

2007

Baldrige National Quality Program

leadership

Health Care Criteria for Performance Excellence

ethics



innovation

recognition



THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

A Public-Private Partnership

Building active partnerships in the private sector—and among the private sector and all levels of government—is fundamental to the success of the Baldrige National Quality Program in improving national competitiveness. Private-sector support for the Program in the form of funds, volunteer efforts, and participation in information transfer 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 National Quality 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. Through a network of technology extension centers and field offices serving all 50 states and Puerto Rico, NIST helps small- and medium-sized businesses access the information and expertise they need to improve their competitiveness in the global marketplace.

American Society for Quality

The American Society for Quality (ASQ) assists in administering the Award Program under contract to NIST. ASQ is dedicated to the ongoing development, advancement, and promotion of quality concepts, principles, and techniques. ASQ strives to be the world's recognized champion and leading authority on all issues related to quality. ASQ recognizes that continuous quality improvement will help the favorable positioning of American goods and services in the international marketplace.

Board of Overseers

The Board of Overseers advises the Department of Commerce on the Baldrige National Quality 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 of Overseers 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. Accordingly, the board makes recommendations to the Secretary of Commerce and to the Director of NIST regarding changes and improvements in the Program.

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 non-profit organizations. NIST selects members through a competitive application process. For 2007, the board consists of about 540 members. Of these, 12 (who are appointed by the Secretary of Commerce) serve as Judges, and approximately 100 serve as Senior Examiners. The remainder serve as Examiners. All members of the board must take part in an Examiner Preparation Course.

In addition to reviewing applications, board members 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 and quality 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.

Award recipients in the 19 years of the Award have been extremely generous in their commitment to improving U.S. competitiveness and furthering the U.S. pursuit of performance excellence. They have shared information with hundreds of thousands of companies, education organizations, health care organizations, government agencies, and others. This sharing far exceeds expectations and Program requirements. Award recipients' efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.



Baldrige National Quality Program

National Institute of Standards and Technology • Technology Administration • Department of Commerce

To: U.S. Health Care Community

From: Harry S. Hertz, Director
Baldrige National Quality Program

Subject: Why Is Baldrige Important for You?

Because the Baldrige Health Care Criteria for Performance Excellence are about winning! Because they are about winning in your health care marketplace every day with a high-performing, high-integrity, ethical organization. Because every Baldrige Criteria user is a winner.

Is using 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 strategically? Yes. Will they help you align your processes, your people, your resources, and your patients' and other customers' needs? Yes. Are these worthwhile goals? You decide. The choice is yours!

Whether your organization is small or large, is involved in ambulance service or health maintenance, or has one facility or multiple sites across the country, the Health Care Criteria provide a valuable framework that can help you measure performance and plan in an uncertain environment. The Health Care Criteria can help you align resources with approaches, such as Plan-Do-Check-Act cycles, a Balanced Scorecard, and Six Sigma; improve communication, productivity, and effectiveness; and achieve strategic goals.

How to begin that first Baldrige assessment? Take a few minutes and scan the questions in the Organizational Profile on pages 12–14. A discussion of the answers to these questions might be your first Baldrige assessment. For additional guidance, refer to our free booklet *Getting Started with the Baldrige Criteria for Performance Excellence*.

Do you need to know what your staff and your senior managers 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 toward meeting your organizational goals and can improve communication among your staff 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 an independent, external assessment conducted by a panel of specially trained and recognized 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, contact me at nqp@nist.gov.

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

- *Getting Started with the Baldrige Criteria for Performance Excellence*
- E-Baldrige Organizational Profile found on our Web site at www.baldrige.nist.gov/eBaldrige/Step_One.htm
- *Are We Making Progress?* and *Are We Making Progress as Leaders?*

Contact the Baldrige National Quality Program or visit our Web site for these and other educational materials.

THE QUEST FOR EXCELLENCE

The Quest for Excellence® XIX Conference

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 Quest for Excellence XIX will showcase the year 2006 Award recipients.

For the last 18 years, executives, managers, and quality 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 Quest for Excellence XIX Conference will be held April 15–18, 2007, at the Hilton Washington in Washington, D.C. For further information, contact the Baldrige Program by mail: Baldrige National Quality 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: nqp@nist.gov. For a general overview of the Baldrige National Quality Program, visit its Web site: www.baldrige.nist.gov.

The Malcolm Baldrige National Quality Award

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 medal bears the inscriptions "Malcolm Baldrige National Quality Award" and "The Quest for Excellence" on one side and the Presidential Seal on the other.

The President of the United States traditionally presents the Award at a special ceremony in Washington, D.C.



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.

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Business/nonprofit and education organizations should use the appropriate Criteria booklets for their respective sectors. See pages 65–66 for ordering information.

If you plan to apply for the Award in 2007, you also will need the *Baldrige Award Application Forms*, which can be downloaded at www.baldrige.nist.gov/Award_Application.htm.

The first step in the Award application process is to provide the Eligibility Certification Package, which is due April 10, 2007. If you would like to recommend a senior member of your organization for the Board of Examiners, the package is due March 9, 2007.

Award Application Packages are due May 24, 2007, or May 10, 2007, if submitted on a CD.

We are easy to reach. Our Web site is www.baldrige.nist.gov.



Baldrige National Quality Program Honors 2005 Award Recipients



On April 19, 2006, the six 2005 Baldrige Award recipients were honored: Sunny Fresh Foods, Inc.; DynMcDermott Petroleum Operations Company; Park Place Lexus; Jenks Public Schools; Richland College; and Bronson Methodist Hospital (Bronson). Clockwise from the upper left, the photographs show (1) U.S. Vice President Richard B. Cheney; (2) U.S. Secretary of Commerce Carlos M. Gutierrez; (3) representatives from all six Award recipients; (4) Vice

President Cheney and Secretary Gutierrez; (5) representatives from all six Award recipients with Vice President Cheney, Secretary Gutierrez, and Chairman of the Foundation for the Malcolm Baldrige National Quality Award R. Dale Crownover; and (6) Vice President Cheney, Bronson Methodist Hospital President and CEO Frank J. Sardone, Member of the Board of Directors for Bronson Marian G. Klein, Secretary Gutierrez, and Mr. Crownover.

2007 HEALTH CARE CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

Criteria Purposes

The Health Care Criteria are the basis for conducting organizational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Health Care 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 best practices information 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 organizations use an integrated approach to organizational performance management that results in

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

Core Values and Concepts

The Health Care Criteria are built on the following set of interrelated Core Values and Concepts:

- visionary leadership
- patient-focused excellence
- organizational and personal learning
- valuing staff and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- social 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.

Your organization's senior leaders (administrative/operational and health care provider leaders) should set directions and create a patient focus, clear and visible values, and high expectations. 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 values and strategies should help guide all of your organization's activities and decisions. Senior leaders should inspire, motivate, and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to be creative. 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, communications, coaching, development of future leaders, review of organizational performance, and staff recognition. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.

Patient-Focused Excellence

The delivery of health care services must be patient focused. Performance and quality are the key components in determining patient satisfaction, and all attributes of patient care delivery (including those not directly related to medical/clinical/health services) factor into the judgment of satisfaction and value. Satisfaction and value to patients are key considerations for other customers as well. Patient-focused excellence has both current and future components: understanding today's patient desires and anticipating future patient desires and health care marketplace offerings.

Value and satisfaction may be influenced by many factors during a patient's experience participating in health care. Primary among these factors is an expectation that patient safety will be ensured throughout the health care delivery process. Additional factors include a clear understanding of likely health and functional status outcomes, as well as the patient's relationship with the health care provider and ancillary staff, cost, responsiveness, and continuing care and attention. For many patients, the ability to participate in



making decisions about their health care is considered an important factor. This requires patient education for informed decisions. Characteristics that differentiate one provider from another also contribute to the sense of being patient-focused. Such differentiation may be based on ease of access, time to appointment, number and breadth of health care services, and availability of patient conveniences (e.g., parking, a café, or hotel accommodations).

Patient-focused excellence is thus a strategic concept. It is directed toward obtaining and retaining patient loyalty, referral of new patients, and market share gain in competitive markets. Patient-focused excellence thus demands rapid and flexible responses to emerging patient desires and health care marketplace requirements, as well as measurement of the factors that drive patient satisfaction. It demands listening to your patients and other customers. Patient-focused excellence also demands awareness of new technology and new modalities for delivery of health care services.

Organizational and Personal Learning

Achieving the highest levels of organizational performance requires a well-executed approach to organizational and personal learning. Organizational learning includes both continuous improvement of existing approaches and significant change, 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. Sources for learning include staff’s and volunteers’ ideas, health care research findings, patients’ and other customers’ input, best practice sharing, and benchmarking.

Organizational learning can result in (1) enhancing value to patients through new and improved patient care services; (2) developing new health care opportunities; (3) reducing

errors, defects, waste, and related costs; (4) improving responsiveness and cycle time performance; (5) increasing productivity and effectiveness in the use of all your resources; and (6) enhancing your organization’s performance in building community health and fulfilling its societal responsibilities.

Staff success depends increasingly on having opportunities for personal learning and on practicing new skills. 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 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 Internet-based learning and satellite broadcasts.

Personal learning can result in (1) a more 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 health care marketplace sustainability and performance advantages and giving your workforce satisfaction and the motivation to excel.

Valuing Staff and Partners

An organization’s success depends increasingly on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing the people in your workforce means committing to their 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 people include (1) demonstrating your leaders’ commitment to your staff’s 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 other customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages appropriate 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 staff might entail workforce development, cross-training, or new work organizations, such as high-performance work teams. Internal partnerships also might involve creating network relationships among your departments/work units to improve flexibility, responsiveness, and knowledge sharing and to develop processes that better meet patient care and needs.

External partnerships might be with customers; suppliers; business associations; third-party payors; nonprofit, education, community, and 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. 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 also might address sectorwide issues, such as the need for longitudinal care, equity and access to care, and comparative performance data.

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. All aspects of electronic communication and information transfer require and enable more rapid, flexible, and customized responses. 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 other customers, 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 the individual needs of patients. Design also must include effective means for gauging the improvement of health status—for patients and populations/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, and productivity.

Focus on the Future

In today's health care environment, creating a sustainable organization requires understanding the short- and longer-term factors that affect your organization and health care marketplace. Pursuit of health care excellence requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your patients and families, workforce, communities, employers, payors, health profession students, suppliers, and partners.

Your organization's planning should anticipate many factors, such as changes in health care delivery systems, resource availability, patient and other stakeholder expectations, technological developments, new partnering opportunities, workforce development and hiring needs, the evolving importance of electronic communication and information transfer, changes in customer and market segments, 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 workforce and suppliers, accomplishing effective succession planning, creating opportunities for innovation, and anticipating public 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 services, programs, processes, and operations and to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. 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. For example, innovation can address care bundles and practice guidelines, facility design, patient safety, the administration of medications, the organization of work, interoperable information infrastructure, dissemination of best practices, or alternative therapies. 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.

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, cost, and financial performance; competitive or collaborative comparisons; customer satisfaction; and corporate governance and compliance. 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, and improvement. 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 customer, operational, financial, and ethical performance; and healthier communities. A comprehensive set of measures or indicators tied to patient/customer and organizational performance requirements provides a clear basis for aligning all processes with your organization's goals.* Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

Social Responsibility and Community Health

A health care organization's leaders should stress responsibilities to the public, ethical behavior, and the need to foster improved community health. Leaders should be role models for your organization in focusing on ethics and protection of public health, safety, and the environment. 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 that may arise in facilities management, as well as distribution, transportation, use, and disposal of your medical waste, radiation, chemicals, and biohazards. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available 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 for improvement "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 protection of patients' rights and privacy. Public health services and the support of the general health of the community are important citizenship responsibilities of health care organizations.

Practicing good citizenship refers to leadership in carrying out these responsibilities—within the limits of an organization's resources—and includes influencing other organizations, private and public, to partner for these purposes. For example, your organization might lead or participate in efforts to establish free clinics or affordable health care



programs, to increase public health awareness programs, or to foster neighborhood services for the elderly. A leadership role also could include helping to define regional or national health care issues for action by regional or national networks or associations.

Managing social responsibility requires the use of appropriate measures and leadership responsibility for those measures.

Focus on Results and Creating Value

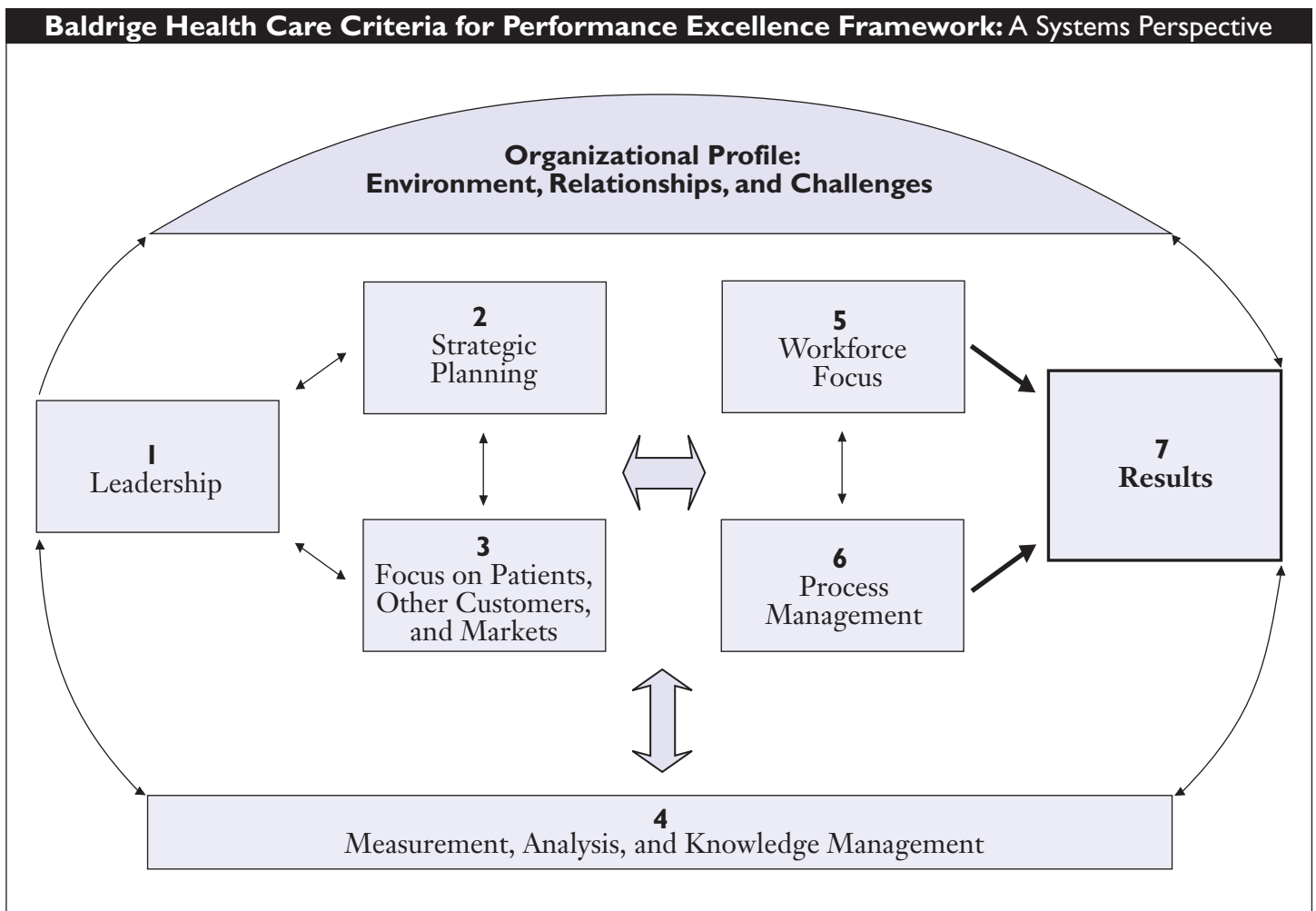
An organization's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—patients, their families, your workforce, the community, payors, businesses, health profession students, suppliers, partners, investors, and the public. By creating value for your key stakeholders, your organization builds loyalty and contributes to the community. 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—performance excellence. The seven Baldrige Categories and the Core Values 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 requirements, including your strategic objectives and action plans. 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.

