organizational analysis and decisions relating to core competencies, partnering, and outsourcing.

- Your effective selection and use of comparative data and information require (1) the determination of needs and priorities, (2) criteria for seeking appropriate sources for comparisons—from within and outside the health care industry and your organization’s markets, and (3) the use of data and information to set stretch goals and to promote major, nonincremental (“breakthrough”) improvements in areas most critical to your organization’s strategy.
- Comparative data might include data from similar organizations or health care industry benchmarks. Local or national sources of such data might include (1) other organizations through sharing or contributing to external reference databases (e.g., indicator projects), (2) the open literature (e.g., outcomes of research studies and practice guidelines), and (3) independent organizations (e.g., CMS and accrediting organizations such as the NCQA and the Joint Commission, and commercial organizations) that gather and evaluate data.
- The organizational review called for in this item is intended to cover all areas of performance. This includes not only current performance but also projections of your future performance. It is anticipated that the review findings will provide a reliable means to guide both improvements and opportunities for innovation that are tied to your organization’s key objectives, core competencies, success factors, and measures. Therefore, an important component of your organizational review is the translation of the review findings into actions that are deployed throughout your organization and to appropriate suppliers, partners, collaborators, and key customers.
- Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organization, size, competitive environment, and other factors. Examples of possible analyses include the following:
  - how health care service improvements correlate with key patient and stakeholder indicators, such as satisfaction, loyalty, and market share



- cost and revenue implications of patient- and stakeholder-related problems and effective problem resolution
- interpretation of market share changes in terms of patient and stakeholder gains and losses and changes in customer engagement
- improvement trends in key operational performance indicators, such as productivity, cycle time (e.g., length of stay, turnaround times, wait times, and billing delays), waste reduction, utilization rates, error rates, and cost per case
- relationships among personal learning, organizational learning, and the value added per staff member
- financial benefits derived from improvements in workforce safety, absenteeism, and turnover
- benefits and costs associated with education and training, including e-learning and other distance learning opportunities
- benefits and costs associated with improved organizational knowledge management and sharing
- the relationship between knowledge management and innovation
- how the ability to identify and meet workforce capability and capacity needs correlates with retention, motivation, and productivity

- cost and revenue implications of workforce-related problems and effective problem resolution
  - individual or aggregate measures of productivity and quality relative to competitors' and comparable organizations' performance
  - cost trends relative to competitors' and comparable organizations' trends (e.g., cost per case for key diagnosis-related groups [DRGs])
  - compliance with preventive screenings compared with that of similar health care providers
  - relationships among health care 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 staff member
  - allocation of resources among alternative improvement projects based on cost/benefit implications or environmental and societal impact
  - net earnings or savings derived from quality, operational, and workforce performance improvements
  - comparisons among cost centers showing how quality and operational performance improvement affect financial performance (e.g., impacts of health maintenance organization [HMO] preventive care versus diagnostic expenses and treatment of potentially preventable illnesses)
  - contributions of improvement activities to cash flow, working capital use, and shareholder and community value
  - financial impacts of patient and stakeholder loyalty
  - cost and revenue implications of new health care market entry
  - market share versus profits/financial returns
  - trends in economic, market, and stakeholder indicators of value and the impact of these trends on organizational sustainability
- Individual facts and data do not usually provide an effective basis for setting organizational priorities. This item emphasizes that close alignment is needed between your analysis and your organizational performance review and between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information. In addition, your historical performance, combined with assumptions of future internal and external changes, allows the development of your performance projections. These projections may serve as a key planning tool.
  - Action depends on understanding causality among processes and between processes and results or outcomes. Process actions and their results may have many resource implications. Organizations have a critical need to provide an

effective analytical basis for decisions because resources for improvement are limited and causality is often unclear.

#### 4.2 *Management of Information, Knowledge, and Information Technology: How do you manage your information, organizational knowledge, and information technology?*

##### **Purpose**

This item examines how your organization ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers and partners, collaborators, and patients and stakeholders, normally and in the event of an emergency. It also examines how your organization builds and manages its knowledge assets. The aim is to improve organizational efficiency and effectiveness and to stimulate innovation.

##### **Comments**

- Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The continued growth of electronic information within organizations' operations—as part of organizational knowledge networks, through the Web and social media, in organization-to-organization communications, and in electronic communication/information transfer, including electronic medical records—challenges organizational abilities to ensure reliability, confidentiality, and availability in a user-friendly format. This is of particular concern given the need to ensure the confidentiality of patient records in compliance with HIPAA.
- Data and information are especially important in organization networks, partnerships, and supply chains. Your responses to this item should take into account this use of data and information and should recognize the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.
- The focus of an organization's knowledge management is on the knowledge that people need to do their work, improve processes and health care services, and develop innovative solutions that add value for the patient, the stakeholder, and the organization.
- One of the many issues facing organizations today is how to manage, use, evaluate, and share their ever-increasing organizational knowledge. Leading organizations benefit from the knowledge assets of their workforce, patients, stakeholders, suppliers, collaborators, and partners, who together drive organizational learning and innovation.
- Organizations should carefully plan how they will continue to provide an information technology infrastructure, data, and information in the event of either a natural or man-made disaster. These plans should consider the needs of all of the organization's stakeholders, including the workforce, patients, suppliers, partners, and collaborators. The plans also should be coordinated with the organization's overall plan for health care and operational continuity (item 6.1).

## Workforce Focus (Category 5)

Workforce Focus addresses key workforce practices—those directed toward creating and maintaining a high-performance work environment and toward engaging your workforce to enable it and your organization to adapt to change and to succeed. The category covers your capability and capacity needs and your workforce support climate. Your workforce focus includes workforce engagement, development, and management, which should be addressed in an integrated way (i.e., aligned with your organization's strategic objectives and action plans).

To reinforce the basic alignment of workforce management with overall strategy, the Criteria also cover human resource or workforce planning as part of overall planning in the Strategic Planning category (category 2).

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

#### Purpose

This item examines your organization's workforce environment, your workforce capability and capacity needs, how you meet those needs to accomplish the work of your organization, and how you ensure a safe and supportive work climate. The aim is to build an effective environment for accomplishing your work and for supporting your workforce.

#### Comments

- All organizations, regardless of size, are required to meet minimum regulatory standards for workforce safety; however, high-performing organizations have processes in place to ensure that they not only meet these minimum standards but go beyond a compliance orientation. This includes designing proactive processes, with input from people directly involved in the work, to ensure a safe working environment.
- Most organizations, regardless of size, have many opportunities to support their workforce. Some examples of services, facilities, activities, and other opportunities are personal and career counseling, career development and employability services, recreational or cultural activities, formal and informal recognition, nonwork-related education, day care, special leave for family responsibilities and community service, flexible work hours and benefits packages, outplacement services, and retiree benefits, including extended health care and ongoing access to services.

### 5.2 *Workforce Engagement: How do you engage your workforce to achieve organizational and personal success?*

#### Purpose

This item examines your organization's systems for engaging, developing, and assessing the engagement of your workforce, with the aim of enabling and encouraging all members of your workforce to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to address your core competencies, and to help accomplish your action plans and ensure organizational sustainability.

#### Comments

- A particular challenge in some health care organizations is the breadth of staff relationships—the variety of people contributing to the delivery of the organization's services. These people might include paid staff, independent practitioners, volunteers, and students. The contributions of each of these groups must be considered in the Workforce Focus category.
- High-performance work is characterized by flexibility, innovation, knowledge and skill sharing, good communication and information flow, alignment with organizational objectives, patient and stakeholder focus, and rapid response to changing organizational needs and health care marketplace requirements. The focus of this item is on a workforce capable of achieving high performance.
- Many studies have shown that high levels of workforce engagement have a significant, positive impact on organizational performance. Research has indicated that engagement is characterized by performing meaningful work; having clear organizational direction and performance accountability; and having a safe, trusting, effective, and cooperative work environment. In many organizations, employees and volunteers are drawn to and derive meaning from their work because the work is aligned with their personal values. In health care organizations, workforce engagement also is dependent on building and sustaining relationships between administrative/operational leaders and independent practitioners.
- Factors inhibiting engagement should be understood and addressed by your organization. Understanding of these factors could be developed through workforce surveys, focus groups, blogs, or exit interviews with departing members of your workforce.
- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills, peer evaluations, and/or collaboration among departments and health care practitioners.
- Compensation and recognition approaches also might include profit sharing; rewards for exemplary team or unit performance; and linkage to customer engagement measures, achievement of organizational strategic objectives, or other key organizational objectives.
- Depending on the nature of your organization's health care services, workforce responsibilities, and the stage of organizational and personal development, workforce development needs might vary greatly. These needs might include participating in continuing clinical education; gaining skills for knowledge sharing, communication, teamwork, and problem solving; interpreting and using data; exceeding patients' and stakeholders' requirements; accomplishing process analysis and simplification; reducing waste and cycle time; applying HIPAA regulations and concepts in daily work; working with and motivating volunteers; and setting





priorities based on strategic alignment or cost-benefit analysis. Education needs also might include advanced skills in new technologies or basic skills, such as reading, writing, language, arithmetic, and computer skills.

- Learning and development opportunities might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, or distance learning, as well as developmental assignments, coaching, or mentoring.
- To help people realize their full potential, many organizations use individual development plans prepared with each person that address his or her career and learning objectives.
- Although this item does not specifically ask you about training staff members who have direct contact with patients and stakeholders, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: your health care services, patients, and stakeholders; how to listen to patients and stakeholders; how to recover from problems or failures; and how to effectively manage and exceed patients' and stakeholders' expectations.

- An organization's knowledge management system should provide the mechanism for sharing the knowledge of its people and the organization to ensure that high-performance work is maintained through transitions. Each organization should determine what knowledge is critical for its operations and should then implement systematic processes for sharing this information. This is particularly important for implicit knowledge (i.e., knowledge personally retained by members of the workforce).
- Measures to evaluate the effectiveness and efficiency of your workforce and leader development and learning systems might address the impact on individual, unit, and organizational performance; the impact on patient- and stakeholder-related performance; and a cost-benefit analysis.
- Although satisfaction with pay and satisfaction with promotion are important, these two factors generally are not sufficient to ensure workforce engagement and high performance. Some examples of other factors to consider are effective problem and grievance resolution; development and career opportunities; the work environment and management support; workplace safety and security; the workload; effective communication, cooperation, and teamwork; job security; appreciation of the

differing needs of diverse workforce groups; and organizational support for serving patients and stakeholders.

- In addition to direct measures of workforce engagement through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, and strikes.

## Operations Focus (Category 6)

Operations Focus addresses how the work of your organization is accomplished. It examines how your organization designs, manages, and improves its key work processes and the work systems of which they are a part. It stresses the importance of your core competencies and how you protect and capitalize on them for success and organizational sustainability. It calls specific attention to the need to prepare for potential emergencies and to ensure continuity of operations.

Efficient and effective work systems require effective design; a prevention orientation; linkage to patients, stakeholders, suppliers, partners, and collaborators, as well as a focus on value creation for all key stakeholders; operational performance improvement; cycle time reduction; emergency readiness; and evaluation, continuous improvement, innovation, and organizational learning.

Work systems must also be designed in a way that allows your organization to be agile. In the simplest terms, “agility” refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Depending on the nature of your organization’s strategy and markets, agility might mean rapid change from one health care service to another, adoption of a new technology or treatment protocol, rapid response to changing demands or market conditions, rapid response to payor requirements, or the ability to produce a wide range of customized services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and novel partnering arrangements.

Cost and cycle time reduction may be achieved through Lean process management strategies. The elimination of waste and the improvement of health care services often involve Six Sigma projects. It is crucial to utilize key measures for tracking all aspects of your operations management.

### 6.1 *Work Systems: How do you design, manage, and improve your work systems?*

#### **Purpose**

This item examines your organization’s overall approach to work system design, management, and improvement, capitalizing on your core competencies, with the aim of creating value for your patients and stakeholders, preparing for potential emergencies, and achieving organizational success and sustainability.

#### **Comments**

- This item asks how you design your overall work systems and how you organize all of the work needed to offer your health care services. It draws a critical linkage to your core competencies, which frequently are underappreciated as key sources of organizational sustainability, competitive advantage, and marketplace respect.

- Many organizations need to consider requirements for suppliers, partners, and collaborators at the work system and work process design stage. Overall, effective design must take into account all stakeholders in the continuum of care. If many design projects are carried out in parallel or if your organization’s health care services use equipment and facilities that are used by multiple services, coordination of resources might be a major concern, but it also might offer a means to significantly reduce costs and time to design and implement new services.
- Efforts to ensure the continuity of operations in an emergency should consider all facets of your organization’s operations that are needed to provide your health care services to patients and stakeholders. The specific level of service that you will need to provide will be guided by your organization’s mission and your patients’ and stakeholders’ needs and requirements. For example, health care providers will likely have a higher need for continuity of services than organizations that do not provide an essential function. Your continuity of operations efforts also should be coordinated with your efforts to ensure data and information availability (item 4.2).