These concepts are depicted in the Baldrige framework shown below. A systems perspective includes your senior leaders' focus on strategic directions and on your patients



and other customers. 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, and organizational knowledge to build your key strategies. It means linking these strategies with your key processes and aligning your resources to improve overall performance and satisfy patients, other customers, 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 Baldrige Business/Nonprofit Sector Criteria

The 2007 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 sharing of best practices.

Health Care Criteria for Performance Excellence Framework

The Core Values and Concepts are embodied in seven Categories, as follows:

- 1 **Leadership**
- 2 **Strategic Planning**
- 3 **Focus on Patients, Other Customers, and Markets**
- 4 **Measurement, Analysis, and Knowledge Management**
- 5 **Workforce Focus**
- 6 **Process Management**
- 7 **Results**

The figure on page 5 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 environment,

key working relationships, and strategic challenges and advantages serve as an overarching guide for your organizational performance management system.

System Operations

The system operations are composed of the six Baldrige Categories in the center of the figure that define your operations and the results you achieve.

Leadership (Category 1), Strategic Planning (Category 2), and Focus on Patients, Other Customers, and Markets (Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and patients and other customers. Senior leaders set your organizational direction and seek future opportunities for your organization.

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

All actions point toward Results—a composite of health care, patient and other customer, market, financial, and internal operational performance results, including workforce, leadership, governance, and social responsibility results.

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. 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 18 Items, each focusing on a major requirement. Item titles and point values are given on page 11. The Item format is shown on page 57.

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.

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 outcomes
- (2) patient- and other customer-focused outcomes
- (3) financial and market outcomes
- (4) workforce-focused outcomes
- (5) process effectiveness outcomes, including key operational performance results
- (6) leadership outcomes, including governance and social responsibility results

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

- how your organization should be structured;
- that your organization should or should not have departments for planning, ethics, quality, or other functions; or
- 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. Health care organizations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Nonprescriptive requirements are intended to foster incremental and major (“breakthrough”) improvements, as well as basic change through innovation.
- (2) The selection of tools, techniques, systems, and organizational structure usually depends on factors such as 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., HMOs, home health care agencies, hospitals, and/or teaching and research institutions);
- the patient as key customer and multiple other customers and stakeholders (e.g., the community and payors);
- 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, supplier, and customer; and
- 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/customer 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 when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four, clearly defined stages:

- (1) planning, including design of processes, selection of measures, and deployment of requirements
- (2) executing plans
- (3) assessing progress and capturing new knowledge, taking into account internal and external results
- (4) revising plans based on assessment findings, learnings, new inputs, new requirements, and opportunities for innovation

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 18 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 18 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 on page 7. 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.

CHANGES FROM THE 2006 HEALTH CARE CRITERIA

The Health Care Criteria for Performance Excellence continue to evolve in order to address the dynamic environment that all senior leaders and their organizations face today. To succeed and to sustain a leadership position in your health care marketplace or community involves addressing ever more complex challenges, choices, and decisions. Furthermore, most choices and decisions are not simple; each choice and decision has ramifications elsewhere in your organization, in your operations, in your strategy, and in your performance results. The Baldrige Criteria evolve to ask the right questions to guide your decision making and to address the vital linkages in organizational structure, operations, strategy, and results. While individual questions in the Health Care Criteria are straightforward, providing the answers should be thought-provoking and may be complex. However, if the questions were not challenging, they could not help you guide and align your organization toward sustainable success.

The most significant revisions to the 2007 Criteria address four areas of growing importance: (1) strategic advantages and core competencies, (2) innovation, (3) work systems for producing your health care and business results, and (4) workforce engagement, workforce capability, and workforce capacity.

While most health care organizations devote considerable effort to addressing their strategic challenges, they do not give sufficient attention to capitalizing and building on their strategic advantages. Does your organization identify and develop its core competencies to sustain and grow that strategic advantage? The 2007 Health Care Criteria ask the critical questions.

Innovation is the common driver for U.S. competitive advantage. Does your organization consider innovation from the health care and service delivery, the operational, and the business model perspectives? The 2007 Health Care Criteria ask the critical questions.

Your work systems are a combination of internal processes that involve your workforce and external processes and contributions that involve your partners, your supply chain, and possibly contractors and collaborators. How do you make critical work system decisions? Do they consider your core competencies and strategic advantages? The 2007 Health Care Criteria ask the critical questions.

Your success is dependent on your workforce and its vital contributions. What do you do to engage your workforce for high performance? Do members of your workforce have the capabilities they need to do their jobs? Do you have the workforce capacity to staff for success and to accomplish your core competencies? The 2007 Health Care Criteria ask the critical questions.

Criteria questions have been better aligned throughout the seven Categories and with the Organizational Profile. These

changes have been made to improve Baldrige self-assessment and external assessment, the determination of organizational strengths and gaps and alignment of key processes (Categories 1–6), and the determination of organizational gaps, your strength of performance, and your opportunities in results areas (Category 7).

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

- The number of Criteria Items has been decreased from 19 to 18.
- Category 1, **Leadership**, now includes a focus on performance measures and their use by senior leaders.
- Category 2, **Strategic Planning**, has a stronger focus on innovation, strategic advantages, and resource needs to accomplish strategic objectives.
- Category 3, **Focus on Patients, Other Customers, and Markets**, has a stronger focus on the voice of the customer.
- Category 4, **Measurement, Analysis, and Knowledge Management**, has a clearer focus on the needs for management of information and information technology.
- Category 5, **Workforce Focus**, has been redesigned around workforce engagement and the workforce environment.
- Category 6, **Process Management**, has been redesigned around work systems, core competencies, and work processes.
- Category 7, **Results**, has been aligned with the changes in Categories 1–6 to ensure the measurement of important and appropriate results.
- Seven terms have been added to the Glossary of Key Terms: collaborators, core competencies, work systems, workforce, workforce capability, workforce capacity, and workforce engagement.

There have been some changes in almost all Health Care Criteria Items; the most significant changes are highlighted below.

Preface: Organizational Profile

- Item P.1, **Organizational Description**, now includes a question related to the key requirements of your workforce. This addition helps set the context for your later Criteria Item responses.
- Item P.2, **Organizational Challenges**, now includes a specific request for strategic challenges and advantages, as well as opportunities for innovation.

Category 1: Leadership

- Item 1.1, **Senior Leadership**, now includes questions on performance measures that senior leaders regularly review and how they use the reviews for action. A question also has been added on how senior leaders create and promote a culture of safety.

Category 2: Strategic Planning

- Item 2.1, **Strategy Development**, has been modified to clearly address strategic challenges and advantages and how your strategic objectives address opportunities for health care service, operational, and business model innovation.
- Item 2.2, **Strategy Deployment**, has two added focus areas: ensuring adequate financial and other resources for accomplishment of action plans and ensuring that human resource plans address workforce capability and capacity needs.

Category 3: Focus on Patients, Other Customers, and Markets

- Item 3.1, **Patient, Other Customer, and Health Care Market Knowledge**, has an enhanced focus on capturing and using the voice of the customer to become more patient- and other customer-focused.

Category 4: Measurement, Analysis, and Knowledge Management

- Item 4.1, now **Measurement, Analysis, and Improvement of Organizational Performance**, has an added emphasis on the use of organizational performance reviews for systematic evaluation and improvement of key processes.
- Item 4.2, now **Management of Information, Information Technology, and Knowledge**, has two Areas to Address: (1) Management of Information Resources and (2) Data, Information, and Knowledge Management.

Category 5: Workforce Focus (revised title)

- This Category has been totally redesigned with two Items.
- Item 5.1, now **Workforce Engagement**, has three Areas to Address: (1) Workforce Enrichment, (2) Workforce and Leader Development, and (3) Assessment of Workforce Engagement.
- Item 5.2, now **Workforce Environment**, has two Areas to Address: (1) Workforce Capability and Capacity and (2) Workforce Climate.

Category 6: Process Management

- This Category has been totally redesigned with two Items.
- Item 6.1, now **Work Systems Design**, has three Areas to Address: (1) Core Competencies, (2) Work Process Design, and (3) Emergency Readiness.
- Item 6.2, now **Work Process Management and Improvement**, has two Areas to Address: (1) Work Process Management and (2) Work Process Improvement.

Category 7: Results

- Item 7.3, **Financial and Market Outcomes**, has an added focus on measures of financial viability.
- Item 7.4, now **Workforce-Focused Outcomes**, aligns its measures with the redesigned Category 5.
- Item 7.5, now **Process Effectiveness Outcomes**, aligns its measures with the redesigned Category 6.

2007 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE—ITEM LISTING

P Preface: Organizational Profile

- P.1 Organizational Description
- P.2 Organizational Challenges

2007 Categories and Items Point Values

1 Leadership 120

- 1.1 Senior Leadership 70
- 1.2 Governance and Social Responsibilities 50

2 Strategic Planning 85

- 2.1 Strategy Development 40
- 2.2 Strategy Deployment 45

3 Focus on Patients, Other Customers, and Markets 85

- 3.1 Patient, Other Customer, and Health Care Market Knowledge 40
- 3.2 Patient and Other Customer Relationships and Satisfaction 45

4 Measurement, Analysis, and Knowledge Management 90

- 4.1 Measurement, Analysis, and Improvement of Organizational Performance 45
- 4.2 Management of Information, Information Technology, and Knowledge 45

5 Workforce Focus 85

- 5.1 Workforce Engagement 45
- 5.2 Workforce Environment 40

6 Process Management 85

- 6.1 Work Systems Design 35
- 6.2 Work Process Management and Improvement 50

7 Results 450

- 7.1 Health Care Outcomes 100
- 7.2 Patient- and Other Customer-Focused Outcomes 70
- 7.3 Financial and Market Outcomes 70
- 7.4 Workforce-Focused Outcomes 70
- 7.5 Process Effectiveness Outcomes 70
- 7.6 Leadership Outcomes 70

TOTAL POINTS **1,000**

Note: The Scoring System used with the Criteria Items in a Baldrige assessment can be found on pages 53–56.

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 other CUSTOMERS, SUPPLIERS, PARTNERS, and STAKEHOLDERS.

Within your response, include answers to the following questions:

a. Organizational Environment

- (1) What are your organization's main HEALTH CARE SERVICES? What are the delivery mechanisms used to provide your HEALTH CARE SERVICES to your PATIENTS and other CUSTOMERS?
- (2) What is your organizational culture? What are your stated PURPOSE, VISION, MISSION, and VALUES?
- (3) What is your WORKFORCE profile? What are your WORKFORCE or staff groups and SEGMENTS? What are their KEY requirements and expectations? What are their education levels? What are your organization's WORKFORCE and job DIVERSITY, organized bargaining units, KEY benefits, and special health and safety requirements?
- (4) What are your major facilities, technologies, and equipment?
- (5) What is the legal and regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; relevant health care industry standards; and environmental and financial regulations relevant to HEALTH CARE SERVICE delivery?

b. Organizational Relationships

- (1) 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) What are your KEY PATIENT and other CUSTOMER groups, STAKEHOLDER groups, and health care market SEGMENTS, as appropriate? What are their KEY requirements and expectations for your HEALTH CARE SERVICES and operations? What are the differences in these requirements and expectations among PATIENT, other CUSTOMER, and STAKEHOLDER groups and health care market SEGMENTS?

- (3) What are your most important types of suppliers, PARTNERS, COLLABORATORS, and distributors? What role do these suppliers, PARTNERS, COLLABORATORS, and distributors play in your WORK SYSTEMS and the production and delivery of your KEY HEALTH CARE SERVICES? What role, if any, do they play in your organizational INNOVATION PROCESSES? What are your most important supply chain requirements?
- (4) What are your KEY supplier and PATIENT and other CUSTOMER partnering relationship and communication mechanisms?

Notes:

N1. Mechanisms for health care service delivery to your patients and other customers (P.1a[1]) might be direct or through contractors, collaborators, or partners.

N2. 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]).

N3. Workforce or staff 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.

N4. Examples of the legal and regulatory environment under which your organization operates (P.1a[5]) might include the regulations promulgated by the Centers for Medicare and Medicaid Services (CMS), such as the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the State Children's Health Insurance Program (SCHIP). They also might include "industrywide" standards, such as the standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

For additional description of this Item, see page 37.

N5. For some health care organizations, governance and reporting relationships (P.1b[1]) might include relationships with foundation funding sources.

N6. Health care market segments (P.1b[2]) might be based on health care services or features, health care service delivery modes, payors, business volume, geography, population demographics, the diversity of patients, or other factors that are important to your organization to define related market characteristics.

N7. Requirements for patient, other customer, and stakeholder groups and health care market segments (P.1b[2]) might include accessibility, continuity of care, safety, security, electronic communication, billing requirements, socially responsible behavior, community service, cultural preferences, and the staff's ability to speak the same language.

N8. Communication mechanisms (P.1b[4]) should be two-way and might be in person, via e-mail, Web-based, or by telephone. For many organizations, these mechanisms may change as marketplace, patient and other customer, or stakeholder requirements change.

Information for Understanding All Criteria Items

For definitions of key terms presented throughout the Health Care Criteria and Scoring Guidelines text in SMALL CAPS/SANS SERIF, see the Glossary of Key Terms on pages 67–75.

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.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an Item, (2) to give instructions on 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 Challenges: What are your key organizational challenges?

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) What is your competitive position? What is your relative size and growth in the health care industry or markets served? What are the numbers and types of competitors and KEY COLLABORATORS for your organization?
- (2) What are the principal factors that determine your success relative to your competitors and other organizations delivering similar HEALTH CARE SERVICES? What are any KEY changes taking place that affect your competitive situation, including opportunities for INNOVATION and collaboration, as appropriate?
- (3) 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, are there in your ability to obtain these data?

b. Strategic Context

What are your KEY HEALTH CARE SERVICE, operational, and human resource STRATEGIC CHALLENGES and advantages? What are your KEY STRATEGIC CHALLENGES and advantages associated with organizational SUSTAINABILITY?

c. PERFORMANCE Improvement System

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

Notes:

N1. Principal factors (P.2a[2]) might include differentiators such as technology leadership, accessibility, health care and administrative support services offered, cost, innovation rate, reputation for service delivery, and wait times for service.

N2. Strategic challenges and advantages (P.2b) might relate to technology, health care services, your operations, the health care industry, and people.