### 6.2 *Work Processes: How do you design, manage, and improve your key work processes?*

#### **Purpose**

This item examines the design, management, and improvement of your key work processes, with the aim of creating value for your patients and stakeholders, operating efficiently and effectively, and achieving organizational success and sustainability.

#### **Comments**

- Your key work processes include your health-care-service-related processes and those non-health-care-service processes that are considered important to organizational success and growth by your senior leaders. These processes frequently relate to an organization’s core competencies, strategic objectives, and critical success factors. Key health care processes might include assessment, screening, treatment, and therapy. Key business processes might include processes for physician integration, innovation, research and development, technology acquisition, information and knowledge management, supply-chain management, supplier partnering, outsourcing, mergers and acquisitions, project management, and sales and marketing. For some nonprofit organizations, key business processes might include fundraising, media relations, and public policy advocacy. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.
- Your key work processes include those processes that support your daily operations and your health care service delivery but are not usually designed in detail with the services. The support process requirements usually do not depend significantly on service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated

to ensure efficient and effective linkage and performance. Support processes might include processes for housekeeping, medical records, finance and accounting, facilities management, legal services, human resource services, public relations, community relations, and other administrative services.

- Your design approaches could differ appreciably depending on the nature of your health care service offerings—whether the services are entirely new, are variants, or involve major or minor work process changes. Modifications to or variants of existing health care services might result from shifting a service from an inpatient to an outpatient setting, introducing new technology for an existing service, or instituting critical pathways. You should consider the key requirements for your services. Factors that might need to be considered in work process design include desired health care outcomes; safety and risk management; timeliness of, access to, coordination of, and continuity of care; patient involvement in care decisions; variability in patients’ and stakeholders’ expectations regarding health care service options; environmental impact and use of “green” technology; measurement capability; process capability; availability or scarcity of staff with critical skills; availability of referral sources; supplier capability; technology; facility capacity or utilization; regulatory requirements; and documentation. Effective design also must consider the cycle time and productivity of health care service delivery processes. This might involve detailed mapping of service delivery processes and the redesign (“reengineering”) of those processes to achieve efficiency, as well as to meet changing patient and stakeholder requirements.
- Specific reference is made to in-process measurements and interactions with patients, stakeholders, and suppliers. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimize problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting in-process performance levels or standards to guide decision making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technology and/or people. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When patient and stakeholder interactions are involved, differences among patients must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the patient information gathered. This is especially true of professional and personal services. Key process cycle times in some organizations may be a year or longer, which may create special challenges in measuring day-to-day progress and identifying opportunities for reducing cycle times, when appropriate.
- For many organizations, supply-chain management has become a key factor in achieving productivity and

profitability goals and overall organizational success. Suppliers, partners, and collaborators are receiving increasing strategic attention as organizations reevaluate their core competencies. Supplier processes should fulfill two purposes: to help improve the performance of suppliers and partners and, for specific actions, to help them contribute to your organization’s improved overall operations. Supply-chain management might include processes for selecting suppliers, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.

- Critical to patient-focused delivery of health care are the consideration of patient expectations, the setting of realistic patient expectations relative to likely health care outcomes, and the opportunity for patients to participate on an informed basis in making decisions about their own health care.
- This item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your patients’ perspectives and better health care outcomes but also better financial and operational performance—such as productivity—from your other stakeholders’ perspectives. A variety of process improvement approaches are commonly used. Examples include (1) using the results of organizational performance reviews, (2) sharing successful strategies across your organization to drive learning and innovation, (3) performing process analysis and research (e.g., process mapping, optimization experiments, error proofing), (4) conducting technical and business research and development, (5) benchmarking, (6) using alternative technology, and (7) using information from patients and stakeholders affected by the processes—within and outside your organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including a complete redesign (“reengineering”) of processes.

## Results (Category 7)

The Results category provides a results focus that encompasses your objective evaluation and your patients’ and stakeholders’ evaluation of your organization’s health care service offerings, as well as your evaluation of your key processes and process improvement activities; your customer-focused results; your workforce results; your governance, leadership system, and societal responsibility results; and your overall financial and market performance. Through this focus, the Health Care Criteria’s purposes—superior health care quality and value of offerings as viewed by your patients, your stakeholders, and the marketplace; superior organizational performance as reflected in your clinical, operational, workforce, legal, ethical, societal, and financial indicators; and organizational and personal learning—are maintained. Category 7 thus provides “real-time” information (measures of progress) for evaluation and improvement of health care outcomes and health care and other key services and processes, in alignment with your overall organizational strategy. Item 4.1 calls for analysis and review of results data and information to determine your overall organizational performance and to set priorities for improvement.



**7.1 Health Care and Process Outcomes: What are your health care and process effectiveness results?**

**Purpose**

This item addresses your organization’s key health care process results, which have the aim of demonstrating health care outcomes, service quality, and value that lead to patient and stakeholder satisfaction and engagement. This item also examines your organization’s other key process results not reported in items 7.2–7.5, which have the aim of demonstrating work system and work process effectiveness and efficiency.

**Comments**

- This item addresses those measures that best reflect your organization’s success in delivering on its mission as a health care provider. The item calls for the use of key data and information to demonstrate your organization’s performance on health care outcomes and processes and in delivering health care. Overall, this is the most important item in the Health Care Criteria, as it focuses on demonstrating improving health care results over time.

- This Item asks for comparative data. Comparative data from external organizations (e.g., CMS, state health care agencies, the NCQA, the Joint Commission, and the Maryland Quality Indicator Project) for your patient population are useful in demonstrating superior results relative to other organizations that provide similar health care services.
- This item places emphasis on measures of health care service performance that serve as indicators of patients’ and stakeholders’ views and health care decisions relative to future interactions and relationships. These measures of service performance are derived from patient- and stakeholder-related information gathered in items 3.1 and 3.2.
- Health care process measures appropriate for inclusion might be based on the following: adherence to patient safety practices, treatment protocols, care plans, critical pathways, care bundles, medication administration, patient involvement in decisions, timeliness of care, information transfers and communication of treatment plans and orders, and coordination of care across practitioners and settings.

- Patient outcome measures might include improvement in perceived pain, resumption of activities of daily living, return to work, decreased severity of decubitus ulcer, decreased mortality and morbidity, and long-term survival rates.
- The correlation between health care service performance and patient and stakeholder indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and patient and stakeholder requirements; (2) identifying service differentiators in the health care marketplace; and (3) determining cause-effect relationships between your health care service attributes and evidence of patient and stakeholder satisfaction and engagement. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of health care and other service offerings.
- Measures and indicators of process effectiveness and efficiency might include work system performance that demonstrates improved cost savings or higher productivity by using internal and/or external resources; internal responsiveness indicators, such as cycle times and turnaround times; utilization rates; waste reduction, such as reductions in repeat diagnostic tests; cost reduction; strategic indicators, such as innovation rates, time to introduce new health care services, and increased use of e-technology; and supply-chain indicators, such as reductions in inventory, increases in quality and productivity, Six Sigma initiative results, improvements in electronic data exchange, and reductions in supply-chain management costs.
- This item encourages your organization to develop and include unique and innovative measures to track key processes and operational improvement. Unique measures should consider cause-effect relationships between operational performance and health care service quality or performance. All key areas of health care service delivery and operational performance, including your organization's readiness for emergencies, should be evaluated by measures that are relevant and important to your organization.
- Because many organizations have difficulty determining appropriate measures, measuring progress in accomplishing their strategic objectives is a key challenge. Frequently, these progress measures can be discerned by first defining the results that would indicate end-goal success in achieving the strategic objective and then using that end-goal to define intermediate measures.

### **7.2 Customer-Focused Outcomes: What are your patient- and stakeholder-focused performance results?**

#### **Purpose**

This item examines your organization's patient- and stakeholder-focused performance results, which have the aim of demonstrating how well your organization has been satisfying your patients and stakeholders and engaging them in a long-term relationship, as appropriate.

#### **Comments**

- This item focuses on all relevant data to determine and help predict your organization's performance as viewed by your patients and stakeholders. Relevant data and information

include patient and stakeholder satisfaction and dissatisfaction; retention, gains, and losses of patients and stakeholders and their accounts; patient and stakeholder complaints, complaint management, and effective complaint resolution; patient- and stakeholder-perceived value based on health care quality, outcomes, and cost; patient and stakeholder assessment of access and ease of use (including courtesy in service interactions); patient and stakeholder advocacy for your health care service offerings; and awards, ratings, and recognition from patients and stakeholders and independent rating organizations.

- This item places an emphasis on patient- and stakeholder-focused results that go beyond satisfaction measurements, because customer engagement and relationships are better indicators and measures of future success in the marketplace and of organizational sustainability.

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

#### **Purpose**

This item examines your organization's workforce-focused performance results, which have the aim of demonstrating how well your organization has been creating and maintaining a productive, caring, engaging, and learning environment for all members of your workforce.



## Comments

- Results reported might include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons might be appropriate. Organization-specific factors are those you assess for determining your workforce climate and engagement. These factors might include the extent of training, retraining, or cross-training to meet capability and capacity needs; the extent and success of self-direction; the extent of union-management partnering; or the extent of volunteer and independent practitioner involvement in process and program activities.
- Results reported for indicators of workforce capacity and capability might include staffing levels across organizational units and certifications to meet skill needs. Additional factors may include organizational restructuring, as well as job rotations designed to meet strategic directions or patient and stakeholder requirements.
- Results measures reported for indicators of workforce engagement and satisfaction might include improvement in local decision making, commitment to organizational change initiatives such as implementation of evidence-based care processes, organizational culture, and workforce knowledge sharing. Input data, such as the number of cash awards, might be included, but the main emphasis should be on data that show effectiveness or outcomes. For example, an outcome measure might be increased workforce retention resulting from establishing a peer recognition program or the number of promotions that have resulted from the organization's leadership development program.

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

#### **Purpose**

This item examines your organization's key results in the areas of senior leadership and governance, which have the aim of demonstrating a fiscally sound, ethical organization that fulfills its societal responsibilities, supports its key communities, and builds community health.

#### **Comments**

- Independent of an increased national focus on issues of governance and fiscal accountability, ethics, and leadership

accountability, it is important for organizations to practice and demonstrate high standards of overall conduct. Governance bodies and senior leaders should track relevant performance measures on a regular basis and emphasize this performance in stakeholder communications.

- Results reported should include key accreditation and regulatory review findings, patient safety data, staff licensure and recertification determinations, external audit findings, proficiency testing results, and utilization review results, as appropriate.
- Results reported should include environmental, legal, and regulatory compliance; results of oversight audits by government or funding agencies; and noteworthy achievements in these areas, as appropriate. Results also should include organizational contributions to societal well-being, benefit and support for key communities, and contributions to improving community health.
- If your organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past five years, the incidents and their current status should be summarized.

### *7.5 Financial and Market Outcomes: What are your financial and marketplace performance results?*

#### **Purpose**

This item examines your organization's key financial and market results, which have the aim of demonstrating your financial sustainability and your marketplace challenges and opportunities.

#### **Comments**

- Measures reported in this item are those usually tracked by senior leadership on an ongoing basis to assess your organization's financial performance and viability.
- In addition to the measures included in item 7.5, note 1, appropriate financial measures and indicators might include revenues, budgets, profits or losses, cash position, net assets, debt leverage, cash-to-cash cycle time, earnings per share, financial operations efficiency (collections, billing, receivables), and financial returns. Marketplace performance measures might include measures of organizational growth, charitable donations and grants received, new services and markets entered, new populations served, or the percentage of income derived from new health care services or programs.

## CORE VALUES AND CONCEPTS

### Criteria Purposes

The Health Care Criteria are the basis for conducting organizational self-assessments, for making Baldrige Awards, and for giving feedback to applicants. In addition, the Criteria have three important roles in strengthening U.S. competitiveness:

- to help improve organizational performance practices, capabilities, and results
- to facilitate communication and sharing of information on best practices among health care organizations and among U.S. organizations of all types
- to serve as a working tool for understanding and managing performance and for guiding organizational planning and opportunities for learning

#### Health Care Criteria for Performance Excellence Goals

The Health Care Criteria are designed to help provide organizations with an integrated approach to organizational performance management that results in

- delivery of ever-improving value to patients and stakeholders, contributing to improved health care quality and organizational sustainability
- improvement of overall organizational effectiveness and capabilities as health care providers
- organizational and personal learning

### Core Values and Concepts

The Health Care Criteria are built on the following set of inter-related core values and concepts:

- visionary leadership
- patient-focused excellence
- organizational and personal learning
- valuing workforce members and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- societal responsibility and community health
- focus on results and creating value
- systems perspective

These values and concepts, described below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key performance and

operational requirements within a results-oriented framework that creates a basis for action and feedback.