N3. Performance improvement (P.2c) is an assessment dimension used in the Scoring System to evaluate the

maturity of organizational approaches and deployment (see pages 53–56). This question is intended to help you and the Baldrige Examiners set an overall context for your approach to performance improvement. Overall approaches to performance improvement might include applying Six Sigma methodology, implementing Plan-Do-Check-Act (PDCA) improvement cycles, or employing other process improvement tools.

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

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 www.baldrige.nist.gov/Award_Application.htm.

I Leadership (120 pts.)

The *Leadership* Category examines HOW your organization's SENIOR LEADERS guide and sustain your organization. Also examined are your organization's GOVERNANCE and HOW your organization addresses its ethical, legal, and community responsibilities.

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

Process

Describe HOW SENIOR LEADERS 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 and VALUES

- (1) How do SENIOR LEADERS set organizational 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, to PATIENTS and other CUSTOMERS, and to other STAKEHOLDERS, as appropriate? How do SENIOR LEADERS' personal actions reflect a commitment to the organization's VALUES?
- (2) How do SENIOR LEADERS personally promote an organizational environment that fosters, requires, and results in legal and ETHICAL BEHAVIOR?
- (3) How do SENIOR LEADERS create a SUSTAINABLE organization? How do SENIOR LEADERS create an environment for organizational PERFORMANCE improvement, the accomplishment of your MISSION and STRATEGIC OBJECTIVES, INNOVATION, competitive or role model PERFORMANCE leadership, and organizational agility? How do they create an environment for organizational and WORKFORCE LEARNING? How do they personally participate in succession planning and the development of future organizational leaders?
- (4) How do YOUR SENIOR LEADERS create and promote a culture of PATIENT safety?

b. Communication and Organizational PERFORMANCE

- (1) How do SENIOR LEADERS communicate with and engage the entire WORKFORCE? How do SENIOR LEADERS encourage frank, two-way communication throughout the organization? How do SENIOR LEADERS communicate KEY decisions? How do SENIOR LEADERS take an active role in reward and recognition programs to reinforce HIGH PERFORMANCE and a focus on the organization, as well as on PATIENTS and other CUSTOMERS?
- (2) How do SENIOR LEADERS create a focus on action to accomplish the organization's objectives, improve PERFORMANCE, and attain its VISION? What PERFORMANCE MEASURES do SENIOR LEADERS regularly review to inform them on needed actions? How do SENIOR LEADERS include a focus on creating and balancing VALUE for PATIENTS, other CUSTOMERS, and other STAKEHOLDERS in their organizational PERFORMANCE expectations?

Notes:

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

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 organizational and market environment. In this context, the concept of innovation includes both technological and organizational innovation to succeed in the future. A sustainable

organization also ensures a safe and secure environment for the workforce and other key stakeholders.

N4. For health care organizations that rely on independent practitioners, volunteers, and health profession students to accomplish their work, responses to 1.1b(1) also should discuss your efforts to communicate with and engage these groups.

N5. A focus on action (1.1b[2]) considers the workforce, the work systems, and the hard assets of your organization. It includes ongoing improvements in productivity that may be achieved through eliminating waste or reducing cycle time, and it might use techniques such as Six Sigma and Lean. It also includes the actions to accomplish your organization's strategic objectives.

N6. Your organizational performance results should be reported in Items 7.1–7.6.

Item responses are assessed by considering the Criteria Item requirements; your key organizational 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 53–56.

For additional description of this Item, see page 38.

I.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities? (50 pts.)

Process

Describe your organization's GOVERNANCE system. Describe HOW your organization addresses its responsibilities to the public, ensures ETHICAL BEHAVIOR, practices good citizenship, and contributes to the health of the community.

Within your response, include answers to the following questions:

a. Organizational GOVERNANCE

- (1) How does your organization review and achieve the following KEY aspects of your GOVERNANCE system:
 - accountability for 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) How do you evaluate the PERFORMANCE of your SENIOR LEADERS, including both administrative and health care leaders? 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 further develop and to improve both their personal leadership EFFECTIVENESS and that of your board and LEADERSHIP SYSTEM, as appropriate?

b. Legal and ETHICAL BEHAVIOR

- (1) 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 concerns in a proactive manner, including using resource-sustaining 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 HEALTH CARE SERVICES and other organizational operations?
- (2) How does your organization promote and ensure ETHICAL BEHAVIOR in all your 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 and other CUSTOMERS, PARTNERS, and other STAKEHOLDERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOR?

c. Support of KEY Communities and Community Health

How does your organization actively support and strengthen your KEY communities? How do you identify KEY communities and determine areas of emphasis for organizational involvement and support? What are your KEY communities? 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 success also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance (including mal-practice), accreditation, environmental improvements

through use of "green" technology or other means, or conservation activities, should be reported as Leadership Outcomes (Item 7.6).

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

on governance processes. For nonprofit health care organizations that serve as stewards of public funds, stewardship of those funds and transparency in operations are areas of emphasis.

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance management reviews (5.1b), and formal or informal workforce and other stakeholder feedback and surveys. For some nonprofit and government health care organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.

N4. Ethical behavior (1.2b) includes business, professional, health care practice, and patient rights issues. It also includes public accountability and disclosure of information about your organizational health care performance.

N5. Nonprofit health care organizations should report in 1.2b(1), as appropriate, how they address the legal and regulatory requirements and standards that govern fundraising and lobbying activities.

N6. Public concerns (1.2b[1]) might include patient safety, cost, equitable and timely access to providers and health care services, emergence of new health care threats, and the handling of medical waste.

N7. 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 the proper use of funds.

N8. Actions to build community health (1.2c) are population-based services supporting the general health of your community. Such services might include health education programs, immunization programs, unique health services provided at a financial loss, population-screening programs (e.g., hypertension), safety program sponsorship, and indigent care and other community benefits. You should report the results of your community health services in Item 7.6.

N9. In addition to actions to build community health, areas of community support appropriate for inclusion in 1.2c might include your efforts to strengthen local community services and education; the environment, including collaborative activities to conserve the environment or natural resources; and practices of trade, business, or professional associations.

N10. The health and safety of your workforce are not addressed in Item 1.2; you should address these staff factors in Item 5.2.

For additional description of this Item, see page 39.

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 DEPLOYED 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 determines its STRATEGIC CHALLENGES and advantages. Describe HOW your organization establishes its strategy and STRATEGIC OBJECTIVES to address these CHALLENGES and enhance its 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) 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 STRATEGIC CHALLENGES and advantages, as identified in response to P.2 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) How do you ensure that strategic planning addresses the KEY factors 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, health care markets, PATIENT and other CUSTOMER preferences, competitive or collaborative environment, or the regulatory environment
 - long-term organizational SUSTAINABILITY
 - your ability to execute the strategic plan

b. STRATEGIC OBJECTIVES

- (1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?
- (2) How do your STRATEGIC OBJECTIVES address your STRATEGIC CHALLENGES and strategic advantages? How do your STRATEGIC OBJECTIVES address your opportunities for INNOVATION in HEALTH CARE SERVICES, operations, and the business model? How do you ensure that your STRATEGIC OBJECTIVES balance short- and longer-term challenges and opportunities? How do you ensure that your STRATEGIC OBJECTIVES balance the needs of all KEY STAKEHOLDERS?

Notes:

N1. "Strategy development" refers to your organization's approach (formal or informal) to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, knowledge (see 4.2b 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, partners, patients, and other customers.

N2. "Strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new health care services and/or delivery processes and markets; revenue growth via various approaches, including acquisitions, grants, and endowments; new partnerships and alliances; and new staff

or volunteer relationships. Strategy might be directed toward becoming a center for clinical and service excellence, a preferred provider, a research leader, 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 and other customer and health care market needs, expectations, and opportunities; your culture, policies, and procedures to ensure patient safety and to 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 relative to competitors and comparable organizations; the life cycle of your health care services; technological and other key innovations or changes that might affect your health care services and how you operate, as well as the rate of that innovation; your staff 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; your ability to prevent and respond to emergencies, including natural or other disasters; changes in the national or global economy; partner and supply chain needs, strengths, and weaknesses; 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; Web-based provider, patient, and other customer relationship management; implementation of electronic medical records and electronic care processes (e.g., order entry and e-prescribing); and health care service quality and enhancements. 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 as a health care provider.

N6. Item 2.1 addresses your overall organizational strategy, which might include changes in health care services and programs. However, the Item does not address service or program design; you should address these factors in Item 6.1, as appropriate.

For additional description of this Item, see page 40.

2.2 Strategy Deployment: How do you deploy your strategy? (45 pts.)

Process

Describe how your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization's ACTION PLANS and related KEY 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) How do you develop and DEPLOY ACTION PLANS throughout the organization to achieve your KEY STRATEGIC OBJECTIVES? How do you ensure that the KEY OUTCOMES of your ACTION PLANS can be sustained?
- (2) How do you ensure that adequate financial and other resources are available to support the accomplishment of your ACTION PLANS? How do you allocate these resources to support the accomplishment of the plans? How do you assess the financial and other risks associated with the plans? How do you balance resources to ensure adequate resources to meet current obligations?
- (3) How do you establish and DEPLOY modified ACTION PLANS if circumstances require a shift in plans and rapid execution of new plans?
- (4) What are your KEY short- and longer-term ACTION PLANS? What are the KEY planned changes, if any, in your HEALTH CARE SERVICES and programs, your CUSTOMERS and markets (including PATIENT populations), and how you will operate?
- (5) What are your KEY human resource plans to accomplish your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS? How do the plans address potential impacts on people in your WORKFORCE and any potential changes to WORKFORCE CAPABILITY and CAPACITY needs?
- (6) What are your KEY PERFORMANCE MEASURES OR INDICATORS for tracking progress on 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?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES OR INDICATORS identified in 2.2a(6), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? How are these PROJECTIONS determined? How does your projected PERFORMANCE compare with the projected PERFORMANCE of your competitors or comparable organizations providing similar HEALTH CARE SERVICES? How does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate? How do you ensure progress so that you will meet your PROJECTIONS? 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, other customer, and health care 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, to support your development of strategy, to provide an effective basis for your performance measurements, and to 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 work systems and work process requirements resulting from your action plans; and
- Item 7.6 for specific accomplishments relative to your organizational strategy and action plans.

N2. Deployment of action plans (2.2a[1]) might include key partners, collaborators, and suppliers.

N3. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organizational acquisitions or mergers; health care market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations in health care service delivery and technology.

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

3 Focus on Patients, Other Customers, and Markets (85 pts.)

The *Focus on PATIENTS, Other CUSTOMERS, and Markets* Category examines HOW your organization determines the requirements, needs, expectations, and preferences of PATIENTS, other CUSTOMERS, and markets. Also examined is HOW your organization builds relationships with PATIENTS and other CUSTOMERS and determines the KEY factors that lead to PATIENT and other CUSTOMER acquisition, satisfaction, loyalty, and retention and to HEALTH CARE SERVICE expansion and SUSTAINABILITY.

3.1 Patient, Other Customer, and Health Care Market Knowledge: How do you obtain and use patient, other customer, and health care market knowledge? (40 pts.)

Process

Describe HOW your organization determines requirements, needs, expectations, and preferences of PATIENTS, other CUSTOMERS, and markets to ensure the continuing relevance of your HEALTH CARE SERVICES and to develop new HEALTH CARE SERVICE opportunities.

Within your response, include answers to the following questions:

a. PATIENT, Other CUSTOMER, and Health Care Market Knowledge

- (1) How do you identify PATIENTS, other CUSTOMERS, CUSTOMER groups, and health care market SEGMENTS? How do you determine which PATIENTS, other CUSTOMERS, CUSTOMER groups, and market SEGMENTS to pursue for current and future HEALTH CARE SERVICES? How do you include CUSTOMERS of competitors and other potential CUSTOMERS and markets in this determination?
- (2) How do you use the voice of the CUSTOMER (i.e., input from your PATIENTS, other CUSTOMERS, and other STAKEHOLDERS) to determine KEY PATIENT and other CUSTOMER requirements, needs, and changing expectations (including HEALTH CARE SERVICE features) and their relative importance to PATIENTS' and other CUSTOMERS' health care purchasing or relationship decisions? How do your listening methods vary for different PATIENTS, other CUSTOMERS, CUSTOMER groups, or market SEGMENTS? How do you use relevant information and feedback from current and former PATIENTS and other CUSTOMERS, including marketing information, PATIENT and other CUSTOMER loyalty and retention data, PATIENT and other CUSTOMER referrals, win/loss ANALYSIS, and complaint data for PURPOSES of planning HEALTH CARE SERVICES, marketing, making WORK SYSTEM and work PROCESS improvements, and developing new business opportunities?
- (3) How do you use voice-of-the-CUSTOMER information and feedback to become more PATIENT- and other CUSTOMER-focused, to better satisfy PATIENT and CUSTOMER needs and desires, and to identify opportunities for INNOVATION?
- (4) How do you keep YOUR PATIENT, other CUSTOMER, and market listening and LEARNING methods current with HEALTH CARE SERVICE needs and directions, including changes in your health care marketplace?

Notes:

N1. Patients, as a key customer group, are frequently identified separately in the Criteria. Other customer groups could include 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 include patients.

N2. Your responses to this Item should include the patients and other customer groups and the market segments identified in P.1b(2).

N3. The "voice of the customer" (3.1a[2]) is your process for capturing patient- and other customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated patient and other customer requirements, needs, and desires. The

goal is to achieve patient and other customer loyalty and build patient and other customer relationships, as appropriate. The voice of the customer might include gathering and integrating survey data, focus group findings, Web-based data, complaint logs, and other data and information that affect health care purchasing and relationship decisions.

N4. "Health care service features" (3.1a[2]) refers to all the important characteristics of your health care services that patients and other customers receive. This includes all customers' interactions with you and their service experiences. The focus should be on features that affect customer health care-related preference and loyalty and the customers' view of clinical and service quality—for example, those features that differentiate your organization's services from other

providers offering similar services. Beyond specific health care provisions leading to desired health care outcomes, those features might include factors such as extended hours, family support services, cost, timeliness and ease of use of your services, assistance with billing/paperwork processes, and transportation assistance. Key health care service features and purchasing or relationship decisions (3.1a[2]) might take into account how transactions occur and factors such as

confidentiality and security. Health care features leading to desired outcomes should be reported in Item 7.1, and health care features leading to satisfaction should be reported in Item 7.2.

N5. The determination of health care service features and their relative importance (3.1a[2]) should take into account the potentially differing expectations of patients and other customers.

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

3.2 Patient and Other Customer Relationships and Satisfaction: How do you build relationships and grow customer satisfaction and loyalty? (45 pts.)

Process

Describe HOW your organization builds relationships to acquire, satisfy, and retain PATIENTS and other CUSTOMERS and to increase CUSTOMER loyalty. Describe also HOW your organization determines PATIENT and other CUSTOMER satisfaction and dissatisfaction.

Within your response, include answers to the following questions:

a. PATIENT and Other CUSTOMER Relationship Building

- (1) How do you build relationships to acquire PATIENTS and other CUSTOMERS, to meet and exceed their expectations, to increase loyalty and secure their future interactions with your organization, and to gain positive referrals?
- (2) How do your KEY access mechanisms enable PATIENTS and other CUSTOMERS to seek information, obtain services, and make complaints? What are your KEY access mechanisms? How do you determine KEY CUSTOMER contact requirements for each mode of PATIENT and other CUSTOMER access? How do you ensure that these contact requirements are DEPLOYED to all people and PROCESSES involved in the CUSTOMER response chain?
- (3) How do you manage PATIENT and other CUSTOMER complaints? How do you ensure that complaints are resolved EFFECTIVELY and promptly? How do you minimize PATIENT and other CUSTOMER dissatisfaction to secure future interactions and referrals? How are complaints aggregated and analyzed for use in improvement throughout your organization and by your PARTNERS?
- (4) How do you keep your APPROACHES to building relationships and providing PATIENT and other CUSTOMER access current with HEALTH CARE SERVICE needs and directions?

b. PATIENT and Other CUSTOMER Satisfaction Determination

- (1) How do you determine PATIENT and other CUSTOMER satisfaction and dissatisfaction? How do these determination methods differ among PATIENT and other CUSTOMER groups? How do you ensure that your measurements capture actionable information for use in exceeding PATIENTS' and other CUSTOMERS' expectations, securing their future interactions with your organization, and gaining positive referrals, as appropriate? How do you use PATIENT and other CUSTOMER satisfaction and dissatisfaction information for improvement?
- (2) How do you follow up with PATIENTS and other CUSTOMERS on the quality of HEALTH CARE SERVICES and transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on PATIENTS' and other CUSTOMERS' satisfaction relative to their satisfaction with your competitors? How do you obtain and use information on your PATIENTS' and other CUSTOMERS' satisfaction relative to the satisfaction LEVELS of other organizations providing similar HEALTH CARE SERVICES and/or health care industry BENCHMARKS?
- (4) How do you keep your APPROACHES to determining satisfaction current with HEALTH CARE SERVICE needs and directions?

Notes:

N1. Customer relationship building (3.2a) might include the development of partnerships or alliances with customers.

N2. Determining patient and other customer satisfaction and dissatisfaction (3.2b) might include the use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, win/loss analysis, and information on timeliness of service delivery. Information might be gathered on the Web, through personal contact or a third party, or by mail.

N3. Patient and other customer satisfaction and dissatisfaction measurements (3.2b[1]) might include both a numerical rating scale and descriptors for each

unit in the scale. Actionable patient and other customer satisfaction measurements provide useful information about specific service features, delivery, relationships, and transactions that affect the customers' future actions—choice of health care provider and positive referrals.

N4. Other organizations providing similar health care services (3.2b[3]) might include other organizations with whom you don't compete but provide similar services in other geographic areas or to different populations of people.

N5. Your patient and other customer satisfaction and dissatisfaction results should be reported in Item 7.2.

For additional description of this Item, see page 42.

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 reviews and uses reviews 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, aligns, reviews, and improves its PERFORMANCE as a health care provider through the use of data and information at all levels and in all parts of your organization. Describe HOW you SYSTEMATICALLY use the results of reviews to evaluate and improve PROCESSES.

Within your response, include answers to the following questions:

a. PERFORMANCE Measurement

- (1) How do you select, collect, align, and integrate data and information for tracking daily operations and for tracking 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 do you use these data and information to support organizational decision making and INNOVATION?
- (2) 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) How do you keep your PERFORMANCE measurement system current with HEALTH CARE SERVICE needs and directions? How do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organizational or external changes?

b. PERFORMANCE ANALYSIS, Review, and Improvement

- (1) How do you review organizational PERFORMANCE and capabilities? What ANALYSES do you perform to support these reviews and to ensure that conclusions are valid? How do you use these reviews to assess organizational success, competitive PERFORMANCE, 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?
- (2) How do you translate organizational PERFORMANCE review findings into priorities for continuous and breakthrough improvement and into opportunities for INNOVATION? HOW are these priorities and opportunities DEPLOYED to work group and functional-level operations throughout your organization to enable EFFECTIVE support for their decision making? When appropriate, HOW are the priorities and opportunities DEPLOYED to your suppliers, PARTNERS, and COLLABORATORS to ensure organizational ALIGNMENT?
- (3) How do you incorporate the results of organizational PERFORMANCE reviews into the SYSTEMATIC evaluation and improvement of KEY PROCESSES?

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 whole organization 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. Comparative data might include data from similar organizations and health care industry benchmarks. Such data might be derived from surveys, published and public studies, participation in indicator programs, or other sources. These data may be drawn from local or national sources.

N3. Organizational performance reviews (4.1b[1]) should be informed by organizational performance measurement, performance measures reported throughout your Criteria Item responses, and performance measures reviewed by senior leaders (1.1b[2]), 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. Analysis (4.1b[1]) includes examining trends; organizational, health care industry, and technology projections; and comparisons, cause-effect relationships, and correlations. Analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly,

analysis draws on all types of data: patient- and other customer-related, health care outcomes, 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 7.1–7.6.

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

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

Process

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 other CUSTOMERS. Describe HOW your organization builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Management of Information Resources

- (1) How do you make needed data and information available? How do you make them accessible to your WORKFORCE, SUPPLIERS, PARTNERS, COLLABORATORS, and PATIENTS and other CUSTOMERS, as appropriate?
- (2) How do you ensure that hardware and software are reliable, secure, and user-friendly?
- (3) 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?
- (4) How do you keep your data and information availability mechanisms, including your software and hardware systems, current with HEALTH CARE SERVICE needs and directions and with technological changes in your operating environment?

b. Data, Information, and Knowledge Management

- (1) How do you ensure the following properties of your organizational data, information, and knowledge:
 - accuracy
 - integrity and reliability
 - timeliness
 - security and confidentiality
- (2) 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 and other CUSTOMERS, SUPPLIERS, PARTNERS, and COLLABORATORS
 - the rapid identification, sharing, and implementation of best practices
 - the assembly and transfer of relevant knowledge for use in your strategic planning PROCESS

N1. Data and information access (4.2a[1]) might be via electronic or other means. Of growing importance to health care organizations are initiatives to develop and utilize electronic medical records to share patient data both within the organization and, as appropriate,

with other health care organizations. Of particular concern to health care organizations is the need to ensure the confidentiality of patient records in compliance with HIPAA.

For additional description of this Item, see page 45.

5 Workforce Focus (85 pts.)

The **WORKFORCE Focus** Category 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. The Category examines your ability to assess WORKFORCE CAPABILITY and CAPACITY needs and to build a WORKFORCE environment conducive to HIGH PERFORMANCE.

5.1 Workforce Engagement: How do you engage your workforce to achieve organizational and personal success? (45 points)

Process

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

Within your response, include answers to the following questions:

a. WORKFORCE Enrichment

- (1) How do you determine the KEY factors that affect WORKFORCE ENGAGEMENT? How do you determine the KEY factors that affect WORKFORCE satisfaction? How are these factors determined for different WORKFORCE groups and SEGMENTS?
- (2) How do you foster an organizational culture conducive to HIGH PERFORMANCE and a motivated WORKFORCE to accomplish the following:
 - cooperation, EFFECTIVE communication, and skill sharing within and across health care professions, work units, operating units, and locations, as appropriate
 - EFFECTIVE information flow and two-way communication with supervisors and managers
 - individual goal setting, EMPOWERMENT, and initiative
 - INNOVATION in the work environment
 - the ability to benefit from the diverse ideas, cultures, and thinking of your WORKFORCE
- (3) How does your WORKFORCE PERFORMANCE management system support HIGH-PERFORMANCE WORK and WORKFORCE ENGAGEMENT? How does your WORKFORCE PERFORMANCE management system consider WORKFORCE compensation, reward, recognition, and incentive practices? How does your WORKFORCE PERFORMANCE management system reinforce a PATIENT and other CUSTOMER and HEALTH CARE SERVICE focus and achievement of your ACTION PLANS?

b. WORKFORCE and Leader Development

- (1) How does your WORKFORCE development and LEARNING system address the following:
 - needs and desires for LEARNING and development identified by your WORKFORCE, including supervisors and managers
 - licensure and recredentialing requirements
 - your CORE COMPETENCIES, STRATEGIC CHALLENGES, and accomplishment of your ACTION PLANS, both short-term and long-term
 - organizational PERFORMANCE improvement, technological change, and INNOVATION
 - the breadth of development opportunities, including education, training, coaching, mentoring, and work-related experiences, as appropriate
 - the transfer of knowledge from departing or retiring workers
 - the reinforcement of new knowledge and skills on the job
- (2) How does your development and LEARNING system for leaders address the following:
 - development of personal leadership attributes
 - development of organizational knowledge
 - ethical health care and business practices
 - your CORE COMPETENCIES, STRATEGIC CHALLENGES, and accomplishment of your ACTION PLANS, both short-term and long-term

- organizational PERFORMANCE improvement, change, and INNOVATION
 - the breadth of leadership development opportunities, including education, training, coaching, mentoring, and work-related experiences, as appropriate
- (3) How do you evaluate the EFFECTIVENESS of your WORKFORCE and leader development and LEARNING systems?
 - (4) How do you manage EFFECTIVE career progression for your entire WORKFORCE? How do you accomplish EFFECTIVE succession planning for management and administrative/operational and health care leadership positions?

c. Assessment of WORKFORCE ENGAGEMENT

- (1) 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) How do you relate assessment findings to KEY health care and business RESULTS reported in Category 7 to identify opportunities for improvement in both WORKFORCE ENGAGEMENT and health care and business RESULTS?

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 employees 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 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 other customers 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.

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

N3. Compensation, recognition, and related reward and incentive practices (5.1a[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. In some government organizations, compensation systems are set by law or regulation. However, since recognition can include monetary and nonmonetary, formal and informal, and individual and group mechanisms, reward and recognition systems do permit flexibility.

N4. Your organization may have unique considerations relative to workforce development, learning, and career progression. If this is the case, your response to 5.1b should include how you address these considerations.

N5. Identifying improvement opportunities (5.1c[2]) might draw on your workforce-focused results presented in Item 7.4 and might involve addressing workforce-related problems based on their impact on your health care and business results reported in response to other Category 7 Items.

5.2 Workforce Environment: How do you build an effective and supportive workforce environment? (40 points)

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) How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?
- (2) How do you recruit, hire, place, and retain new staff? How do you ensure that your workforce represents the diverse ideas, cultures, and thinking of your hiring community?
- (3) How do you manage and organize your workforce to accomplish the work of your organization, capitalize on the organization's core competencies, reinforce a patient and other customer and health care service focus, exceed performance expectations, address your strategic challenges and action plans, and achieve the agility to address changing health care service and business needs?
- (4) 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, to prevent workforce reductions, and to minimize the impact of workforce reductions, if they do become necessary?

b. Workforce Climate

- (1) How do you ensure and improve workplace health, safety, and security? What are your performance measures and improvement goals for each of these workplace factors? What are any significant differences in these factors and performance measures or targets for different workplace environments?
- (2) 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 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 and other customers; 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” 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, including the ability to meet varying demand levels.

N2. 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.

N3. Preparing your workforce for changing capability and capacity needs (5.2a [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 47.

6 Process Management (85 pts.)

The **PROCESS Management** Category examines HOW your organization determines its CORE COMPETENCIES and WORK SYSTEMS and HOW it designs, manages, and improves its KEY PROCESSES for implementing those WORK SYSTEMS to deliver VALUE TO PATIENTS and other CUSTOMERS and achieve organizational success and SUSTAINABILITY. Also examined is your readiness for emergencies.

6.1 Work Systems Design: How do you design your work systems? (35 points)

Process

Describe HOW your organization determines its CORE COMPETENCIES and designs its WORK SYSTEMS and KEY PROCESSES to deliver VALUE TO PATIENTS and other CUSTOMERS, prepare for potential emergencies, and achieve organizational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

a. CORE COMPETENCIES

- (1) How does your organization determine its CORE COMPETENCIES? What are your organization's CORE COMPETENCIES and how do they relate to your MISSION, competitive or collaborative environment, and ACTION PLANS?
- (2) How do you design and innovate your overall WORK SYSTEMS? 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?

b. Work PROCESS Design

- (1) What are your organization's KEY WORK PROCESSES? How do these KEY WORK PROCESSES relate to your CORE COMPETENCIES? How do these PROCESSES contribute to delivering VALUE TO PATIENTS and other CUSTOMERS, organizational success, and SUSTAINABILITY?
- (2) How do you determine KEY WORK PROCESS requirements, incorporating input from PATIENTS, other CUSTOMERS, suppliers, PARTNERS, and COLLABORATORS, as appropriate? What are the KEY requirements for these PROCESSES?
- (3) How do you design and innovate your work PROCESSES to meet all the KEY requirements? How do you incorporate new technology, organizational knowledge, and the potential need for agility into the design of these PROCESSES? How do you incorporate health care outcomes, CYCLE TIME, PRODUCTIVITY, COST control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES?

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. “Core competencies” (6.1a) refers to your organization's areas of greatest expertise. Your organization's core competencies are those strategically important capabilities that provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate and provide a sustainable competitive advantage.

N2. “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 other customers and to succeed in your marketplace.

N3. In health care organizations, the work systems focus on delivery of health care services. These services refer to patient and community service processes for the purpose of prevention, maintenance, health promotion, screening, diagnosis, treatment/therapy, rehabilitation, recovery, palliative care, or supportive care. These include services delivered to patients through other providers (e.g., laboratory and radiology studies). Work systems also may include the conduct of health care research and/or a teaching mission, as appropriate to your organization's mission.

N4. Your key work processes (6.1b[1]) are the processes that involve the majority of your organization's workforce and produce patient, other customer, and stakeholder value. Your key work processes are your most important health care service design and delivery, business, and support processes.

N5. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or

due to a local or national emergency, including potential pandemics such as an avian flu outbreak. 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 pages 47–48.

6.2 Work Process Management and Improvement: How do you manage and improve your key organizational work processes? (50 points)

Process

Describe HOW your organization implements, manages, and improves its KEY WORK PROCESSES to deliver VALUE to PATIENTS and other CUSTOMERS and achieve organizational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

a. Work PROCESS Management

- (1) How do you implement your work PROCESSES to ensure they meet design requirements? How does your subsequent day-to-day operation of these PROCESSES ensure that they meet KEY PROCESS requirements? How is PATIENT, other CUSTOMER, supplier, PARTNER, and COLLABORATOR input used in managing these PROCESSES, as appropriate? What are your KEY PERFORMANCE MEASURES OR INDICATORS and in-process MEASURES used for the control and improvement of your work PROCESSES?
- (2) 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) How do you minimize overall costs associated with inspections, tests, and PROCESS OR PERFORMANCE audits, as appropriate? How do you prevent rework and errors, including medical errors?

b. Work PROCESS Improvement

How do you improve your work PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve HEALTH CARE SERVICES and health care outcomes, and to keep the PROCESSES current with HEALTH CARE SERVICE and business needs and directions? How are improvements and lessons learned shared with other organizational units and PROCESSES to drive organizational LEARNING and INNOVATION?

Notes:

N1. Design requirements should consider patient safety, coordination and continuity of care, and regulatory, accreditation, and payor requirements, as appropriate.

N2. To improve process performance (6.2b) and reduce variability, you might implement approaches such as the Plan-Do-Check-Act methodology, Six

Sigma methodology, a Lean Enterprise System, use of ISO 9000:2000 standards, or other process improvement tools.

N3. The results of improvements in health care outcomes and health care processes should be reported in Item 7.1. All other work process performance results should be reported in Item 7.5.