#### Visionary Leadership

Your organization's senior leaders should create a leadership system that includes both health care provider and administrative/operational leaders and fosters the integration and alignment of health care and business directions.

These senior leaders should set directions and create a patient focus, clear and visible organizational values, and high expectations for the workforce. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving performance excellence in health care, stimulating innovation, building knowledge and capabilities, and ensuring organizational sustainability. The defined values and strategies should help guide all of your organization's activities and decisions. Senior leaders should inspire and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to embrace meaningful change. Senior leaders should be responsible to your organization's governance body for their actions and performance. The governance body should be responsible ultimately to all your stakeholders for the ethics, actions, and performance of your organization and its senior leaders.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communicating, coaching the workforce, developing future leaders, reviewing organizational performance, and recognizing members of your workforce. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.



**Patient-Focused Excellence**

Performance and quality are judged by an organization’s patients and stakeholders. Thus, your organization must take into account all attributes of patient care delivery (including those not directly related to medical, clinical, and health services) and support that contribute value to your patients and stakeholders. Such behavior leads to patient and stakeholder acquisition, satisfaction, preference, and loyalty; to positive referrals; and, ultimately, to business sustainability. Patient-focused excellence has both current and future components: understanding today’s patient and stakeholder desires and anticipating future desires and health care marketplace potential.

Value and satisfaction may be influenced by many factors throughout your patients’ overall experience with your organization. Primary among these factors is the degree of patient safety throughout the health care delivery process. Additional factors include the availability of clear information so patients can understand likely health and functional status outcomes, the quality of the relationship with and the responsiveness of the health care provider and ancillary staff, cost, and the quality and availability of continuing care and attention. For

many patients, the ability to participate in decisions about their health care is an important factor, leading to the requirement of patient education for informed decisions. Patient-focused excellence means much more than reducing errors, merely meeting accreditation specifications, or reducing complaints. Nevertheless, these factors contribute to your patients’ and stakeholders’ view of your organization and thus also are important parts of patient-focused excellence. In addition, your organization’s success in recovering from accidents, service errors, and mistakes is crucial for retaining patients and engaging patients and stakeholders for the long term.

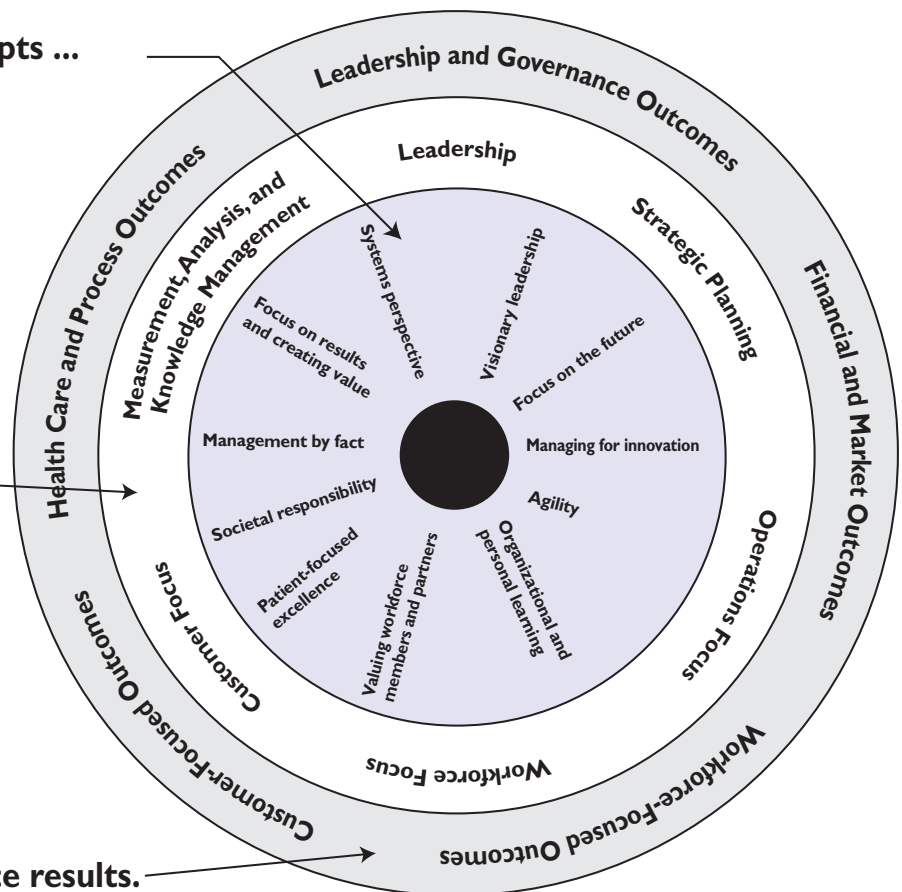
A patient-focused organization addresses not only the health care service characteristics that meet basic patient and stakeholder requirements but also those features and characteristics that differentiate the organization from its competitors. Such differentiation may be based on number, breadth, and combinations of health care service offerings; customization of offerings; multiple access mechanisms and ease of access; time to appointment; rapid response; innovative patient conveniences (e.g., valet parking, gourmet menus, or hotel accommodations); or special relationships.

# The Role of Core Values and Concepts

The Criteria build on core values and concepts ...

which are embedded in systematic processes ... (Criteria categories 1–6)

yielding performance results. (Criteria category 7)





Patient-focused excellence is thus a strategic concept. It is directed toward patient loyalty, referral of new patients, and market share gain in competitive markets. It demands constant sensitivity to changing and emerging patient, stakeholder, and market requirements and to the factors that drive customer (patient and stakeholder) engagement. It demands close attention to the voice of the customer. It demands anticipating changes in the health care marketplace. Therefore, patient-focused excellence demands a patient- and stakeholder-focused culture and organizational agility.

### **Organizational and Personal Learning**

Achieving the highest levels of organizational performance requires a well-executed approach to organizational and personal learning that includes sharing knowledge via systematic processes. Organizational learning includes both continuous improvement of existing approaches and significant change or innovation, leading to new goals and approaches. Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, department/work unit, and organizational levels; (3) results in solving problems at their source (“root cause”); (4) is focused on building and sharing knowledge throughout your organization; and (5) is driven by opportunities to effect significant, meaningful change and to innovate. Sources for learning include staff members’ and volunteers’ ideas, health care research findings, patients’ and stakeholders’ input, best-practice sharing, and benchmarking.

Organizational learning can result in (1) enhancing value to patients through new and improved health care services; (2) developing new health care business opportunities; (3) developing evidence-based approaches to medicine and new health care delivery models; (4) improving responsiveness and cycle time performance; (5) increasing productivity and effectiveness in the use of all your resources; and (6) enhancing your organization’s performance in fulfilling its societal responsibilities and building community health.

The success of members of your workforce depends increasingly on having opportunities for personal learning and for practicing new skills. Leaders’ success depends on access to these kinds of opportunities, as well. In organizations that rely on volunteers, the volunteers’ personal learning also is important, and their learning and skill development should be considered with the staff’s. Organizations invest in personal learning through education, training, and other opportunities for continuing growth and development. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to cross-train and to better link training to your organizational needs and priorities. For health care providers, personal learning includes building discipline knowledge and retraining to adjust to a changing health care environment, as well as enhancing knowledge of measurement systems that influence outcome assessments and clinical guidelines, decision trees, care bundles, or critical pathways. Education and training programs may have multiple modes, including computer- and Web-based learning and distance learning.

Personal learning can result in (1) a more engaged, satisfied, and versatile workforce that stays with your organization;

(2) organizational cross-functional learning; (3) the building of your organization’s knowledge assets; and (4) an improved environment for innovation.

Thus, learning is directed not only toward better health care services but also toward being more responsive, adaptive, innovative, and efficient—giving your organization marketplace sustainability and performance advantages and engaging your workforce to increase satisfaction and the motivation to excel.

### **Valuing Workforce Members and Partners**

An organization’s success depends increasingly on an engaged workforce that benefits from meaningful work, clear organizational direction, and performance accountability and that has a safe, trusting, and cooperative environment. Additionally, the successful organization capitalizes on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing the people in your workforce means committing to their engagement, satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to varying workplace and home life needs. Major challenges in the area of valuing members of your workforce include (1) demonstrating your leaders’ commitment to their success, (2) providing recognition that goes beyond the regular compensation system, (3) offering development and progression within your organization, (4) sharing your organization’s knowledge so your workforce can better serve your patients and stakeholders and contribute to achieving your strategic objectives, (5) creating an environment that encourages intelligent risk taking and innovation, and (6) creating a supportive environment for a diverse workforce.

Organizations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include cooperation among administrators, staff, physicians, and independent practitioners, as well as labor-management cooperation. Partnerships with members of your workforce might entail developmental opportunities, cross-training, or work organizations such as high-performance work teams. Internal partnerships also might involve creating network relationships among your departments/work units, between physicians and other caregivers, or between employees and volunteers to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers; suppliers; business associations; third-party payors; education, community, or social service organizations; and other health care providers. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships with other health care organizations might result in referrals or in shared facilities that are either capital intensive or require unique and scarce expertise. Also, partnerships might permit the blending of your organization’s core competencies or leadership capabilities with the complementary strengths and capabilities of partners to address common issues. External partnerships might address sectorwide issues, such as the need for longitudinal care, equity and access to care, and comparative performance data. Such partnerships may be a source of strategic advantage for your organization.

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

### **Agility**

Success in today's ever-changing health care environment demands agility—a capacity for rapid change and flexibility. Health care providers face ever-shorter cycles for the introduction of new/improved health care services, as well as for faster and more flexible responses to patients and stakeholders, and nonprofit and government organizations are increasingly being asked to respond rapidly to new or emerging social issues. Major improvements in response times often require new work systems, simplification of work units and processes, or the ability for rapid changeover from one process to another. A cross-trained and empowered workforce is a vital asset in such a demanding environment.

Today's health care environment places a heavy burden on the timely design of health care delivery systems, disease prevention programs, health promotion programs, and effective and efficient diagnostic and treatment systems. Overall design must include the opportunity to learn for continuous organizational improvement and must value patients' individual needs. Design also must include effective means for gauging the improvement of health status—for patients and populations or for communities. Beneficial changes must be introduced at the earliest appropriate opportunity.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in work systems, organization, quality, cost, patient focus, supply-chain integration, productivity, and sustainability in a challenging economy.

### **Focus on the Future**

Ensuring an organization's sustainability requires understanding the short- and longer-term factors that affect your organization and marketplace. The pursuit of sustained growth and performance leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your patients and their families; your workforce, community, suppliers, and partners; and employers, payors, and health profession students.

Your organization's planning should anticipate many factors, such as changes in health care delivery systems; resource availability; patients' and other stakeholders' expectations; technological developments; new partnering opportunities; changing economic conditions; workforce development and hiring needs; the evolving importance of electronic communication and information transfer; changes in patient, stakeholder, and market segments; new health care delivery models; evolving regulatory requirements; changes in community and societal expectations and needs; and new thrusts by competitors and other organizations

providing similar services. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing your leaders, workforce, and suppliers; accomplishing effective succession planning; creating opportunities for innovation; and anticipating societal responsibilities and concerns.

A major long-term investment associated with health care excellence is the investment in creating and sustaining an assessment system focused on health care outcomes. This entails becoming familiar with research findings and ongoing application of assessment methods.

### **Managing for Innovation**

Innovation means making meaningful change to improve an organization's health care services, programs, processes, operations, health care delivery model, and business model to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. Innovation may involve taking intelligent risks. Innovation is no longer strictly the purview of health care researchers; innovation is important for all aspects of your operations and all work systems and work processes. Organizations should be led and managed so that innovation becomes part of the learning culture. Innovation should be integrated into daily work and should be supported by your performance improvement system. Systematic processes for innovation should reach across your entire organization.

Innovation builds on the accumulated knowledge of your organization and its people. Therefore, the ability to rapidly disseminate and capitalize on this knowledge is critical to driving organizational innovation.