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

7 Results (450 pts.)

The **RESULTS** Category examines your organization's PERFORMANCE and improvement in all KEY areas—health care outcomes, PATIENT- and other CUSTOMER-focused outcomes, financial and market outcomes, WORKFORCE-focused outcomes, PROCESS EFFECTIVENESS outcomes, and leadership outcomes. PERFORMANCE LEVELS are examined relative to those of competitors and other organizations providing similar HEALTH CARE SERVICES.

7.1 Health Care Outcomes: What are your health care results? (100 pts.)

Results

Summarize your organization's KEY health care RESULTS. SEGMENT your RESULTS by PATIENT and other CUSTOMER groups and market SEGMENTS, as appropriate. Include appropriate comparative data. Indicate those MEASURES that are mandated by regulatory, accreditor, or payor requirements.

Provide data and information to answer the following questions:

a. **Health Care RESULTS**

What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of health care outcomes, health care PROCESS RESULTS, PATIENT safety, and PATIENTS' functional status that are important to your PATIENTS and other CUSTOMERS? How do these RESULTS compare with the PERFORMANCE of your competitors and other organizations providing similar HEALTH CARE SERVICES?

Notes:

N1. Health care results reported in this Item should relate to the key health care features identified as patient and other customer requirements or expectations in P.1b(2), based on information gathered in Items 3.1 and 3.2. The measures or indicators should address factors that affect patient and other customer preference, such as those included in Item P.1, Note 7, and Item 3.1, Note 4.

N2. For many health care organizations, health care performance measures are mandated by regulatory,

accreditor, or payor bodies. Examples of these bodies include CMS and state health care agencies, JCAHO, and the National Committee for Quality Assurance (NCQA). These measures should be identified as mandated in your response to this Item.

N3. Key health care results should be tailored to your organization and should include both mandated and nonmandated results.

For additional description of this Item, see pages 49–50.

7.2 Patient- and Other Customer-Focused Outcomes: What are your patient- and other customer-focused performance results? (70 pts.)

Results

Summarize your organization's KEY PATIENT- and other CUSTOMER-focused RESULTS for PATIENT/CUSTOMER satisfaction and PATIENT/CUSTOMER-perceived VALUE, including PATIENT and other CUSTOMER loyalty. SEGMENT your RESULTS by program or service types or groups, CUSTOMER groups, and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **PATIENT- and Other CUSTOMER-Focused RESULTS**

- (1) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of PATIENT and other CUSTOMER satisfaction and dissatisfaction? How do these RESULTS compare with the CUSTOMER satisfaction LEVELS of your competitors and other organizations providing similar HEALTH CARE SERVICES?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of PATIENT- and other CUSTOMER-perceived VALUE, including PATIENT and other CUSTOMER loyalty and retention, positive referral, and other aspects of building relationships with PATIENTS and other CUSTOMERS, as appropriate?

Notes:

N1. Patient and other customer satisfaction and dissatisfaction results reported in this Item should relate to the patient and other customer groups and market segments discussed in P.1(b)2 and Item 3.1 and to the determination methods and data described in Item 3.2. Other customers might include patients' families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students.

N2. There may be several different dimensions of patient satisfaction, such as satisfaction with the quality

of care, satisfaction with provider interactions, satisfaction with long-term health outcomes, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

N3. Measures and indicators of patients' and other customers' satisfaction with your services relative to their satisfaction with competitors or other organizations providing similar health care services (7.2a[1]) might include information and data from your customers and from independent organizations.

For additional description of this Item, see page 50.

7.3 Financial and Market Outcomes: What are your financial and marketplace performance results? (70 pts.)

Results

Summarize your organization's key financial and health care marketplace performance results by patient or other customer or market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial and Market Results

- (1) 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) What are your current levels and trends in key measures or indicators of health care marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate?

Note:

Responses to 7.3a(1) might include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by health care market or patient and other customer segment. 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 (if 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 50.

7.4 Workforce-Focused Outcomes: What are your workforce-focused performance results? (70 pts.)

Results

Summarize your organization's KEY WORKFORCE-focused RESULTS for WORKFORCE ENGAGEMENT and for your WORKFORCE environment. 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) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of WORKFORCE ENGAGEMENT, WORKFORCE satisfaction, and the development of your WORKFORCE, including leaders?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES of WORKFORCE CAPABILITY and CAPACITY, including staffing levels, retention, and appropriate skills?
- (3) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of your WORKFORCE climate, including workplace health, safety, and security and WORKFORCE services and benefits, as appropriate?

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 plans described in Item 2.2.

N2. Responses to 7.4a(1) should include measures and indicators identified in response to 5.1c(1).

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

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

7.5 Process Effectiveness Outcomes: What are your process effectiveness results? (70 pts.)

Results

Summarize your organization's KEY OPERATIONAL PERFORMANCE RESULTS that contribute to the improvement of organizational EFFECTIVENESS, including your organization's readiness for emergencies. SEGMENT your RESULTS by HEALTH CARE service types and groups, by PROCESSES and locations, and by market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. PROCESS EFFECTIVENESS RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of the operational PERFORMANCE of your WORK SYSTEMS, including WORK SYSTEM and workplace preparedness for disasters or emergencies?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES OR INDICATORS of the operational PERFORMANCE of your KEY WORK PROCESSES, including PRODUCTIVITY, CYCLE TIME, and other appropriate MEASURES of PROCESS EFFECTIVENESS, efficiency, and INNOVATION?

Notes:

N1. Results reported in Item 7.5 should address your key operational requirements as presented in the Organizational Profile and in Items 6.1 and 6.2. Include results not reported in Items 7.1–7.4.

N2. Results reported in Item 7.5 should provide key information for analysis and review of your organizational performance (Item 4.1) and should provide the

operational basis for health care outcomes (Item 7.1), patient- and other customer-focused outcomes (Item 7.2), and financial and market outcomes (Item 7.3).

N3. Appropriate measures and indicators of work system performance (7.5a[1]) might include audit, just-in-time delivery, and acceptance results for externally provided products, 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; changing supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.

For additional description of this Item, see page 51.

7.6 Leadership Outcomes: What are your leadership results? (70 pts.)

Results

Summarize your organization's KEY GOVERNANCE and SENIOR LEADERSHIP RESULTS, including evidence of strategic plan accomplishments, ETHICAL BEHAVIOR, fiscal accountability, legal compliance, social responsibility, and organizational citizenship. SEGMENT your RESULTS by organizational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Leadership and Social Responsibility RESULTS

- (1) What are your RESULTS for KEY MEASURES OF INDICATORS of accomplishment of your organizational strategy and ACTION PLANS?
- (2) What are your RESULTS for KEY MEASURES OF INDICATORS of ETHICAL BEHAVIOR and of STAKEHOLDER trust in the SENIOR LEADERS and GOVERNANCE of your organization? What are your RESULTS for KEY MEASURES OF INDICATORS of breaches of ETHICAL BEHAVIOR?
- (3) What are your KEY current findings and TRENDS in KEY MEASURES OF INDICATORS of fiscal accountability, both internal and external, as appropriate?
- (4) What are your RESULTS for KEY MEASURES OF INDICATORS of organizational accreditation, assessment, and regulatory and legal compliance?
- (5) What are your RESULTS for KEY MEASURES OF INDICATORS of organizational citizenship in support of your KEY communities, including contributions to the health of your community?

Notes:

N1. Measures or indicators of strategy and action plan accomplishment (7.6a[1]) 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(6) and 2.2b, respectively.

N2. For examples of measures of ethical behavior and stakeholder trust (7.6a[2]), see Item 1.2, Note 7.

N3. Responses to 7.6a(3) might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters. For some nonprofit health care organizations, results of IRS 990 audits also might be included.

N4. Accreditation, assessment, and regulatory and legal compliance results (7.6a[4]) should address requirements described in 1.2b. If your organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, briefly describe the incident(s) and current status. If settlements have been negotiated in lieu of potential sanctions or adverse actions, give explanations. Workforce-related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA] reportable incidents) should be reported in 7.4a(3).

N5. Organizational citizenship and community health results (7.6a[5]) should address support of the key communities discussed in 1.2c.

For additional description of this Item, see page 51.

BALDRIGE APPLICATION SELF-ANALYSIS WORKSHEET (OPTIONAL)

(not to be submitted with your Baldrige application)

While insights gained from external Examiners or reviewers are always helpful, you know your organization better than they will. You are currently in an excellent position to identify your organization's key strengths and key opportunities for improvement (OFIs). Having just completed your responses to the Baldrige Criteria questions, you can accelerate your improvement journey by doing a self-analysis.

Use this optional worksheet to list your key strengths and key OFIs. Start by identifying one or two strengths and one or two OFIs for each Criteria Category. For those of high importance, establish a goal and a plan of action.

An electronic copy of this worksheet is available in Microsoft Word format at www.baldrige.nist.gov/Word_files/Optional_Worksheet_HC.doc.

| Criteria Category | Importance High, Medium, Low | For High-Importance Areas | | | |
|---|---------------------------------|--|-------------------------|----------|---------------------|
| | | Stretch (Strength) or Improvement (OFI) Goal | What Action Is Planned? | By When? | Who Is Responsible? |
| Category 1—Leadership | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| Category 2—Strategic Planning | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| Category 3—Focus on Patients, Other Customers, and Markets | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |

| Criteria Category | Importance High, Medium, Low | For High-Importance Areas | | | |
|---|---------------------------------|--|-------------------------|----------|---------------------|
| | | Stretch (Strength) or Improvement (OFI) Goal | What Action Is Planned? | By When? | Who Is Responsible? |
| Category 4—Measurement, Analysis, and Knowledge Management | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| Category 5—Workforce Focus | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| Category 6—Process Management | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| Category 7—Results | | | | | |
| <i>Strength</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| <i>OFI</i> | | | | | |
| 1. | | | | | |
| 2. | | | | | |

2007 HEALTH CARE CRITERIA: 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 challenges, and your approach to performance improvement. Your Organizational Profile provides a context 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 mission, vision, values, competitive and collaborative environment, and strategic challenges, 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 performance management system.

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

- Use of such terms as “purpose,” “vision,” “mission,” and “values” 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.
- 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 overall organizational performance success. Supply chain requirements might include accessibility, continuity of care, on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, and customized services.

P.2 Organizational Challenges: What are your key organizational challenges?

Purpose

This Item addresses the competitive and collaborative environment in which your organization operates and the key strategic challenges that your organization faces. It also addresses how you approach performance improvement and organizational learning. The aim is to understand your key organizational challenges and your system for maintaining a sustainable advantage.

Comments

- Knowledge of an organization's strengths, vulnerabilities, and opportunities for both improvement and growth is essential to the success and sustainability of the organization. With this knowledge, you can identify those health care service and program offerings, processes, competencies, and performance attributes that are unique to your organization; those that set you apart from other organizations; and those that help you to sustain your competitive position.
- Understanding who your competitors and collaborators are, how many you have, and their key characteristics is essential for determining what your competitive position 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 the factors that affect day-to-day performance and factors that could impact future performance.
- Sources of comparative and competitive data might include external organizations (e.g., CMS, the NCQA, JCAHO, and the Maryland Quality Indicator Project), health care industry journals and other publications, benchmarking activities (comparative data also can be obtained from organizations outside of the health care sector, particularly in areas related to patient and other customer satisfaction,

staff satisfaction, and organizational effectiveness [e.g., cycle time]), annual reports for publicly traded companies and public organizations, conferences, local networks, and industry associations.

- Operating your organization in today's highly competitive marketplace means you are facing many 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 both by your organization and by your competitors; economic conditions, including fluctuating demand and economic downturns; needs for public health and bioterrorism preparedness; HIPAA compliance; 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 and orthoscopic surgery replacing more invasive types of surgery. 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.
- One of the many issues facing organizations today is how to manage, use, evaluate, and share their ever-increasing organizational knowledge. Leading organizations already benefit from the knowledge assets of their workforce, patients and other customers, suppliers, collaborators, and partners, who together drive organizational learning and improve performance.

Leadership (Category I)

Leadership addresses how your senior leaders guide and sustain your organization, setting organizational vision, values, and performance expectations. Attention is given to how your senior leaders communicate with your workforce, develop future leaders, measure organizational performance, and create an environment that encourages ethical behavior and high performance. The Category also includes your organization's governance system, how it ensures ethical behavior and practices good citizenship, and how your organization contributes to the health of its community.

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-performance organization with a patient and other customer focus.

Comments

- Senior leadership's central role in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organizational bias for action are the focus 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.
- An important aspect of leadership in health care organizations is the relationship and collaboration between administrative/operational and health care provider leadership in organizations with separate administrative/operational and health care leadership.
- In highly respected organizations, senior leaders are committed to the development of the organization's future leaders and to the reward and recognition of contributions by members of the workforce. Senior leaders personally participate in the development of future leaders, in succession planning, and in recognition opportunities and events that celebrate the workforce. Development activities for future leaders might include personal mentoring or participation in leadership development courses.

1.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities?

Purpose

This Item examines key aspects of your organization's governance system. It also examines how your organization fulfills its responsibilities to the public, ensures that everyone in the organization behaves legally and ethically, and practices good citizenship.

Comments

- The organizational governance requirement addresses the need for a responsible, informed, and accountable governance or advisory body that can protect the interests of key stakeholders (including stockholders) in publicly traded, private, and nonprofit organizations. This body should have independence in review and audit functions, as well as a performance evaluation function that monitors organizational and senior leader performance.
- An integral part of health care delivery, performance management, and improvement is proactively addressing (1) the need for ethical behavior; (2) the observance of 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 in their performance reviews. Your organization should be sensitive to issues of public concern related to your health care services and operations, whether or not these issues are currently 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 use of resource-sustaining processes. These processes might include 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.
- Social responsibility implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities might include encouraging and supporting your staff's community service.
- Examples of organizational community involvement include partnering with other health care providers, businesses, and professional associations to engage in beneficial cooperative activities, such as increasing equity and access and sharing best practices to improve overall U.S. health status and health care. Levels of involvement and leadership are dependent upon your organization's size and available resources.
- This Item addresses actions to build and improve community health, including the consideration of partnering with other local organizations (public and business) and



health care providers. The community health services offered by your organization will be dependent upon your mission, including service requirements for tax-exempt organizations.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, deployment of plans, how adequate resources are ensured to accomplish the plans, how plans are changed if circumstances require a change, and how accomplishments are measured and sustained. 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.

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 disruptive technologies that can upset an otherwise fast-paced but more predictable health care 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 quality and health care performance provide a strategic view of quality. The focus is on the drivers of patient satisfaction, patient loyalty, patient health status, and health care service improvement—key factors in 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 processes and learning initiatives with your organization's strategic directions, thereby ensuring that improvement and learning prepare you for and reinforce organizational priorities, especially health care priorities.

The Strategic Planning Category examines how your organization

- determines its key strengths, weaknesses, opportunities, and threats 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; and
- ensures that deployment will be effective—that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organization and the senior leader level, (2) the 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 an appropriate competitive and collaborative position in the marketplace. *These requirements do not imply formalized plans, planning systems, 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 health care market demands and a cost rationale. However, you also might have critical requirements, such as incorporating new health care technology or community health and public responsibilities, which 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 strategic challenges and advantages and establishes its strategy and strategic objectives to address these challenges and enhance its advantages. The aim is to strengthen your overall performance as a health care provider and your performance relative to other organizations providing similar health care services.