### **Management by Fact**

An effective health care service and administrative management system depends on the measurement and analysis of performance. Such measurements should derive from health care service needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include information on health care outcomes; community health; epidemiological data; critical pathways, care bundles, and practice guidelines; administrative, payor, workforce, partner, cost, financial, and process performance; competitive or collaborative comparisons; patient and stakeholder satisfaction; and corporate governance and compliance outcomes. Data should be segmented by, for example, markets, health care service lines, and workforce groups to facilitate analysis.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, improvement, and innovation. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, accomplishing change management, and comparing your performance with competitors', with similar health care organizations', or with "best-practices" benchmarks.



A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved health care outcomes; improved patient and stakeholder, operational, financial, and societal performance; and healthier communities. A comprehensive set of measures or indicators tied to patient/stakeholder and organizational performance requirements provides a clear basis for aligning all processes with your organization's goals.* Measures and indicators may need to support decision making in a rapidly changing environment. Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

### **Societal Responsibility and Community Health**

An organization's leaders should stress responsibilities to the public, ethical behavior, the need to consider societal well-being and benefit, and the need to foster improved community health. Leaders should be role models for your organization in focusing on ethics and the protection of public health, safety, and the environment. The protection of health, safety, and the environment includes any impact of your organization's operations. Also, organizations should emphasize resource conservation

and waste reduction at the source. Planning should anticipate adverse impacts from facilities management, as well as from distribution, transportation, use, and disposal of your medical waste, radiation waste, chemicals, and biohazards. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available the information and support needed to maintain public awareness, safety, and confidence.

Organizations should not only meet all local, state, and federal laws and regulatory and accreditation requirements, but they should treat these and related requirements as opportunities to excel "beyond mere compliance." Organizations should stress ethical behavior in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organization's governance body. Ethical conduct should address both business and health care practices, such as the need to consider nondiscriminatory patient treatment policies and the protection of patients' rights and privacy.

"Societal well-being and benefit" refers to leadership and support—within the limits of an organization's resources—of the environmental, social, and economic systems in the organization's sphere of influence. Public health services and the

support of the general health of the community are important societal responsibilities of health care organizations. Such leadership and support might include efforts to establish free clinics or affordable health care programs, increase public health awareness programs, foster neighborhood services for the elderly, or be a role model for socially important issues. For a role-model organization, leadership also entails helping to define regional or national health care issues for action by regional or national networks or associations.

Managing societal responsibilities requires the organization to use appropriate measures and leaders to assume responsibility for those measures.

### **Focus on Results and Creating Value**

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—your patients and their families, your workforce, the community, payors, businesses, health profession students, suppliers, partners, investors, and the public. By creating value for your key stakeholders, your organization builds loyalty and contributes to the community and society. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy explicitly should include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

### **Systems Perspective**

The Baldrige Health Care Criteria provide a systems perspective for managing your organization and its key processes to achieve results—and to strive for performance excellence. The seven Baldrige Criteria categories, the core values and concepts, and the scoring guidelines form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization-specific synthesis, alignment, and integration. Synthesis means looking at your organization as a whole and builds on key

organizational attributes, including your core competencies, strategic objectives, action plans, and work systems. Alignment means using the key linkages among requirements given in the Baldrige Criteria categories to ensure consistency of plans, processes, measures, and actions. Integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner and deliver anticipated results.

These concepts are depicted in the Baldrige Criteria framework on page iv. A systems perspective includes your senior leaders' focus on strategic directions and on your patients and stakeholders. It means that your senior leaders monitor, respond to, and manage performance based on your results. A systems perspective also includes using your measures, indicators, core competencies, and organizational knowledge to build your key strategies. It means linking these strategies with your work systems and key processes and aligning your resources to improve your overall performance and your focus on patients and stakeholders.

Thus, a systems perspective means managing your whole organization, as well as its components, to achieve success.

### **Linkage of the Health Care Criteria to the Business/Nonprofit Criteria**

The Health Care Criteria incorporate the core values and concepts described on the preceding pages and are built on the seven-part framework used in the Business/Nonprofit Criteria. The rationale for the use of the same framework is that it is adaptable to the requirements of all organizations, including health care organizations. However, this adaptation does not assume that these requirements are necessarily addressed in the same way. This adaptation for the health care sector, then, is largely a translation of the language and basic concepts of business and organizational excellence to similarly important concepts in health care excellence. A major practical benefit derived from using a common framework for all sectors of the economy is that it fosters cross-sector cooperation and the sharing of best practices.

## KEY CHARACTERISTICS OF THE HEALTH CARE CRITERIA

### 1. The Criteria focus on results.

The Criteria focus on the key areas of organizational performance given below.

#### Organizational performance areas:

- (1) health care and process outcomes
- (2) customer-focused outcomes
- (3) workforce-focused outcomes
- (4) leadership and governance outcomes
- (5) financial and market outcomes

The use of this composite of measures is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

### 2. The Criteria are nonprescriptive and adaptable.

The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe the following:

- how your organization should be structured
- that your organization should or should not have departments for planning, ethics, quality, or other functions
- that different units in your organization should be managed in the same way

These factors differ among organizations, and they are likely to change as needs and strategies evolve.

The Criteria are nonprescriptive for the following reasons:

- (1) The focus is on results, not on procedures, tools, or organizational structure. Organizations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Nonprescriptive requirements are intended to foster incremental and major (“break-through”) improvements through innovation.
- (2) The selection of tools, techniques, systems, and organizational structure usually depends on factors such as the organization type and size, organizational relationships, your organization’s stage of development, and the capabilities and responsibilities of your workforce.
- (3) A focus on common requirements, rather than on common procedures, fosters understanding, communication, sharing, alignment, and integration, while supporting innovation and diversity in approaches.

### 3. The Criteria integrate key health care themes.

The Health Care Criteria have been adapted to be sensitive to and tolerant of the specific needs of health care organizations. These include

- the different types of organizational missions (e.g., health maintenance organizations, home health care agencies, hospitals, and teaching and research institutions)
- the patient and stakeholder as key customers
- the complex leadership structure that includes both administrative/operational and health care providers
- the multiple roles that health care providers, including physicians, may play as staff members, suppliers, and customers
- the importance of health care service delivery as the primary focus of the organization’s processes



#### 4. The Criteria support a systems perspective to maintaining organization-wide goal alignment.

The systems perspective to goal alignment is embedded in the integrated structure of the core values and concepts; the Organizational Profile; the Criteria; the scoring guidelines; and the results-oriented, cause-effect, cross-process linkages among the Criteria items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization's processes and strategy. These measures tie directly to patient and stakeholder value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralized decision making, or overly complex process management. Measures thereby serve both as a communications tool and as a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralized decision making.

A systems perspective to goal alignment, particularly as strategy and goals change over time, requires dynamic linkages among Criteria items. In the Criteria, action-oriented cycles of improvement take place via feedback between processes and results.

The improvement cycles have four, clearly defined stages:

- (1) planning, including design of processes, selection of measures, and deployment of requirements (**approach**)
- (2) executing plans (**deployment**)
- (3) assessing progress and capturing new knowledge, including seeking opportunities for innovation (**learning**)
- (4) revising plans based on assessment findings, harmonizing processes and work unit operations, and selecting better measures (**integration**)

#### 5. The Criteria support goal-based diagnosis.

The Criteria and the scoring guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 17 performance-oriented requirements. The scoring guidelines spell out the assessment dimensions—process and results—and the key factors used to assess each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 17 performance-oriented requirements and relative to process and performance maturity as determined by the scoring guidelines. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in the box above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies, management systems, and types of organizations.



## GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used throughout the Health Care Criteria booklet that are important to performance management. As you may have noted, key terms are presented in SMALL CAPS every time they appear in the Health Care Criteria for Performance Excellence and scoring guidelines.

The general format in presenting glossary definitions is as follows: The first sentence contains a concise definition of the term. Subsequent sentences in the first paragraph elaborate on and further delineate the term. Any subsequent paragraphs provide examples, descriptive information, or key linkages to other Criteria information.

### Action Plans

The term “action plans” refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective, organization-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creating aligned measures for all departments and work units. Deployment also might require specialized training for some workforce members or recruitment of personnel.

An example of a strategic objective for a health care system in an area with an active business alliance focusing on cost and quality of care might be to become the low-cost provider. Action plans could entail designing efficient processes to optimize the length of hospital stays, reduce the rework resulting from patient injuries and treatment errors, analyze resource and asset use, and analyze the most commonly encountered DRGs with a focus on preventive health in those areas. Deployment requirements might include training for all department and work unit caregivers in setting priorities based on costs and benefits. Organizational-level analysis and review likely would emphasize process efficiency, cost per patient, and health care quality.

See also the definition of “strategic objectives” on page 64.

### Alignment

The term “alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, and analyses to support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the department or work unit level.

See also the definition of “integration” on page 60.

### Analysis

The term “analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves

the determination of cause-effect relationships. Overall organizational analysis guides the management of work systems and work processes toward achieving key organizational performance results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Effective actions depend on an understanding of relationships, derived from analysis of facts and data.

### Anecdotal

The term “anecdotal” refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation, improvement, and learning factors. Anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all of the organization’s facilities. On the other hand, a systematic process might describe the communication methods used by all senior leaders to deliver performance expectations on a regular basis to all organizational locations and workforce members, the measures used to assess the effectiveness of the methods, and the tools and techniques used to evaluate and improve the communication methods.

See also the definition of “systematic” on page 64.

### Approach

The term “approach” refers to the methods used by an organization to address the Baldrige Criteria item requirements. Approach includes the appropriateness of the methods to the item requirements and to the organization’s operating environment, as well as how effectively the methods are used.

Approach is one of the dimensions considered in evaluating process items. For further description, see the scoring system on pages 67–70.

### Basic Requirements

The term “basic requirements” refers to the topic Criteria users need to address when responding to the most central concept of an item. Basic requirements are the fundamental theme of that item (e.g., your approach for strategy development for item 2.1). In the Criteria, the basic requirements of each item are presented as the item title question. This presentation is illustrated in the item format shown on page 29.

### Benchmarks

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organization’s industry. Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (nonincremental) or “breakthrough” improvement.

Benchmarks are one form of comparative data. Other comparative data organizations might use include information obtained from other organizations through sharing or contributing to external reference databases, information obtained from the open literature (e.g., outcomes of research studies and practice guidelines), data gathering and evaluation by independent organizations (e.g., CMS, accrediting organizations, and commercial organizations) regarding industry data (frequently industry averages), data on competitors' performance, and comparisons with organizations providing similar health care services.

## Capability, Workforce

See “workforce capability” on page 65.

## Capacity, Workforce

See “workforce capacity” on page 65.

## Collaborators

The term “collaborators” refers to those organizations or individuals who cooperate with your organization to support a particular activity or event or who cooperate on an intermittent basis when short-term goals are aligned or are the same. Typically, collaborations do not involve formal agreements or arrangements.

See also the definition of “partners” on page 61.

## Core Competencies

The term “core competencies” refers to your organization's areas of greatest expertise. Your organization's core competencies are those strategically important capabilities that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate, and they may provide a sustainable competitive advantage. Absence of a needed organizational core competency may result in a significant strategic challenge or disadvantage in the marketplace. Core competencies may involve technology expertise, unique service offerings, a marketplace niche, or a particular business acumen (e.g., health care delivery start-ups).

## Customer

In the Health Care Criteria, the term “customer” refers to actual and potential users of your organization's services or programs (referred to as “health care services” in the Health Care Criteria). Patients are the primary customers of health care organizations. The Criteria address customers broadly, referencing current and future customers, as well as the customers of your competitors and other organizations providing similar health care services.

Patient-focused excellence is a Baldrige core value embedded in the beliefs and behaviors of high-performing organizations. Patient focus impacts and should integrate an organization's strategic directions, its work systems and work processes, and its organizational performance results.

See the definition of “stakeholders” on page 63 for the relationship between customers and others who might be affected by your health care services.

## Customer Engagement

The term “customer engagement” refers to your patients' and stakeholders' investment in or commitment to your organization and health care service offerings. It is based on your ongoing ability to serve their needs and build relationships so they will continue using your services. Characteristics of customer engagement include loyalty, willingness to make an effort to obtain services from your organization, and willingness to actively advocate for and recommend your organization and service offerings.

## Cycle Time

The term “cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving competitiveness and overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include test results reporting time, time to introduce new health care technology, order fulfillment time, length of hospital stays, call-line response time, billing time, and other key measures of time.

## Deployment

The term “deployment” refers to the *extent* to which an approach is applied in addressing the requirements of a Baldrige Criteria item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant departments and work units throughout the organization.

Deployment is one of the dimensions considered in evaluating process items. For further description, see the scoring system on pages 67–70.

## Diversity

The term “diversity” refers to valuing and benefiting from personal differences. These differences address many variables and may include race, religion, color, gender, national origin, disability, sexual orientation, age and generational differences, education, geographic origin, and skill characteristics, as well as differences in ideas, thinking, academic disciplines, and perspectives.

The Baldrige Criteria refer to the diversity of your workforce hiring and patient and stakeholder communities. Capitalizing on both provides enhanced opportunities for high performance; patient, stakeholder, workforce, and community satisfaction; and patient, stakeholder, and workforce engagement.

## Effective

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) the evaluation of how well the process is aligned with



the organization's needs and how well the process is deployed or (2) the evaluation of the outcome of the measure used.

## Empowerment

The term “empowerment” refers to giving people the authority and responsibility to make decisions and take actions. Empowerment results in decisions being made closest to the “front line,” where patient and stakeholder needs and work-related knowledge and understanding reside.

Empowerment is aimed at enabling people to satisfy patients and stakeholders on first contact, to improve processes and increase productivity, and to improve the organization's health care and other performance results. An empowered workforce requires information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

## Engagement, Customer

See “customer engagement” on page 58.

## Engagement, Workforce

See “workforce engagement” on page 65.

## Ethical Behavior

The term “ethical behavior” refers to how an organization ensures that all its decisions, actions, and stakeholder interactions conform to the organization's moral and professional principles of conduct. These principles should support all applicable laws and regulations and are the foundation for the organization's culture and values. They distinguish “right” from “wrong.”

Senior leaders should act as role models for these principles of behavior. The principles apply to all people involved in the organization, from temporary members of the workforce to members of the board of directors, and they need to be communicated and reinforced on a regular basis. Although the Baldrige Criteria do not prescribe that all organizations use the same model for ensuring ethical behavior, senior leaders should ensure that the organization's mission and vision are aligned with its ethical principles. Ethical behavior should be practiced with all stakeholders, including the workforce, patients and their family members, insurers, payors, other partners and suppliers, and the organization's local community.

Well-designed and clearly articulated ethical principles should empower people to make effective decisions with great confidence. Some organizations also may view their ethical principles as boundary conditions restricting behavior that otherwise could have adverse impacts on their organizations and/or society.

## Goals

The term “goals” refers to a future condition or performance level that one intends or desires to attain. Goals can be both short- and longer-term. Goals are ends that guide actions. Quantitative goals, frequently referred to as “targets,” include a numerical point or range. Targets might be projections based

on comparative or competitive data. The term “stretch goals” refers to desired major, discontinuous (nonincremental) or “breakthrough” improvements, usually in areas most critical to your organization's future success.

Goals can serve many purposes, including

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

See also the definition of “performance projections” on page 62.

## Governance

The term “governance” refers to the system of management and controls exercised in the stewardship of your organization. It includes the responsibilities of your organization's owners/ shareholders, board of directors, and senior leaders (administrative/ operational and health care). Corporate or organizational charters, bylaws, and policies document the rights and responsibilities of each of the parties and describe how your organization will be directed and controlled to ensure (1) accountability to shareholders and other stakeholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of senior leaders' performance, the establishment of executive compensation and benefits, succession planning, financial auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

## Health Care Services

The term “health care services” refers to all services delivered by the organization that involve professional clinical/medical judgment, including those delivered to patients and those delivered to the community. Health care services also include services that are not considered clinical or medical, such as admitting, food services, and billing.

## High-Performance Work

The term “high-performance work” refers to work processes used to systematically pursue ever-higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time performance. High-performance work results in improved service for patients and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. High-performance work focuses on workforce engagement. It frequently includes cooperation between administration/management and the workforce, which may involve workforce bargaining units; cooperation among departments/work units, often involving teams; the empowerment of your people, including self-directed responsibility; and input to

planning. It also may include individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; a flattened organizational structure, where decision making is decentralized and decisions are made closest to the “front line”; and effective use of performance measures, including comparisons. Many high-performing organizations use monetary and nonmonetary incentives based on factors such as organizational performance, team and individual contributions, and skill building. Also, high-performance work usually seeks to align the organization’s structure, core competencies, work, jobs, workforce development, and incentives.

## How

The term “how” refers to the systems and processes that an organization uses to accomplish its mission requirements. In responding to “how” questions in the process item requirements, process descriptions should include information such as approach (methods and measures), deployment, learning, and integration factors.

## Indicators

See “measures and indicators” on page 61.

## Innovation

The term “innovation” refers to making meaningful change to improve health care services, processes, or organizational effectiveness and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, product, or business model that is either new or new to its proposed application. The outcome of innovation is a discontinuous or breakthrough change in results, services, or processes.

Successful organizational innovation is a multistep process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with health care research and technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or a change in approach or outputs. It could include fundamental changes in organizational structure or the business model to more effectively accomplish the organization’s work and to improve critical pathways and practice guidelines, facility design, the administration of medications, the organization of work, or alternative therapies.

## Integration

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

See also the definition of “alignment” on page 57.

Integration is one of the dimensions considered in evaluating both process and results items. For further description, see the scoring system on pages 67–70.

## Key

The term “key” refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The Baldrige Criteria, for example, refer to key challenges, key plans, key work processes, and key measures—those that are most important to your organization’s success. They are the essential elements for pursuing or monitoring a desired outcome.

## Knowledge Assets

The term “knowledge assets” refers to the accumulated intellectual resources of your organization. It is the knowledge possessed by your organization and its workforce in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. Your workforce, software, patents, databases, documents, guides, and policies and procedures are repositories of your organization’s knowledge assets. Knowledge assets not only are held by an organization but reside within its patients, stakeholders, suppliers, and partners, as well.

Knowledge assets are the “know-how” that your organization has available to use, to invest, and to grow. Building and managing its knowledge assets are key components for your organization to create value for your stakeholders and to help sustain organizational success.

## Leadership System

The term “leadership system” refers to how leadership is exercised, formally and informally, throughout the organization; it is the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; two-way communication; selection and development of leaders and managers; and reinforcement of values, ethical behavior, directions, and performance expectations. In health care organizations with separate administrative/operational and health care provider leadership, the leadership system includes both sets of leaders and the relationship between them.

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

## Learning

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The Baldrige Criteria include two distinct kinds of learning: organizational and personal. Organizational learning is achieved through research and development; evaluation and improvement cycles; workforce, patient, and stakeholder ideas and input;

best-practice sharing; and benchmarking. Personal learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way an organization operates. Learning contributes to success and sustainability for the organization and its workforce. For further description of organizational and personal learning, see the related core value and concept on page 51.

Learning is one of the dimensions considered in evaluating process items. For further description, see the scoring system on pages 67–70.

## Levels

The term “levels” refers to numerical information that places or positions an organization’s results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

## Measures and Indicators

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, programs, projects, services, and the overall organization (outcomes). The Health Care Criteria place particular focus on measures of health care processes and outcomes, patient safety, and patient functional status. Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer “indicator” (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased patient and stakeholder satisfaction might be a leading indicator of a gain in retention of HMO members).

## Mission

The term “mission” refers to the overall function of an organization. The mission answers the question, “What is this organization attempting to accomplish?” The mission might define patients, stakeholders, or markets served; distinctive or core competencies; or technologies used.

## Multiple Requirements

The term “multiple requirements” refers to the individual questions Criteria users need to answer within each area to address. These questions constitute the details of an item’s requirements. They are presented in black text under each item’s area(s) to address. This presentation is illustrated in the item format shown on page 29.

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

## Overall Requirements

The term “overall requirements” refers to the topics Criteria users need to address when responding to the central theme of an item. Overall requirements address the most significant features of the item requirements. In the Criteria, the overall requirements of each item are presented in one or more introductory sentences printed in bold. This presentation is illustrated in the item format shown on page 29.

## Partners

The term “partners” refers to those key organizations or individuals who are working in concert with your organization to achieve a common goal or to improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or to deliver a specific health care service.

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

See also the definition of “collaborators” on page 58.

## Patient

The term “patient” refers to the person receiving health care, including preventive, promotional, acute, chronic, rehabilitative, and all other services in the continuum of care. Other terms organizations use for “patient” include member, consumer, client, or resident.



## Performance

The term “performance” refers to outputs and their outcomes obtained from processes, health care services, and patients and stakeholders that permit the organization to evaluate and compare its results relative to performance projections, standards, past results, goals, and the results of other organizations. Performance can be expressed in nonfinancial and financial terms.

The Baldrige Health Care Criteria address four types of performance: (1) health care process and outcome, (2) patient- and stakeholder-focused, (3) operational, and (4) financial and marketplace.

“Health care process and outcome performance” refers to performance relative to measures and indicators of characteristics of health care service delivery that are important to patients and stakeholders. Examples include hospital admission rates, mortality and morbidity rates, nosocomial infection rates, length of hospital stays, and patient-experienced error levels, as well as functional status. Other examples include outside-the-hospital treatment of chronic conditions, culturally sensitive care, and patient compliance and adherence. Health care performance might be measured at the organizational level, the DRG-specific level, and the patient and stakeholder segment level.

“Patient- and stakeholder-focused performance” refers to performance relative to measures and indicators of patients’ and stakeholders’ perceptions, reactions, and behaviors. Examples include patient loyalty, complaints, and survey results.

“Operational performance” refers to workforce, leadership, organizational, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, accreditation results, regulatory compliance, fiscal accountability, strategy accomplishment, community involvement, and contributions to community health. Operational performance might be measured at the department and work unit level, key work process level, and organizational level.

“Financial and marketplace performance” refers to performance relative to measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, value added per staff member, bond ratings, debt-to-equity ratio, returns on assets, operating margins, performance to budget, the amount in reserve funds, days cash on hand, other profitability and liquidity measures, and market gains.

## Performance Excellence

The term “performance excellence” refers to an integrated approach to organizational performance management that results in (1) delivery of ever-improving value to patients and stakeholders, contributing to improved health care quality and organizational sustainability; (2) improvement of overall organizational effectiveness and capabilities as a health care provider; and (3) organizational and personal learning. The Baldrige Health Care Criteria for Performance Excellence provide a framework and an assessment tool for understanding

organizational strengths and opportunities for improvement and thus for guiding planning efforts.

## Performance Projections

The term “performance projections” refers to estimates of future performance. Projections should be based on an understanding of past performance, rates of improvement, and assumptions about future internal changes and innovations, as well as assumptions about changes in the external environment that result in internal changes. Thus performance projections can serve as a key tool in both management of operations and strategy development and implementation.

Performance projections are a statement of expected future performance. Goals are a statement of desired future performance. Performance projections for competitors or similar organizations may indicate challenges facing your organization and areas where breakthrough performance or innovation is needed. Where breakthrough performance or innovation is intended, performance projections and goals may overlap.

See also the definition of “goals” on page 59.

## Process

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

In many service situations, such as health care treatment, particularly when patients and stakeholders are directly involved in the service, process is used in a more general way (i.e., 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 to help patients and stakeholders understand and follow the sequence. Such service processes also require guidance to the providers of those services on handling contingencies related to the possible actions or behaviors of those served.

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

In the Baldrige scoring system, your process achievement level is assessed. This achievement level is based on four factors that can be evaluated for each of an organization’s key processes: approach, deployment, learning, and integration. For further description, see the scoring system on pages 67–70.

## Productivity

The term “productivity” refers to measures of the efficiency of resource use.

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

## Projections, Performance

See “performance projections” on page 62.

## Purpose

The term “purpose” refers to the fundamental reason that an organization exists. The primary role of purpose is to inspire an organization and guide its setting of values. Purpose is generally broad and enduring. Two organizations providing different health care services could have similar purposes, and two organizations providing similar services could have different purposes.

## Results

The term “results” refers to outputs and outcomes achieved by an organization in addressing the requirements of a Baldrige Criteria item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements. For further description, see the scoring system on pages 67–70.

## Segment

The term “segment” refers to a part of an organization’s overall patient, stakeholder, market, health care service offering, or workforce base. Segments typically have common characteristics that can be grouped logically. In results items, the term refers to disaggregating results data in a way that allows for meaningful analysis of an organization’s performance. It is up to each organization to determine the specific factors that it uses to segment its patients, stakeholders, markets, services, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different patient, stakeholder, market, and workforce groups and to tailoring health care service offerings to meet their needs and expectations. As an example, market segmentation might be based on distribution channels, service volume, geography, or technologies employed. Workforce segmentation might be based on geography, specialties, skills, needs, work assignments, or job classifications.

## Senior Leaders

The term “senior leaders” refers to an organization’s senior management group or team. In many organizations, this consists of 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 relationship between them.

## Stakeholders

The term “stakeholders” refers to all groups that are or might be affected by an organization’s services, actions, and success. Examples of key stakeholders might include patients, patients’ families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, departments of health, students, the workforce, partners, collaborators, governing boards, stockholders, investors, charitable contributors, suppliers, taxpayers, regulatory bodies, policy makers, funders, and local and professional communities.