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-, other customer-, and health care 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 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. This leadership requires a view of the future that includes not only the health care markets or segments in which your organization provides services but also how it competes and/or collaborates 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, including your core competencies. 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. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organization, maturity of health care markets, 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 future environment.

2.2 Strategy Deployment: How do you deploy 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. Accomplishment of action plans requires resources and performance measures, as well as the alignment of department/work unit and supplier and partner plans. 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 adequate financial resources are available to support accomplishment of your action plans. 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, return on investment (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 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 better collaboration and cooperation between health care providers and administrative staff;
 - initiatives to promote greater labor-management cooperation, such as union partnerships;
 - initiatives to foster knowledge sharing and organizational learning;
 - modification of your compensation and recognition systems to recognize team, organizational, patient and other customer satisfaction, or other performance attributes; or
 - 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 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 health care markets, introduction of new technologies, innovations, or other strategic thrusts. 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 and other organizations providing similar health care services and relative to its own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

Focus on Patients, Other Customers, and Markets (Category 3)

Focus on Patients, Other Customers, and Markets addresses how your organization seeks to understand the voice of the customer and of the marketplace, with a focus on meeting patients' and other customers' requirements, needs, and expectations; delighting them; and building loyalty and positive referrals. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. Your patient and other customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the health care marketplace. In many cases, such results and trends provide the most meaningful information, not only on your patients' and other customers' views but also on their marketplace behaviors (e.g., patient/customer loyalty and positive referrals) 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 other customer groups. This is done to stress the importance of this customer group (i.e., patients) to health care organizations. However, Item requirements also address other customers (or refer to customers generically) to ensure inclusion of all customer groups in the organization's customer focus and performance management system. Other customers could 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 frequently may include balancing the differing expectations of patients and other customer groups.

3.1 Patient, Other Customer, and Health Care Market Knowledge: How do you obtain and use patient, other customer, and health care market knowledge?

Purpose

This Item examines your organization's voice-of-the-customer processes for gaining knowledge about the needs and desires of your current and future patients, other customers, and markets, with the aim of offering relevant health care services; understanding longer-term or emerging patient/



customer needs, requirements, and expectations; and keeping pace with marketplace changes and changing ways of doing business.

Comments

- In a rapidly changing technological and competitive health care environment, many factors may affect patient and other customer preference and loyalty and your interface with patients and other customers 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 strategy.
- Knowledge of patients, other customer groups, and health care market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to support and tailor your marketing strategies, to develop new health care service opportunities, and to ensure organizational sustainability.
- A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies. The use of electronic communication and the Internet (e.g., Web-based scheduling, support group, and health care information) is rapidly changing many marketplaces and may affect your listening and learning strategies, as well as your definition of patient and other customer groups and health care market segments.
- Selection of voice-of-the-customer strategies depends on your key organizational factors. Increasingly, organizations listen to the voice of the customer via multiple modes. Some frequently used modes include focus groups with key customers; close integration with patients and other key customers; interviews with lost and potential customers about their health care purchasing or relationship decisions; use of the patient and other customer

complaint process to understand key service attributes; win/loss analysis relative to competitors and other organizations providing similar health care services; and survey or feedback information, including information collected on the Internet.

3.2 Patient and Other Customer Relationships and Satisfaction: How do you build relationships and grow customer satisfaction and loyalty?

Purpose

This Item examines your organization's processes for building patient and other customer relationships and determining patient and other customer satisfaction and dissatisfaction, with the aim of acquiring new patients and other customers, retaining existing customers, ensuring positive patient and other customer experiences, and developing new health care market opportunities.

Comments

- This Item emphasizes how you obtain actionable information from patients and other customers. Information that is actionable can be tied to key health care service and organizational processes and be used to determine cost implications for setting improvement goals and priorities for change.
- 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 service improvements. Successful outcomes require effective deployment of information throughout the organization.
- In determining patients' and other customers' satisfaction and dissatisfaction, a key aspect is their comparative satisfaction with competitors and/or other 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 patient and other customer preference are of critical importance in understanding factors that drive health care markets and potentially affect longer-term success in the health care marketplace.
- Changing health care service needs and directions might include changing modes of patient and other customer access, such as the Internet. In such cases, key contact requirements might include privacy and access to personal online assistance.

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 reviewing performance and managing organizational

knowledge to drive improvement and organizational competitiveness, with specific attention to performance as a health care provider. In the simplest terms, Category 4 is the “brain center” for the alignment of your organization’s health care and administrative 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, management, and use of data and information for performance measurement, analysis, and review in support of organizational planning and performance improvement as a health care provider. This performance improvement includes efforts to improve health care results and outcomes (e.g., through the selection of statistically meaningful indicators, the risk adjustment of data, and the linking of 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 clinical, financial, and nonfinancial data and information. The aim of measurement, analysis, review, and improvement is to guide your organization’s process management toward the achievement of key organizational results and strategic objectives and to anticipate and respond to rapid or unexpected organizational or external changes.

Comments

- Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. 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 use are (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; and (3) comparing performance information frequently leads

to a better understanding of your processes and their performance. Comparative information also may support analysis and decisions relating to core competencies, partnering, and outsourcing.

- Your effective selection and use of comparative data and information require (1) 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) 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.
- Sources of comparative data and information might include (1) information obtained from other organizations through sharing or contributing to external reference databases (e.g., the Maryland Quality Indicator Project), (2) information obtained from the open literature (e.g., outcomes of research studies and practice guidelines), and (3) data gathering and evaluation by independent organizations (e.g., CMS, accrediting organizations [NCQA and JCAHO], and commercial organizations).
- The organizational review called for in this Item is intended to cover all areas of performance. This includes not only how well you currently are performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvement 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 an action agenda sufficiently specific for deployment throughout your organization and to your 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

- how health care service improvements correlate with key patient and other customer indicators, such as satisfaction, loyalty, and market share
- cost and revenue implications of patient- and other customer-related problems and effective problem resolution
- interpretation of market share changes in terms of patient and other customer gains and losses and changes in patient and other customer satisfaction
- 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 and organizational learning and 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' performance
- cost trends relative to competitors' trends (e.g., cost/case for key diagnosis-related groups [DRGs])
- compliance with preventive screenings compared to similar health care providers
- relationships among patient health care 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 community 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 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 customer retention (e.g., retention of third-party payors)
 - cost and revenue implications of new health care market entry
 - health care 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.

- Action depends on understanding cause-effect connections 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 cause-effect connections often are unclear.

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

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 other customers. 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, from the Internet, and in electronic communication/information transfer, including electronic medical records—challenges organizational abilities to ensure reliability, confidentiality, and availability in a user-friendly format.
- Data and information are especially important in 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.
- 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 and other customers, 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).
- 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; keep current with changing business needs and directions; and develop

innovative solutions that add value for the patient, the customer, and the organization.

Workforce Focus (Category 5)

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

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

5.1 *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 contribute to the accomplishment of your action plans and to 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. This 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 other customer focus, and rapid response to changing health care service and business needs and requirements of the health care marketplace. 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 organizational direction, performance accountability, and an efficient work environment; and having a safe, trusting, and cooperative environment. In many nonprofit 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 your administrative/operational leadership and your independent practitioners.
- Factors inhibiting motivation should be understood and addressed by your organization. Further understanding of these factors could be developed through workforce surveys 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 patient and other customer satisfaction and loyalty measures, achievement of organizational strategic objectives, or other key organizational objectives.
- 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; work environment and management support; workplace safety and security; workload; effective communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse employee groups; and organizational support for serving patients and other customers. Health care organizations should consider the specific factors that ensure volunteer and independent practitioner engagement.
- In addition to direct measures of workforce satisfaction through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, and strikes.
- 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 continuing clinical education; gaining skills for knowledge sharing, communication, teamwork, and problem solving; interpreting and using data; meeting patient and other customer requirements, including language and cultural preferences; 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.
- Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, or distance learning, as well as other types of delivery. Training also might occur through developmental assignments within or outside your organization.
- When you evaluate the effectiveness of workforce and leader development and learning systems, measures might address the impact on individual, unit, and organizational performance; the impact on patient and other customer-related performance; the impact on health care outcomes; and a cost/benefit analysis.
- Although this Item does not specifically ask you about training for patient and other customer contact employees, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: your health care services and your patient and other customers; how to listen to patients and other customers; how to recover from problems or failures; and how to effectively manage or meet patient and other customer expectations or needs.
- An organization's knowledge management system should provide the mechanism for sharing the knowledge of employees, volunteers, independent practitioners, 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).
- 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.



5.2 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

- 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.
- All organizations, regardless of size, are required to meet minimum regulatory standards for workplace 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.

Process Management (Category 6)

Process Management is the focal point within the Criteria for your key work systems and work processes. As appropriate

to an organization's mission, work processes might include the conduct of health care research and/or the teaching of medical/nursing students or allied health professionals. Built into the Category are the central requirements for identification and management of your core competencies to achieve efficient and effective work process management: effective design; a prevention orientation; linkage to patients and other customers, suppliers, partners, and collaborators and a focus on value creation for all key stakeholders; operational performance; cycle time; emergency readiness; and evaluation, continuous improvement, and organizational learning.

Agility, cost efficiencies, and cycle time reduction are increasingly important in all aspects of process management and organizational design. 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 to a new technology or treatment protocol, rapid response to changing payor requirements, or the ability to produce a wide range of patient-focused services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and novel partnering arrangements. Flexibility might demand special strategies, such as sharing facilities or workforce resources, cross-training, and providing specialized training. Cost and cycle time reduction often involve Lean process management strategies. It is crucial to utilize key measures for tracking all aspects of your overall process management.

6.1 Work Systems Design: How do you design your work systems?

Purpose

This Item examines your organization's core competencies, work systems, and design of work processes, with the aim of creating value for your patients and other customers, preparing for potential emergencies, and achieving organizational success and sustainability.

Comments

- This Item calls for information on your key work processes. The information required includes a description of the key work processes and their specific requirements. Increasingly, these requirements might include the need for agility—speed and flexibility—to adapt to change.
- Design processes might address modifications and variants of existing health care services that might result from the shift of a service from an inpatient to an outpatient setting, the introduction of new technology for an existing service, or the institution of critical pathways. You should consider the key requirements for your health care services. Factors that might need to be considered in design include desired health care outcomes; safety and risk management; timeliness, access, coordination, and continuity of care; patient involvement in care decisions; variability

in customer expectations requiring 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 cycle time and productivity of health care service delivery processes. This might involve detailed mapping of health care service delivery processes and redesigning (“re-engineering”) those processes to achieve efficiency, as well as to meet changing patient and other customer requirements.

- Your key work processes include those nonhealth 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 work processes might include processes for 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 work 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 support processes that support your daily operations and your health care service delivery but are not usually designed in detail with the health care services. The support process requirements usually do not depend significantly on health care 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.

- For many organizations, supply chain management is a growing factor in achieving productivity and profitability goals and overall organizational success. Suppliers, partners, and collaborators are receiving increasing strategic attention as organizations re-evaluate their core competencies. Supplier processes should fulfill two purposes: to help improve the performance of suppliers and partners and, on specific actions, to help them contribute to your organization’s improved work systems. Supply chain management might include processes for supplier selection, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.
- 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 utilize 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.
- This Item calls for information on the incorporation of new technology. This could include e-technology for sharing information with suppliers, partners, and collaborators; communicating with patients and other customers; and giving them continuous (24/7) access and automated information transfer. Examples include electronic medical records and the use of telemedicine.
- Efforts to ensure the continuity of operations in a community emergency should consider all facets of your organization’s operations that are needed to provide health care services to patients and other customers. You should consider all your key work processes in your planning. The specific level of service that you will need to provide will be guided by your organization’s mission and your patients’ and other customers’ needs and requirements. 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 Process Management and Improvement: How do you manage and improve your key organizational work processes?

Purpose

This Item examines the implementation, management, and improvement of your key work processes, with the aim of



creating value for your patients and other customers and achieving organizational success and sustainability.

Comments

- Specific reference is made to in-process measurements and patient and other customer and supplier interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in 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 technical and human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When patient and other customer interactions are involved, differences among patients and other customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the patient and other customer 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.
- Critical to patient-focused delivery of health care are the considerations 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 decision making relative to 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' and other customers' 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. These approaches include (1) sharing successful strategies across your organization to drive learning and innovation, (2) performing process analysis and research (e.g., process mapping, optimization experiments, error proofing), (3) conducting research and development, (4) benchmarking, (5) using alternative technology, and (6) using information from patients and other customers of 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 (“re-engineering”) of processes.

Results (Category 7)

The Results Category provides a results focus that encompasses your objective evaluation and your patients' and other customers' evaluation of your organization's health care outcomes and processes, your overall financial and health care market performance, your workforce results, your leadership system and social responsibility results, and results of all key processes and process improvement activities. Through this focus, the Criteria's purposes—superior health care quality and value as viewed by your patients and other customers and the marketplace; superior organizational performance as reflected in your clinical, operational, workforce, legal, ethical, 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 processes and outcomes and all key 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 Outcomes: What are your health care results?

Purpose

This Item examines your organization's key health care outcomes and health care process results, with the aim of achieving health care outcomes, process quality, and value that lead to patient and other customer satisfaction, loyalty, and positive referrals.

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 establish 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 addresses the use of comparative data. Comparative data from external organizations (e.g., CMS, state health care agencies, NCQA, JCAHO, 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 other customers' views and health care decisions relative to continuing future interactions with your organization and/or positive referral. These measures of service performance are derived from patient- and other customer-related information gathered in Items 3.1 and 3.2.

- Health care process measures appropriate for inclusion might be based on the following: patient safety practices, adherence to 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, patient return to work, decreased severity of decubitus ulcer, reduction of use of physical restraints, effectiveness of assessment/screening/treatment/therapy, decreased mortality and morbidity, and long-term survival rates.
- The correlation between health care service performance and patient/customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and patient/customer requirements; (2) identifying service differentiators in the health care marketplace; and (3) determining cause-effect relationships among your health care service attributes and evidence of customer satisfaction and loyalty, as well as positive referrals. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of health care and other patient/service offerings.

7.2 Patient- and Other Customer-Focused Outcomes: *What are your patient- and other customer-focused performance results?*

Purpose

This Item examines your organization's patient- and other customer-focused performance results, with the aim of demonstrating how well your organization has been satisfying your patients and other customers and has developed loyalty, retention, and positive referrals, as appropriate.

Comments

- This Item focuses on all relevant data used to determine and help predict your organization's performance as viewed by your patients and other customers. Relevant data and information include patient and other customer satisfaction and dissatisfaction; retention, gains, and losses of patients and other customers and patient and other customer accounts; patient and other customer complaints, complaint management, and effective complaint resolution; patient- and other customer-perceived value based on health care quality, outcomes, and cost; patient and other customer assessment of access and ease of use (including patient

and other courtesy in service interactions); and awards, ratings, and recognition from patients and other customers and independent rating organizations.

- This Item places an emphasis on patient- and other customer-focused results that go beyond satisfaction measurements, because loyalty, retention, positive referral, and longer-term patient and other customer relationships are better indicators and measures of future success in the health care marketplace and of organizational sustainability.

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

Purpose

This Item examines your organization's key financial and health care market results, with the aim of understanding 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 7.3, 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, billings, receivables), and financial returns. Marketplace performance measures might include measures of growth, charitable donations and grants received, new services and markets entered (including e-services for patients and other customers), new populations served, or the percentage of income derived from new health care services or programs.