See also the definition of “customer” on page 58.

## Strategic Advantages

The term “strategic advantages” refers to those marketplace benefits that exert a decisive influence on an organization’s likelihood of future success. These advantages frequently are sources of an organization’s current and future competitive success relative to other providers of similar health care services. Strategic advantages generally arise from either or both of two sources: (1) core competencies, which focus on building and expanding on an organization’s internal capabilities, and (2) strategically important external resources, which are shaped and leveraged through key external relationships and partnerships.

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

See the definitions of “strategic challenges” below and “strategic objectives” on page 64 for the relationship among strategic advantages, strategic challenges, and the strategic objectives an organization articulates to address its challenges and advantages.

## Strategic Challenges

The term “strategic challenges” refers to those pressures that exert a decisive influence on an organization’s likelihood of future success. These challenges frequently are driven by an organization’s future collaborative environment and/or competitive position relative to other providers of similar health care services. While not exclusively so, strategic challenges generally are externally driven. However, in responding to externally driven strategic challenges, an organization may face internal strategic challenges.

External strategic challenges may relate to patient, stakeholder, or health care market needs or expectations; health care service or technological changes; or financial, societal, and other risks or needs. Internal strategic challenges may relate to an organization’s capabilities or its human and other resources.

See the definitions of “strategic advantages” above and “strategic objectives” on page 64 for the relationship among strategic challenges, strategic advantages, and the strategic objectives an organization articulates to address its challenges and advantages.

## Strategic Objectives

The term “strategic objectives” refers to an organization’s articulated aims or responses to address major change or improvement, competitiveness or social issues, and health care advantages. Strategic objectives generally are focused both externally and internally and relate to significant patient, stakeholder, market, health care service, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what an organization must achieve to remain or become competitive and ensure long-term sustainability. Strategic objectives set an organization’s longer-term directions and guide resource allocations and redistributions.

See the definition of “action plans” on page 57 for the relationship between strategic objectives and action plans and for an example of each.

## Sustainability/Sustainable

The term “sustainability” refers to your organization’s ability to address current organizational needs and to have the agility and strategic management to prepare successfully for your future organizational, market, and operating environment. Both external and internal factors need to be considered. The specific combination of factors might include health-care-industrywide and organization-specific components.

Sustainability considerations might include workforce capability and capacity, resource availability, technology, knowledge, core competencies, work systems, facilities, and equipment. Sustainability might be affected by changes in the marketplace and in patient and stakeholder preferences, changes in the financial markets, and changes in the legal and regulatory environment. In addition, sustainability has a component related to day-to-day preparedness for real-time or short-term emergencies.

In the context of the Baldrige Health Care Criteria, the impact of your organization’s health care services and operations on society and the contributions you make to the well-being of environmental, social, and economic systems are part of your organization’s overall societal responsibilities. Whether and how your organization addresses such considerations also may affect its sustainability.

## Systematic

The term “systematic” refers to approaches that are well-ordered, are repeatable, and use data and information so learning is possible. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. For use of the term, see the scoring guidelines for process items on page 68.

## Trends

The term “trends” refers to numerical information that shows the direction and rate of change for an organization’s results or the consistency of its performance over time. Trends provide a time sequence of organizational performance.

A minimum of three historical (not projected) data points generally is needed to begin to ascertain a trend. More data

points are needed to define a statistically valid trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer time periods before meaningful trends can be determined.

Examples of trends called for by the Health Care Criteria include data related to health care outcomes and other health care service performance; patient, stakeholder, and workforce satisfaction and dissatisfaction results; financial performance; marketplace performance; and operational performance, such as cycle time and productivity.

## Value

The term “value” refers to the perceived worth of a product, process, asset, or function relative to cost and to possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various health care service combinations to patients and stakeholders. Organizations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for patients and other stakeholders, such as third-party payors, your workforce, and the community.

## Values

The term “values” refers to the guiding principles and behaviors that embody how your organization and its people are expected to operate. Values reflect and reinforce the desired culture of an organization. Values support and guide the decision making of every workforce member, helping the organization accomplish its mission and attain its vision in an appropriate manner. Examples of values might include demonstrating integrity and fairness in all interactions, exceeding patient and stakeholder expectations, valuing individuals and diversity, protecting the environment, and striving for performance excellence every day.

## Vision

The term “vision” refers to the desired future state of your organization. The vision describes where the organization is headed, what it intends to be, or how it wishes to be perceived in the future.

## Voice of the Customer

The term “voice of the customer” refers to your process for capturing patient- and stakeholder-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated patient and stakeholder requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of patient and stakeholder data, such as survey data, focus group findings, and complaint data, that affect relationship and engagement decisions.

## Work Processes

The term “work processes” refers to your most important internal value creation processes. They might include health care service design and delivery, patient support, supply-chain management, business, and support processes. They are the processes that involve the majority of your organization’s workforce and produce patient and stakeholder value.

Your key work processes frequently relate to your core competencies, to the factors that determine your success relative to competitors and organizations offering similar health care services, and to the factors considered important for business growth by your senior leaders.

## Work Systems

The term “work systems” refers to how the work of your organization is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your health care services and your business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your services to your patients and stakeholders and to succeed in your marketplace.

Decisions about work systems are strategic. These decisions involve protecting and capitalizing on core competencies and deciding what should be procured or produced outside your organization in order to be efficient and sustainable in your marketplace.

## Workforce

The term “workforce” refers to all people actively involved in accomplishing the work of your organization, including paid employees (e.g., permanent, part-time, temporary, and telecommuting employees, as well as contract staff supervised by the organization), independent practitioners not paid by the organization (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists), volunteers, and health care students (e.g., medical, nursing, and ancillary), as appropriate. The workforce includes team leaders, supervisors, and managers at all levels.

## Workforce Capability

The term “workforce capability” refers to your organization’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people.

Capability may include the ability to build and sustain relationships with your patients, stakeholders, and community; to innovate and transition to new technologies; to develop new health care services and work processes; and to meet changing health care, business, market, and regulatory demands.

## Workforce Capacity

The term “workforce capacity” refers to your organization’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your health care services to your patients and stakeholders, including the ability to meet varying demand levels.

## Workforce Engagement

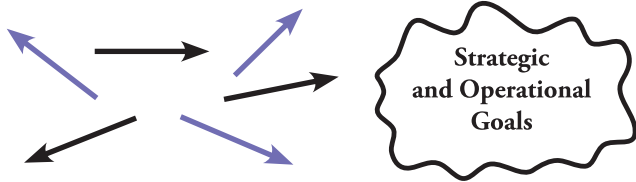
The term “workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization. Organizations with high levels of workforce engagement are often characterized by high-performing work environments in which people are motivated to do their utmost for the benefit of their patients and stakeholders and for the success of the organization. Workforce engagement also depends on building and sustaining relationships between your administrative/operational leadership and your independent practitioners.

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

## Steps Toward Mature Processes

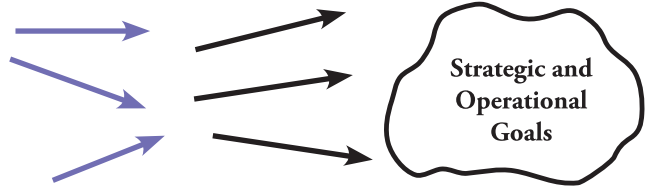
### An Aid for Assessing and Scoring Process Items

#### (1) Reacting to Problems (0–25%)



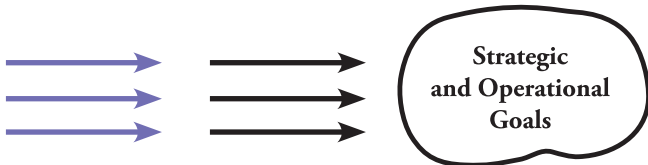
Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

#### (2) Early Systematic Approaches (30–45%)



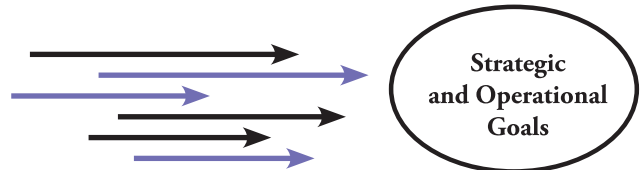
The organization is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organizational units. Strategy and quantitative goals are being defined.

#### (3) Aligned Approaches (50–65%)



Operations are characterized by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with coordination among organizational units. Processes address key strategies and goals of the organization.

#### (4) Integrated Approaches (70–100%)



Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.





## SCORING SYSTEM

The scoring of responses to Criteria items and Baldrige Award applicant feedback are based on two evaluation dimensions: (1) process and (2) results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring guidelines are given on pages 68–69.

### Process

“Process” refers to the methods your organization uses and improves to address the item requirements in categories 1–6. The four factors used to evaluate process are approach, deployment, learning, and integration (ADLI).

“Approach” refers to

- the methods used to accomplish the process
- the appropriateness of the methods to the item requirements and the organization’s operating environment
- the effectiveness of your use of the methods
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic)

“Deployment” refers to the *extent* to which

- your approach is applied in addressing item requirements relevant and important to your organization
- your approach is applied consistently
- your approach is used (executed) by all appropriate work units

“Learning” refers to

- refining your approach through cycles of evaluation and improvement
- encouraging breakthrough change to your approach through innovation
- sharing refinements and innovations with other relevant work units and processes in your organization

“Integration” refers to the *extent* to which

- your approach is aligned with your organizational needs identified in the Organizational Profile and other process items
- your measures, information, and improvement systems are complementary across processes and work units
- your plans, processes, results, analyses, learning, and actions are harmonized across processes and work units to support organization-wide goals

### Results

“Results” refers to your organization’s *outputs* and *outcomes* in achieving the requirements in items 7.1–7.5 (category 7). The four factors used to evaluate results are levels, trends, comparisons, and integration (LeTCI).

“Levels” refers to

- your current level of performance

“Trends” refers to

- the rate of your performance improvements or the sustainability of good performance (i.e., the slope of trend data)
- the breadth (i.e., the extent of deployment) of your performance results

“Comparisons” refers to

- your performance relative to appropriate comparisons, such as competitors or organizations similar to yours
- your performance relative to benchmarks or industry leaders

“Integration” refers to the *extent* to which

- your results measures (often through segmentation) address important patient and stakeholder, health care service, market, process, and action plan performance requirements identified in your Organizational Profile and in process items
- your results include valid indicators of future performance
- your results are harmonized across processes and work units to support organization-wide goals

## Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and data you are expected to furnish relative to the two evaluation dimensions given above.

The two types of items are designated as

1. process **Process**
2. results **Results**

In process items, approach, deployment, learning, and integration are linked to emphasize that descriptions of approach should always indicate the deployment—consistent with the *specific requirements* of the item and your organization. As processes mature, their description also should indicate how cycles of learning (including innovation), as well as integration with other processes and work units, occur. Although the ADLI factors are linked, feedback to Baldrige Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results items call for data showing performance levels, trends, and relevant comparisons for key measures and indicators of organizational performance, and integration with key organizational requirements. Results items also call for data on the breadth of the performance results reported. This is directly related to deployment and organizational learning; if improvement processes are widely shared and deployed, there should be corresponding results. A score for a results item is thus a composite based on overall performance, taking into account the four results factors (LeTCI).

## “Importance” as a Scoring Consideration

The two evaluation dimensions described previously are central to evaluation and feedback. A critical consideration in evaluation and feedback is the *importance* of your reported process and results to your key organizational factors. The areas of greatest importance should be identified in your Organizational Profile and in items such as 2.1, 2.2, 3.2, 5.1, 5.2, and 6.1. Your key patient and stakeholder requirements, competitive environment, workforce needs, key strategic objectives, and action plans are particularly important.

## Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to item responses.