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

Purpose

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

Comments

- 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 or leader development. Input data, such as the extent of training, might be included, but the main emphasis should be on data that show effectiveness or outcomes. An example of such 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.

- 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 engagement and climate. These factors might include the extent of training, re-training, 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.

7.5 Process Effectiveness Outcomes: What are your process effectiveness results?

Purpose

This Item examines your organization's other key operational performance results not reported in Items 7.1–7.4, with the aim of achieving work system and work process effectiveness and efficiency.

Comments

- This Item encourages your organization to develop and include unique and innovative measures to track key processes and operational improvement. 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.
- 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 reducing repeat diagnostic tests; cost reduction; strategic indicators, such as innovation rates, time to new health care service introduction, 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.

7.6 Leadership Outcomes: What are your leadership results?

Purpose

This Item examines your organization's key results in the areas of leadership and governance, strategic plan accomplishment, and societal responsibilities, with the aim of maintaining a fiscally sound, ethical organization that is a good citizen in its communities.

Comments

- 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.
- Independent of an increased national focus on issues of governance, 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 audits, 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 indicators of support for key communities and other public purposes, including 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 three years, the incidents and their current status should be summarized.



SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and 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 54–55.

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
- 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 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 7.1–7.6. The four factors used to evaluate results are

- your current level of performance
- the rate (i.e., the slope of trend data) and breadth

(i.e., the extent of deployment) of your performance improvements

- your performance relative to appropriate comparisons and/or benchmarks
- the linkage of your results measures (often through segmentation) to important customer, product and service, market, process, and action plan performance requirements identified in your Organizational Profile and in Process Items

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. As processes mature, their description also should indicate how cycles of learning, as well as integration with other processes and work units, occur. Although the ADLI factors are linked, feedback to Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results Items call for data showing performance levels, improvement rates, and relevant comparative data for key measures and indicators of organizational performance. Results Items also call for data on breadth of performance improvements. 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 rate and breadth of improvements and their importance to the Item requirements and your organization or mission. (See the next paragraph.)

“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 business factors. The areas of greatest importance should be identified in your Organizational Profile and in Items such as 2.1, 2.2, 3.1, 5.1, 5.2, and 6.1. Your key patient and other customer 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 results factors for the chosen scoring range. An organization’s achievement level is based on a holistic view of either the four process or 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 *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 covered by the Item, 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.

SCORING GUIDELINES

For Use With Categories 1–6

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

- A Results Item score of 50 percent represents a clear indication of improvement trends and/or good levels of performance with appropriate comparative data in the results areas covered in the Item and *important* to the organization. Higher scores reflect better improvement rates and/or levels of performance, stronger comparative performance, and broader coverage and integration with health care requirements.



SCORING GUIDELINES

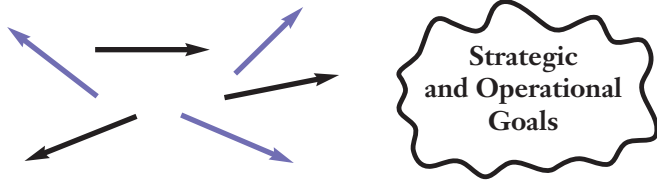
For Use With Category 7

| SCORE | RESULTS |
|-----------------------|--|
| 0% or 5% | <ul style="list-style-type: none"> ■ There are no organizational PERFORMANCE RESULTS or POOR RESULTS in areas reported. ■ TREND data either are not reported or show mainly adverse TRENDS. ■ Comparative information is not reported. ■ RESULTS are not reported for any areas of importance to your KEY MISSION or organizational requirements. |
| 10%, 15%, 20%, or 25% | <ul style="list-style-type: none"> ■ A few organizational PERFORMANCE RESULTS are reported; there are some improvements and/or early good PERFORMANCE LEVELS in a few areas. ■ Little or no TREND data are reported or many of the TRENDS shown are adverse. ■ Little or no comparative information is reported. ■ RESULTS are reported for a few areas of importance to your KEY MISSION or organizational requirements. |
| 30%, 35%, 40%, or 45% | <ul style="list-style-type: none"> ■ Improvements and/or good PERFORMANCE LEVELS are reported in many areas addressed in the Item requirements. ■ Early stages of developing TRENDS are evident. ■ Early stages of obtaining comparative information are evident. ■ RESULTS are reported for many areas of importance to your KEY MISSION or organizational requirements. |
| 50%, 55%, 60%, or 65% | <ul style="list-style-type: none"> ■ Improvement TRENDS and/or good PERFORMANCE LEVELS are reported for most areas addressed in the Item requirements. ■ No pattern of adverse TRENDS and no POOR PERFORMANCE LEVELS are evident in areas of importance to your KEY MISSION or organizational requirements. ■ Some TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of good to very good relative PERFORMANCE. ■ Organizational PERFORMANCE RESULTS address most KEY PATIENT and other CUSTOMER, market, and PROCESS requirements. |
| 70%, 75%, 80%, or 85% | <ul style="list-style-type: none"> ■ Current PERFORMANCE LEVELS are good to excellent in most areas of importance to the Item requirements. ■ Most improvement TRENDS and/or current PERFORMANCE LEVELS have been sustained over time. ■ Many to most reported TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of leadership and very good relative PERFORMANCE. ■ Organizational PERFORMANCE RESULTS address most KEY PATIENT and other CUSTOMER, market, PROCESS, and ACTION PLAN requirements. |
| 90%, 95%, or 100% | <ul style="list-style-type: none"> ■ Current PERFORMANCE LEVELS are excellent in most areas of importance to the Item requirements. ■ Excellent improvement TRENDS and/or consistently excellent PERFORMANCE LEVELS are reported in most areas. ■ Evidence of health care sector and BENCHMARK leadership is demonstrated in many areas. ■ Organizational PERFORMANCE RESULTS fully address KEY PATIENT and other CUSTOMER, market, PROCESS, and ACTION PLAN requirements. |

Steps Toward Mature Processes

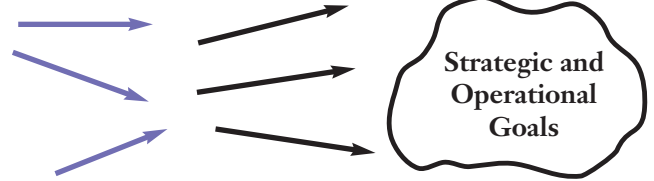
An Aid for Scoring Process Items

(1) Reacting to Problems



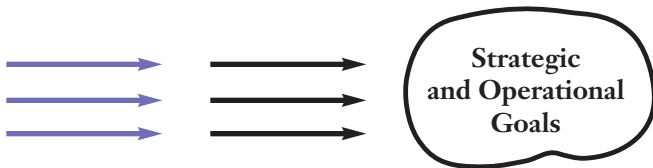
Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

(2) Early Systematic Approaches



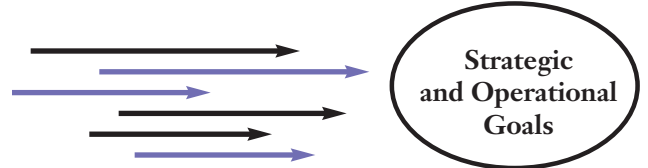
The organization is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organizational units. Strategy and quantitative goals are being defined.

(3) Aligned Approaches



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



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.



2007 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 18 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

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:

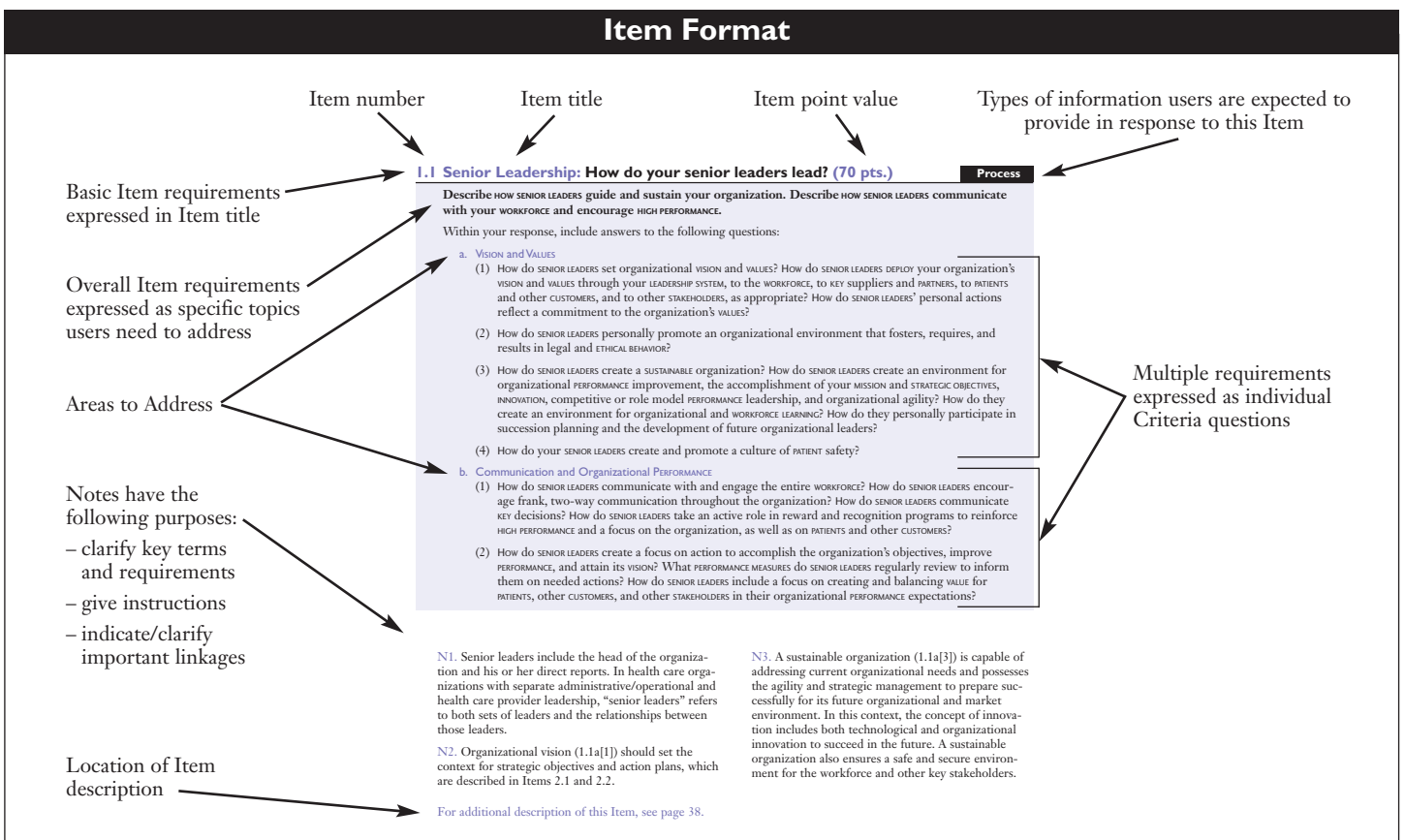
- Health Care Criteria for Performance Excellence (pages 12–34)
- Scoring System (pages 53–56)
- Glossary of Key Terms (pages 67–75)
- Category and Item Descriptions (pages 37–51)

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 to understand the multiple requirements contained in the Areas to Address. The Item Notes following the Item requirements are an aid to help you understand the Areas to Address. Each Item and Area to Address is described in greater detail in the Category and Item Descriptions section (pages 37–51).

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 58–59. Guidelines for responding to Results Items are given on pages 59–60.

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 responses that address 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.





that addresses approach, deployment, learning, and integration (see Scoring System, page 53). 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, human resource 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 response(s) 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 permitting 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, and actions 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; (2) the Strategic Planning Category, including the strategic objectives and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organizational-level analysis and

3. 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—to understand what is most relevant and important to your organization’s performance as a health care provider. The questions in the Organizational Profile are on pages 12–14. The Organizational Profile is described in greater detail on pages 37–38.

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 yield fast-paced 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

review (Item 4.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) Category 6, Process Management, should highlight core competencies 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 then appropriate to refer to the other responses rather than to repeat information. In such cases, key process information should be given in the Item requesting this information. For example, staff development and learning systems should be described in Item 5.1. Discussions about staff development and learning elsewhere in your application would then reference but not repeat details given in your Item 5.1 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.

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Process Item responses include the Criteria Item requirements and the maturity of your approaches, breadth of deployment, extent of learning, and integration with other elements of your performance management system, as described in the Scoring Guidelines (page 54). Therefore, you need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Health Care 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 Strategic Planning; Focus on Patients, Other Customers, and Markets; and Process Management 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 and rates of change
- *comparisons* to show how results compare with those of other, appropriately selected organizations
- *breadth and importance of results* to show that all important results are included and segmented (e.g., by patient/customer, workforce, process, and health care service)

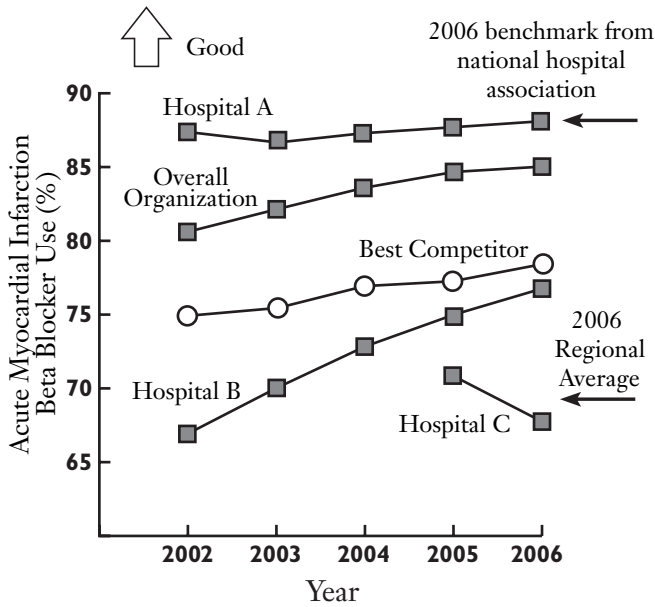
3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. Trends might span five years or more 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.

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 of 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 has varied

Figure 7.1-3 Beta Blocker Use



over the time period or if you are comparing your results to organizations differing in size.

5. Integrate results into the body of the text.

Discussion of results and the results themselves should be close together in an Award application. *Trends that show a significant positive or negative 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 above.)

The graph shown above illustrates data an organization might present as part of a response to Item 7.1, Health Care Outcomes. In the Organizational Profile, the organization has indicated use of beta blockers with acute myocardial infarction as a key requirement.

The graph shown above 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.
- Trend lines report data for a key patient/customer requirement—use of beta blockers with acute myocardial infarction.
- Results are presented for several years for this three-hospital system.
- 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 its three hospitals are separately tracked for beta blocker use.

To help interpret the Scoring Guidelines (page 55), 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 organization shows excellent improvement trends.
- Hospital A is the current performance leader—showing sustained high performance and a slightly positive trend. Hospital B shows rapid improvement. It is near that of the best competitor but trails the benchmark level.
- Hospital C—identified as a new acquisition in the application—is having early problems with ensuring beta blocker use. (The organization should briefly explain these problems.)