- All areas to address should be included in the item response. Also, responses should reflect what is important to the organization.
- In assigning a score to an item, first decide which scoring range (e.g., 50 percent to 65 percent) is most descriptive of the organization’s achievement level as presented in the item response. “Most descriptive of the organization’s achievement level” can include some gaps in one or more of the ADLI (process) factors or the LeTCI (results) factors for the chosen scoring range. An organization’s achievement level is based on a holistic view of either the four process or the four results factors in aggregate and not on a tallying or averaging of independent assessments against each of the four factors. Assigning the actual score

### PROCESS SCORING GUIDELINES

SCORE	PROCESS (For use with categories 1–6)
0% or 5%	<ul style="list-style-type: none"> <li>■ No SYSTEMATIC APPROACH to item requirements is evident; information is ANECDOTAL. (A)</li> <li>■ Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D)</li> <li>■ An improvement orientation is not evident; improvement is achieved through reacting to problems. (L)</li> <li>■ No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)</li> </ul>
10%, 15%, 20%, or 25%	<ul style="list-style-type: none"> <li>■ The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the item is evident. (A)</li> <li>■ The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the item. (D)</li> <li>■ Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L)</li> <li>■ The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)</li> </ul>
30%, 35%, 40%, or 45%	<ul style="list-style-type: none"> <li>■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the item, is evident. (A)</li> <li>■ The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D)</li> <li>■ The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L)</li> <li>■ The APPROACH is in the early stages of ALIGNMENT with your basic organizational needs identified in response to the Organizational Profile and other process items. (I)</li> </ul>
50%, 55%, 60%, or 65%	<ul style="list-style-type: none"> <li>■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the item, is evident. (A)</li> <li>■ The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D)</li> <li>■ A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organizational LEARNING, including INNOVATION, are in place for improving the efficiency and EFFECTIVENESS of KEY PROCESSES. (L)</li> <li>■ The APPROACH is ALIGNED with your overall organizational needs identified in response to the Organizational Profile and other process items. (I)</li> </ul>
70%, 75%, 80%, or 85%	<ul style="list-style-type: none"> <li>■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the item, is evident. (A)</li> <li>■ The APPROACH is well DEPLOYED, with no significant gaps. (D)</li> <li>■ Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING, including INNOVATION, are KEY management tools; there is clear evidence of refinement as a result of organizational-level ANALYSIS and sharing. (L)</li> <li>■ The APPROACH is INTEGRATED with your current and future organizational needs identified in response to the Organizational Profile and other process items. (I)</li> </ul>
90%, 95%, or 100%	<ul style="list-style-type: none"> <li>■ An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the item, is evident. (A)</li> <li>■ The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D)</li> <li>■ Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING through INNOVATION are KEY organization-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organization. (L)</li> <li>■ The APPROACH is well INTEGRATED with your current and future organizational needs identified in response to the Organizational Profile and other process items. (I)</li> </ul>

within the chosen range requires evaluating whether the item response is closer to the statements in the next higher or next lower scoring range.

- A process item score of 50 percent represents an approach that meets the overall requirements of the item, that is deployed consistently and to most work units, that has been through some cycles of improvement and learning, and that addresses the key organizational needs. Higher scores reflect greater achievement, demonstrated by broader deployment, significant organizational learning, and increased integration.
- A results item score of 50 percent represents a clear indication of good levels of performance, beneficial trends,

and appropriate comparative data for the results areas covered in the item and important to the organization's mission. Higher scores reflect better trends and levels of performance, stronger comparative performance, and broader coverage and integration with the requirements of the organization or mission.

Baldrige Award applicants do not receive a single, final score as part of their feedback. They receive a scoring range for each Criteria item, and they receive scores in two overall bands: one for process items and one for results items. The descriptors for these scoring bands portray the organization's overall progress and maturity in the process and the results dimensions. The scoring band descriptors are available on the Baldrige Web site.

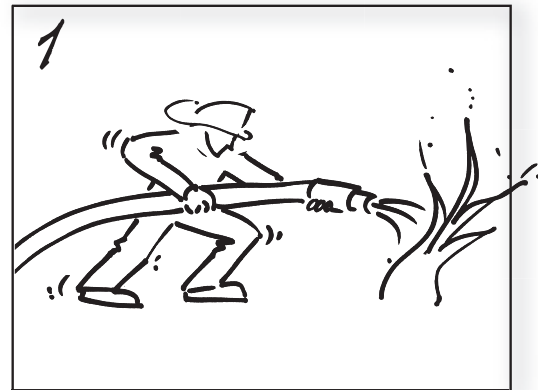
## RESULTS SCORING GUIDELINES

SCORE	RESULTS (For use with category 7)
0% or 5%	<ul style="list-style-type: none"> <li>■ There are no organizational PERFORMANCE RESULTS and/or poor RESULTS in areas reported. (Le)</li> <li>■ TREND data either are not reported or show mainly adverse TRENDS. (T)</li> <li>■ Comparative information is not reported. (C)</li> <li>■ RESULTS are not reported for any areas of importance to the accomplishment of your organization's MISSION. (I)</li> </ul>
10%, 15%, 20%, or 25%	<ul style="list-style-type: none"> <li>■ A few organizational PERFORMANCE RESULTS are reported, responsive to the BASIC REQUIREMENTS of the item, and early good PERFORMANCE LEVELS are evident. (Le)</li> <li>■ Some TREND data are reported, with some adverse TRENDS evident. (T)</li> <li>■ Little or no comparative information is reported. (C)</li> <li>■ RESULTS are reported for a few areas of importance to the accomplishment of your organization's MISSION. (I)</li> </ul>
30%, 35%, 40%, or 45%	<ul style="list-style-type: none"> <li>■ Good organizational PERFORMANCE LEVELS are reported, responsive to the BASIC REQUIREMENTS of the item. (Le)</li> <li>■ Some TREND data are reported, and a majority of the TRENDS presented are beneficial. (T)</li> <li>■ Early stages of obtaining comparative information are evident. (C)</li> <li>■ RESULTS are reported for many areas of importance to the accomplishment of your organization's MISSION. (I)</li> </ul>
50%, 55%, 60%, or 65%	<ul style="list-style-type: none"> <li>■ Good organizational PERFORMANCE LEVELS are reported, responsive to the OVERALL REQUIREMENTS of the item. (Le)</li> <li>■ Beneficial TRENDS are evident in areas of importance to the accomplishment of your organization's MISSION. (T)</li> <li>■ Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C)</li> <li>■ Organizational PERFORMANCE RESULTS are reported for most KEY PATIENT and STAKEHOLDER, market, and PROCESS requirements. (I)</li> </ul>
70%, 75%, 80%, or 85%	<ul style="list-style-type: none"> <li>■ Good to excellent organizational PERFORMANCE LEVELS are reported, responsive to the MULTIPLE REQUIREMENTS of the item. (Le)</li> <li>■ Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organization's MISSION. (T)</li> <li>■ Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative PERFORMANCE. (C)</li> <li>■ Organizational PERFORMANCE RESULTS are reported for most KEY PATIENT and STAKEHOLDER, market, PROCESS, and ACTION PLAN requirements. (I)</li> </ul>
90%, 95%, or 100%	<ul style="list-style-type: none"> <li>■ Excellent organizational PERFORMANCE LEVELS are reported that are fully responsive to the MULTIPLE REQUIREMENTS of the item. (Le)</li> <li>■ Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organization's MISSION. (T)</li> <li>■ Evidence of industry and BENCHMARK leadership is demonstrated in many areas. (C)</li> <li>■ Organizational PERFORMANCE RESULTS and PROJECTIONS are reported for most KEY PATIENT and STAKEHOLDER, market, PROCESS, and ACTION PLAN requirements. (I)</li> </ul>

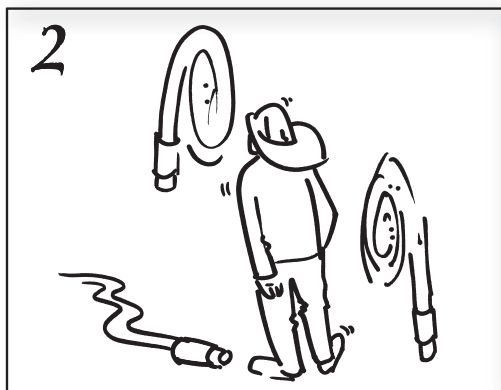
# An Analogy for Learning: From Fighting Fires to Innovation

Learning is an essential attribute of high-performing organizations and, therefore, a critical concept in performance excellence. It is a key term used throughout the Criteria booklet and is one of the four scoring factors used to assess the maturity of an organization's processes (pages 67 and 68, scoring system and scoring guidelines).

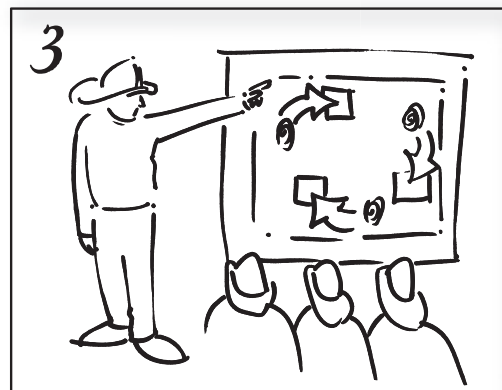
Effective, well-deployed organizational learning can help an organization improve from the early stages of reacting to problems (0–5% in the scoring guidelines) to the highest levels of organization-wide improvement, refinement, and innovation (70–100%). The firefighting analogy illustrated here depicts a progression through the levels of maturity for this scoring dimension.



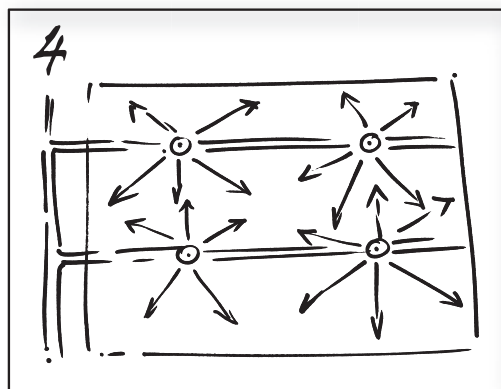
**Reacting to the problem:**  
Run with the hose and put out the fire.  
(0–5%)



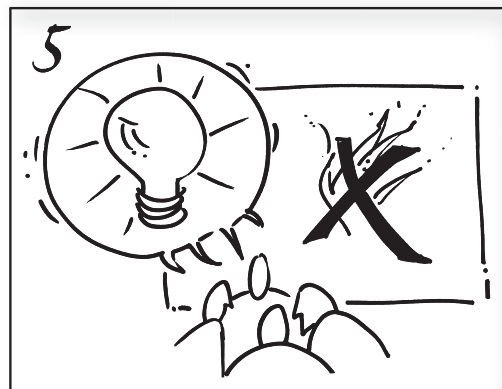
**General improvement orientation:**  
Install more fire hoses to get to the fires quickly and reduce their impact.  
(10–25%)



**Systematic evaluation and improvement:**  
Evaluate which locations are most susceptible to fire. Install heat sensors and sprinklers in those locations.  
(30–45%)



**Learning and strategic improvement:**  
Install systemwide heat sensors and a sprinkler system that is activated by the heat preceding fires.  
(50–65%)



**Organizational analysis and innovation:**  
Use fireproof and fire-retardant materials. Replace combustible liquids with water-based liquids. Sensors and sprinklers become the secondary line of protection, with prevention as the primary approach for protection.  
(70–100%)

# APPLYING FOR THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

The Malcolm Baldrige National Quality Award is the highest level of national recognition for performance excellence that a U.S. organization can receive. The award promotes

- awareness of performance excellence as an increasingly important element in competitiveness
- the sharing of information on successful performance strategies and on the benefits derived from using these strategies

Organizations apply for the award in one of six eligibility categories:

- manufacturing
- service
- small business
- education
- health care
- nonprofit

Up to 18 awards may be given across the six eligibility categories each year. Whatever your award eligibility category, you will need the *Baldrige Award Application Forms* before applying. You can download the document, as well as fillable Microsoft Word forms, from [http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm).

## Application Process

Applying for the award is a two-step process:

- **Submit an eligibility certification package.** In the first part, you certify that your organization meets eligibility requirements.
- **Submit an award application package.** In the second part, you submit an award application (on CD or on paper) that addresses the Health Care Criteria for Performance Excellence (pages 4–26).

You should use the Criteria in this booklet only if your organization is applying in the health care eligibility category. If you apply in the business categories (manufacturing, service, or small business), the nonprofit category, or the education category, your application should address the Criteria for Performance Excellence or the Education Criteria for Performance Excellence, respectively. For information on ordering or downloading *Criteria for Performance Excellence* and *Education Criteria for Performance Excellence* booklets, see pages 74–75 or <http://www.nist.gov/baldrige/publications.cfm>.

If your organization files an eligibility certification package, you may nominate a senior member of your staff to serve on the Board of Examiners for the Malcolm Baldrige National Quality Award. To reserve a place on the board for a staff member, submit your eligibility certification package by March 1, 2011, for the 2010 award cycle and by February 28, 2012, for the 2012 award cycle. For other due dates, see the box below. For detailed information on the eligibility certification package, the award application package, deadlines, and fees, see the *Baldrige Award Application Forms*, which can be downloaded at [http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm).

## Application Review

A team from the Board of Examiners, which adheres to strict rules regarding conflict of interest, reviews each award application against the Criteria for Performance Excellence using the following process:

- **Independent and Consensus Review:** Members of the Board of Examiners review the application (1) independently and (2) as a team led by a senior or alumni examiner.
- **Site Visit Review:** Higher-scoring organizations receive site visits.
- **Judges' review:** The Panel of Judges conducts final reviews and recommends award recipients.

### Application Deadlines for the 2011 and 2012 Award Cycles

	2011	2012
<b>Eligibility certification packages</b>		
With a nomination to the Board of Examiners	March 1	February 28
Without a nomination to the Board of Examiners	April 12	April 3
<b>Award application packages</b>		
Submitted on CD	May 3	May 1
Submitted on paper	May 17	May 15

For fees related to applying for the Baldrige Award, see the *Baldrige Award Application Forms* booklet ([http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm)).

The identity of all applicant organizations remains confidential unless they receive the award. The Baldrige Program treats all information submitted by applicants as strictly confidential and has numerous protocols and processes in place to protect the organizations and help ensure the integrity of the award.

### **Award Recipients**

Award recipients may publicize and advertise their awards. Recipients are expected to share information about their successful performance strategies with other U.S. organizations.

### **Fees for the 2011 and 2012 Award Cycles**

Information on current fees related to applying for the Malcolm Baldrige National Quality Award is available at [http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm). Note: the program anticipates a rise in fees in the 2012 award cycle, as well as possible increases thereafter. Such increases would be based on related changes in the Consumer Price Index.

### **Feedback to Applicants**

Feedback is one of the most important parts of the Baldrige Award process; it provides a pathway for improvement.

At the conclusion of the review process, each award applicant receives a feedback report—a written assessment by an evaluation team of leading U.S. experts. The report contains an applicant-specific listing of strengths and opportunities for improvement based on the Criteria. Used by organizations in their strategic planning, the feedback report helps organizations focus on their customers and improve overall performance.

Feedback reports are mailed at various times during the award cycle based on the stage of review an applicant reaches in the evaluation process. Strict confidentiality is observed at all times and in every aspect of application review and feedback.

**If your organization is applying in either the business/nonprofit or the education category, refer to the appropriate sector-specific Criteria booklet. For ordering information, see pages 74–75 or <http://www.nist.gov/baldrige/publications>.**



## SUMMARY OF ELIGIBILITY REQUIREMENTS

Organizations that are headquartered in the United States, including U.S. subunits of foreign organizations, may apply for the award. For eligibility purposes, overseas U.S. military installations and embassies do not constitute U.S. territories.

To be eligible, your organization must

- have existed for at least one year
- have the operational practices associated with all of its major organizational functions available for examination in the United States or its territories
- be able to share information on the seven Criteria categories at your organization's U.S. facilities and The Quest for Excellence® Conference.

Eligibility rules for the health care category are summarized here. For summaries of business (manufacturing, service, and small business) and education eligibility rules, see the respective Criteria booklets.

### Basic Eligibility

Organizations eligible in the health care category are for-profit and nonprofit public, private, and government organizations that devote more than 50 percent of their staff members and/or budget to providing health care services directly to people. Examples are health systems, hospitals, health maintenance organizations, long-term care facilities, health care practitioners' offices, home health agencies, and dialysis and ambulatory surgery centers.

Organizations that do not provide health care services directly, such as social service agencies, health insurance companies, or medical/dental laboratories, are ineligible in this category but may be eligible in the service, small business, or nonprofit category.

Health care organizations may choose to apply in the health care category, using the Health Care Criteria for Performance Excellence, or, as appropriate, in the service, small business, or nonprofit category, using the Criteria for Performance Excellence.

If you have a question about eligibility, see the complete description of eligibility requirements in the *Baldrige Award Application Forms* ([http://www.nist.gov/baldrige/publications/award\\_application.cfm](http://www.nist.gov/baldrige/publications/award_application.cfm)) or call the Baldrige Performance Excellence Program at (301) 975-2036.

### Eligibility Restrictions

#### Parent Organizations and Subunits

The larger organization that holds or has control of a subunit is the “parent”—the highest level of an organization that is eligible to apply for the award. To be eligible, subunits must be recognizable as discrete entities; be easily distinguishable from the parent and its other subunits; be self-sufficient enough to be examined in all seven Criteria categories; have a clear definition of “organization” reflected in their literature; and function as business or operational entities, not as activities assembled to write an award application.

A subunit and its parent may not both apply for awards in the same year. Depending on the number of employees, up to five subunits of a single parent organization may apply for the award during the same award cycle.

#### Award Recipients

Award recipients are ineligible to apply for the award again for five years. However, they may submit award applications to receive feedback only during those five years. After five years, recipients may apply for the award or, if they wish, for feedback only.

Similarly, if a subunit with more than 50 percent of the total employees of the parent receives an award, the parent organization and all its subunits are ineligible to apply for the award for five years. They may submit award applications to receive feedback only during those five years. If any subunit of an organization receives an award, that subunit and all its subunits are ineligible to apply for the award for five years, but they may also submit award applications to receive feedback during those five years.

# HOW TO OBTAIN BALDRIGE PERFORMANCE EXCELLENCE PROGRAM MATERIALS

**Note: If you are planning to apply for the award, you will need the *Baldrige Award Application Forms* in addition to the *Criteria* booklet.**

## Criteria for Performance Excellence and Award Application Forms

### Individual Copies

You may download the *Criteria* booklets and the *Baldrige Award Application Forms* from <http://www.nist.gov/baldrige>. Individual copies of the *Criteria* booklets and paper copies of the *Baldrige Award Application Forms* are available free of charge from

Baldrige Performance Excellence Program  
National Institute of Standards and Technology  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020  
Telephone: (301) 975-2036  
Fax: (301) 948-3716  
E-Mail: [baldrige@nist.gov](mailto:baldrige@nist.gov)

### Bulk Orders

Packets of ten copies of the *Criteria* booklets are available for \$39.95 per packet (plus shipping and processing) from the American Society for Quality (ASQ). (See “Ordering from ASQ” on page 75.)

*2011–2012 Criteria for Performance Excellence*  
(referred to as the Business/Nonprofit *Criteria*)—Item Number T1535

*2011–2012 Education Criteria for Performance Excellence*—Item Number T1534

*2011–2012 Health Care Criteria for Performance Excellence*—Item Number T1536

## Baldrige Educational Materials

Each year, the Baldrige Performance Excellence Program develops materials to train members of the Board of Examiners and share information on the successful performance excellence strategies of award recipients. The following items are samples of these materials. For the full list, see <http://www.nist.gov/baldrige>.

### Case Study Packets

Case study packets contain a case study (a fictional Baldrige Award application), a scorebook, a feedback report, and an executive summary. When used with the related *Criteria for Performance Excellence* booklet, the case studies are valuable resources to Baldrige Award applicants and other *Criteria* users. They illustrate the award application, review, and feedback process; show the format and general content of an application; and furnish information on scoring. Case study packets based on fictional organizations from the business, nonprofit, health care, and education sectors are available in PDF format from <http://www.nist.gov/baldrige.publications>. The following are a few examples of these case study packets:

**2010 Nonprofit Case Study Packet: NuGrain Laboratories** (based on the 2009–2010 *Criteria* for Performance Excellence)

**2009 Education Case Study Packet: Nightingale College of Nursing** (based on the 2009–2010 Education *Criteria* for Performance Excellence)

**2008 Manufacturing Case Study Packet: Novel Connect** (based on the 2008 *Criteria* for Performance Excellence)

**2007 Nonprofit Case Study Packet: Share Food** (based on the 2007 *Criteria* for Performance Excellence)

**2006 Health Care Case Study Packet: Arroyo Fresco Community Health Center** (based on the 2006 Health Care *Criteria* for Performance Excellence)

**2005 Business Case Study Packet: Landmark Dining, Inc.** (based on the 2005 *Criteria* for Performance Excellence)

**2004 Education Case Study Packet: Sandy Hill School District** (based on the 2004 Education *Criteria* for Performance Excellence)

**2003 Business Case Study Packet: GeoOrb Polymers, North America** (based on the 2003 *Criteria* for Performance Excellence)

**2002 Health Care Case Study Packet: CapStar Health System** (based on the 2002 Health Care *Criteria* for Performance Excellence)

**2001 Business Case Study Packet: TriView National Bank** (based on the 2001 *Criteria* for Performance Excellence)



## Ordering from ASQ

ASQ offers four convenient ways to order:

- For fastest service, call toll-free (800) 248-1946 in the United States and Canada (in Mexico, dial toll-free 95-800-248-1946). Have item numbers, your credit card or purchase order number, and (if applicable) your ASQ member number ready.
- Fax your completed order form to ASQ at (414) 272-1734.
- Mail your order to ASQ Customer Care Center, P.O. Box 3005, Milwaukee, WI 53201-3066.
- Order online: <http://www.asq.org>.

### Payment

Payment options include check, money order, U.S. purchase order, Visa, MasterCard, or American Express. Payment must be made in U.S. currency; checks and money orders (payable to ASQ) must be drawn on a U.S. financial institution. All international orders must be prepaid.

Order Amount	U.S.	Canada	Outside U.S./Canada
Up to \$34.99	\$4.25	\$9.25	25% of order amount
\$35.00–\$99.99	6.50	11.50	
\$100.00 or more	12.50*	17.50*	

*\*If actual shipping charges exceed \$12.50 (\$17.50 Canadian), ASQ will invoice you for the additional expense.*

- Orders within the continental United States and Canada will be shipped by UPS when available.
- Your credit card will not be charged until your items are shipped. Shipping and processing are charged once, up front, for the entire order.
- Please allow one to two weeks for U.S. delivery and six to eight weeks for international delivery.

## The Baldrige Performance Excellence Program welcomes your comments on the Criteria or any of the Baldrige Award processes. Please address your comments to

2011–2012 Health Care Criteria for Performance Excellence  
Baldrige Performance Excellence Program  
National Institute of Standards and Technology  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020

E-Mail: [baldrige@nist.gov](mailto:baldrige@nist.gov)  
Web Site: <http://www.nist.gov/baldrige>

## INDEX OF KEY TERMS

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## THE BALDRIGE PERFORMANCE EXCELLENCE PROGRAM AND ITS IMPACTS

*The Malcolm Baldrige National Quality Award was created by Public Law 100-107 and signed into law on August 20, 1987. Public Law 100-107 led to the creation of a new public-private partnership. Principal support for the Program comes from the Foundation for the Malcolm Baldrige National Quality Award, established in 1988.*

*The award is named for Malcolm Baldrige, who served as secretary of commerce from 1981 until his death in 1987. His managerial excellence contributed to long-term improvement in the efficiency and effectiveness of government.*

*In 2010, as a result of a branding study, the program's name was changed to the Baldrige Performance Excellence Program.*

On August 20, 1987, President Ronald W. Reagan signed the “Malcolm Baldrige National Quality Improvement Act of 1987,” establishing a program that many credit with making quality a national priority and helping to revitalize the U.S. economy during the 1990s. Today, the Baldrige Performance Excellence Program and the Baldrige Award recipients are imitated and admired worldwide. More than 30 states and many countries, including Japan, have programs modeled after Baldrige. In particular, the Baldrige Criteria for Performance Excellence are widely used as an assessment and improvement tool. Millions of print and electronic copies of the Criteria have been distributed.

In 1999, categories for education and health care were added to the original three categories: manufacturing, service, and small business. In 2007, a nonprofit category was added.

Impacts of the program have been far-reaching:

- Since the Baldrige Program's inception in 1987, there have been nearly 1,500 applicants for the Malcolm Baldrige National Quality Award. These applicants have received vigorous evaluations by the Board of Examiners, using the Criteria for Performance Excellence.
- Through 2009, 84 award recipients have been selected across six categories: 28 manufacturing companies, 15 service companies, 19 small businesses, 8 education organizations, 11 health care organizations, and 3 nonprofit organizations.
- There are more than 35 active state and local, regional, and sector-specific quality award programs based in states throughout the country. All of these programs are modeled to some degree after the Baldrige Performance Excellence Program, and their award criteria are based on the Criteria for Performance Excellence.
- From 1996 to 2009, 45 of the 60 Baldrige Award recipients were previous winners in state award programs.
- Since 1991, there have been nearly 11,800 applications for state and local quality awards.
- Since 1988, the Baldrige Program has trained about 8,800 examiners. Since 1991, the state and local programs have trained more than 39,000 examiners.
- The Quest for Excellence conferences have reached approximately 21,300 attendees over the Baldrige Program's history.

*The Baldrige Program thanks the following Baldrige Award recipients for the use of the photographs in this booklet: AtlantiCare (2009), Heartland Health (2009), and Poudre Valley Health System (2008).*

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