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Results Item responses include the Criteria Item requirements and the significance of the results trends, actual performance levels, relevant comparative data, alignment with important elements of your performance management system, and strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines (page 55).



APPLYING FOR THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

The Malcolm Baldrige National Quality Award is an annual Award to recognize U.S. organizations for performance excellence.

Award Purpose

The Award promotes

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

Award Participation

The Award eligibility categories are

- manufacturing businesses
- service businesses
- small businesses
- education organizations
- health care organizations
- nonprofit organizations

FEES FOR THE 2007 AWARD CYCLE

| Award Category | Eligibility Fee | Application Fee* | Supplemental Section Fee (if applicable)** | Site Visit Fee Usual Range (if applicable)*** |
|--|-----------------|------------------|--|---|
| Manufacturing | \$150 | \$6,000 | \$2,000 | \$20,000–\$35,000 |
| Service | \$150 | \$6,000 | \$2,000 | \$20,000–\$35,000 |
| Small Business | \$150 | \$3,000 | \$1,000 | \$10,000–\$17,000 |
| Education, nonprofit K–12 | \$150 | \$1,000 | \$ 250 | \$ 1,500 |
| Education, nonprofit higher education | \$150 | \$3,000 | \$1,000 | \$10,000–\$17,000 |
| Education, for-profit >500 faculty/staff | \$150 | \$6,000 | \$2,000 | \$20,000–\$35,000 |
| Education, for-profit 500 or fewer faculty/staff | \$150 | \$3,000 | \$1,000 | \$10,000–\$17,000 |
| Health Care >500 staff | \$150 | \$6,000 | \$2,000 | \$20,000–\$35,000 |
| Health Care 500 or fewer staff | \$150 | \$3,000 | \$1,000 | \$10,000–\$17,000 |
| Nonprofit >500 staff | \$150 | \$6,000 | \$2,000 | \$20,000–\$35,000 |
| Nonprofit 500 or fewer staff | \$150 | \$3,000 | \$1,000 | \$10,000–\$17,000 |

* An additional processing fee of \$1,250 is required for applications submitted on a CD.

** Supplemental sections are **not** applicable for applicants with (a) a single performance system that supports all of their product and/or service lines and (b) products or services that are essentially similar in terms of customers and/or users, technology, types of employees, and planning.

*** Site Visit Review Fee

This fee is paid only by applicants receiving site visits. The fee is set when visits are scheduled and is dependent on a number of factors, including the number of sites to be visited, the number of Examiners assigned, and the duration of the visit.

The site visit fee for applicants with more than 500 employees in the manufacturing, service, nonprofit, health care, and for-profit education sectors usually ranges between \$20,000 and \$35,000. The site visit fee is approximately half that rate for small businesses, nonprofit higher education organizations, and applicants in the health care, for-profit education, and nonprofit sectors with 500 or fewer employees. In 2007, the site visit fee for nonprofit K–12 education organizations is \$1,500. The site visit fee for all organizations is due to ASQ two weeks after completion of the site visit.

Copies of the Business/Nonprofit and Education Criteria booklets are available, and ordering information can be found on pages 65–66.

Up to three awards may be given in each category each year. Depending on the number of employees, up to five subunits of a single parent may apply for the Award during the same Award cycle.

To participate in the Award process, an organization must submit an application package that addresses the Health Care Criteria for Performance Excellence (pages 12–34).

Application Requirements

Applying for the Award is a two-step process. A brief description of these steps is provided below. Detailed information on the requirements and contents of the Eligibility Certification Package and the Award Application Package, due dates, and fees is provided in the *Baldrige Award Application Forms*, which can be downloaded at www.baldrige.nist.gov/Award_Application.htm.

Step 1, Eligibility Certification Package

Organizations filing an Eligibility Certification Package may nominate one senior member of their staff to serve on the Board of Examiners. Organizations that wish to reserve a place on the board for a staff member must submit their Eligibility Certification Packages by March 9, 2007. If an organization chooses not to nominate someone to the board, the due date for the Eligibility Certification Package is April 10, 2007.

Step 2, Award Application Package

The Award Application Package may be submitted in either CD/PDF format or on paper.

If submitted in CD/PDF format, the Application Package must be postmarked no later than May 10, 2007. If submitted on paper, 25 copies of the Application Package must be postmarked no later than May 24, 2007.

Application Review

Applications are reviewed and evaluated by members of the Board of Examiners, who adhere to strict rules regarding conflict of interest, using the following process:

Independent and Consensus Review: Independent review and evaluation by at least six members of the board, followed by a joint review by a team of Examiners, led by a Senior Examiner

Site Visit Review: Site visits to applicants that score well in the Independent and Consensus Review

Judges' review and recommendations of Award recipients

Feedback to Applicants

Each Award applicant receives a feedback report at the conclusion of the review process. The feedback report is a written assessment by an evaluation team of leading U.S. experts.

The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the Criteria. Used by companies and non-profit organizations, education organizations, and health care organizations as part of their strategic planning processes, the feedback report helps organizations focus on their customers and improve overall performance. Feedback is one of the most important parts of the Baldrige Award process; it provides a pathway for improvement.

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

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.

**Eligibility Certification Packages with a nomination
to the Board of Examiners due—March 9, 2007**

**Eligibility Certification Packages without a nomination
to the Board of Examiners due—April 10, 2007**

Award Application Packages submitted on a CD due—May 10, 2007

Award Application Packages submitted on paper due—May 24, 2007

If your organization is applying in either the business/nonprofit or education category, refer to the appropriate sector-specific Criteria booklet and the *Baldrige Award Application Forms*. (See pages 65–66.)

SUMMARY OF HEALTH CARE ELIGIBILITY AND RESTRICTIONS

Important Facts About Applying for the Award

- Criteria contained in this booklet should be used only for the health care eligibility category. Applicants in the business (manufacturing, service, and small business) and nonprofit eligibility categories should use the *Criteria for Performance Excellence*, and applicants in the education eligibility category should use the *Education Criteria for Performance Excellence* booklet.
- The following is a summary of the eligibility rules for the health care category. Summaries of the eligibility rules for the business/nonprofit and education categories are in their respective Criteria booklets. Education or health care organizations may apply under the service, small business, or nonprofit categories, as appropriate, using these Criteria or under the health care or education categories, using their respective Criteria. If there is a question on eligibility, check the complete eligibility rules in the *Baldrige Award Application Forms* or call the Baldrige National Quality Program Office at (301) 975-2036.
- Whatever your Award eligibility category, you will need the *Baldrige Award Application Forms* before proceeding. You can download the document from our Web site at www.baldrige.nist.gov/Award_Application.htm.

Basic Eligibility

Public Law 100-107 includes provisions to expand or modify the list of Award categories. Beginning with the 1999 Award cycle, two new eligibility categories—education and health care—were added. Participation is open to for-profit and nonprofit public and private organizations, government organizations, and some subunits—including U.S. subunits of foreign organizations—that are primarily engaged in furnishing medical, surgical, or other health services directly to persons.

Eligibility is intended to be as open as possible. For example, eligible organizations include hospitals, HMOs, long-term care facilities, health care practitioner offices, home health agencies, and dialysis centers. Organizations that do not provide health services directly to persons, such as social service agencies, health insurance companies, or medical/dental laboratories, are ineligible to apply for the Award under the health care category. However, such organizations may be eligible to apply for the Award under the small business, service, or nonprofit category.

Restrictions on Eligibility

Location: An applicant is eligible only if the operational practices associated with all of its major organizational functions are examinable in the United States or its territories. For eligibility purposes, overseas U.S. military installations and embassies do not constitute U.S. territories. If some of

an applicant's activities are performed outside its immediate organization (e.g., by overseas components, a parent organization, or other subunits), the applicant must ensure that

- in the event of a site visit, the appropriate personnel and materials will be available for examination in the United States to document operational practices in all major organizational functions; and
- in the event the applicant receives the Award, the applicant will be able to share information on the seven Criteria Categories at The Quest for Excellence Conference and at its U.S. facilities. Sharing beyond The Quest for Excellence Conference is on a voluntary basis.

Subunits: A subunit is a unit or division of a larger organization. The larger organization that owns, holds, or has organizational or financial control of a subunit is the "parent." A parent is the highest level of an organization that would be eligible to apply for the Award. The subunit must be self-sufficient enough to be examined in all seven Criteria Categories, and it must be a discrete entity that is readily distinguishable from other parts of the parent organization. It cannot be primarily an internal supplier to other units in the parent company or perform only support functions (e.g., housekeeping, radiology, member services, finance and accounting, billing, human resources, purchasing, legal services, or health care research).

Multiple-Application Restrictions: A subunit and its parent may not both apply for the Award in the same year. In some cases, more than one subunit of a parent may apply. If the *parent* organization, including all of its subunits, has

- 0–1,000 employees, one applicant per parent per eligibility category may apply
- 1,001–20,000 employees, two applicants per parent per eligibility category may apply
- more than 20,000 employees, two applicants per parent per eligibility category for the first 20,000, plus one per 20,000 or fraction thereof above 20,000 per parent per category, may apply

In no case can more than five applications (all Award categories combined) be submitted from the same parent organization in the same year.

Future Eligibility Restrictions: If an organization or a subunit that has over 50 percent of the total employees of the parent receives an Award, the organization and all its subunits are ineligible to apply for another Award for a period of five years. If a subunit receives an Award, that subunit and all its subunits are ineligible to apply for another Award for a period of five years. After five years, Award recipients are eligible to reapply for the Award or to apply "for feedback only."

Note: For specific information on the eligibility restrictions, see the *Baldrige Award Application Forms*.

Eligibility Forms

Potential applicants must certify their eligibility prior to applying for the Award. Potential applicants for the 2007 Award are encouraged to submit their Eligibility Certification

Packages as soon as possible but no later than April 10, 2007. In order to reserve a place on the Board of Examiners for a member of your organization's senior staff, the package must be submitted no later than March 9, 2007. The forms and necessary information are contained in the *Baldrige Award Application Forms*.



HOW TO OBTAIN COPIES OF BALDRIGE NATIONAL QUALITY 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.

Individual Copies

Individual copies of the *Criteria* booklets may be obtained free of charge from

Baldrige National Quality 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: nqp@nist.gov

In addition, the *Criteria* booklets and the *Baldrige Award Application Forms* may be downloaded from our Web site at www.baldrige.nist.gov/Criteria.htm and www.baldrige.nist.gov/Award_Application.htm, respectively.

Bulk Orders

Multiple copies of the *2007 Criteria for Performance Excellence* booklets may be ordered in packets of 10 for \$39.95 plus shipping and handling from the American Society for Quality (ASQ).

2007 Criteria for Performance Excellence (referred to as the Business/Nonprofit *Criteria*)—Item Number T1117

2007 Education Criteria for Performance Excellence—Item Number T1118

2007 Health Care Criteria for Performance Excellence—Item Number T1119

How to Order

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) ASQ member number ready.
- Or fax your completed order form to ASQ at (414) 272-1734.
- Or mail your order to ASQ Customer Care Center, P.O. Box 3005, Milwaukee, WI 53201-3066.
- Or order online by accessing ASQ's Web site at www.asq.org.

Payment

Your 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 must be drawn on a U.S. financial institution. All international orders must be prepaid. Please make checks payable to ASQ.

Shipping Fees

The following shipping and processing schedule applies to all orders within the United States and Canada.

| Order Amount | U.S. Charges | Canadian Charges |
|-----------------|--------------|------------------|
| Up to \$34.99 | \$ 4.25 | \$ 9.25 |
| \$35.00–\$99.99 | 6.50 | 11.50 |
| Over \$100.00 | 12.50* | 17.50* |

- There is a shipping and processing charge of 25 percent of the total order amount for shipments outside the United States and Canada.
- Orders shipped within the continental United States and Canada where UPS service is available will be shipped by UPS.
- Please allow one to two weeks for delivery. International customers, please allow six to eight weeks for delivery.
- Your credit card will not be charged until your items are shipped. Shipping and processing are charged one time, up front, for the entire order.

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

Baldrige Educational Materials

Each year, the Baldrige National Quality Program develops materials for training members of the Board of Examiners and for sharing information on the successful performance excellence strategies of the Award recipients. The following items are samples of the available educational materials.

Case Study Packets

Case study packets contain a case study and five additional documents: an executive summary, the related *Criteria for Performance Excellence* booklet, the case study scorebook, the case study feedback report, and a blank *Baldrige Scorebook*. The case studies, when used with the *Criteria*, are valuable resources to Award applicants and other users of the *Criteria*. They illustrate the Award application and review process and provide examples of how to respond to the *Criteria* requirements and format an application. Together, the case study packet documents furnish information on scoring, the examination processes, and much more. A variety of case study packets are available. The 2002, 2003, 2004, 2005,

and 2006 case study packets are available only online. Case study packets from prior years are available online and in hard copy. For ordering information, see below.

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

Available in e-format (PDF version) at www.baldrige.nist.gov/Arroyo.htm

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

Available in e-format (PDF version) at www.baldrige.nist.gov/Landmark.htm

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

Available in e-format (PDF version) at www.baldrige.nist.gov/Sandy_Hill.htm

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

Available in e-format (PDF version) at www.baldrige.nist.gov/GeoOrb.htm

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

Available in e-format (PDF version) at www.baldrige.nist.gov/CapStar.htm

1998 Business Case Study Packet: Gemini Home Health Service (based on the *1998 Criteria for Performance Excellence*)

Item Number T1083: \$49.95 plus shipping and handling

Award Recipients DVD

The Award recipients DVD is a valuable resource for gaining a better understanding of performance excellence and quality achievement. The DVD provides background information on the Baldrige National Quality Program, highlights from the annual Award ceremony, and interviews with representatives from the Award recipients' organizations. Information on the 2006 Award recipients DVD is provided below.

2006—Item Number T1516 \$35.00
(Available May 2007)

How to Order Educational Materials

To order a case study packet developed prior to 2002, bulk orders of the 2007 Criteria booklets, or the Award recipients DVD, contact

ASQ Customer Care Center
P.O. Box 3005
Milwaukee, WI 53201-3066
Telephone: (800) 248-1946
Fax: (414) 272-1734
E-mail: asq@asq.org
Web site: www.asq.org

The Baldrige National Quality Program welcomes your comments on the Criteria or any of the Baldrige Award processes. Please address your comments to

2007 Health Care Criteria for Performance Excellence
Baldrige National Quality Program
National Institute of Standards and Technology
Administration Building, Room A600
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

or E-mail: nqp@nist.gov
or Web site: www.baldrige.nist.gov

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/SANS SERIF every time they appear in the Categories and Scoring Guidelines sections of this Criteria booklet.

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 staff or recruitment of personnel.

An example of a strategic objective for a health 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 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 department/work unit care givers and workforce training 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 73.

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 70.

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 staff locations, the measures used to assess effectiveness of the methods, the tools and techniques used to evaluate and improve the communication methods, and the methods to transfer learnings to other deployment initiatives.

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 the effectiveness of their use.

Approach is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 53–56.

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 57.

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 other organizations providing similar health care services.

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 71.

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 provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate, and they provide a sustainable competitive advantage.

Core competencies may involve unique service offerings, technology expertise, a marketplace niche, or a particular business acumen (e.g., health care delivery start-ups).

Customer

The term “customer” refers to actual and potential users of your organization’s services or programs. Patients are the primary customers of health care organizations. Other customers could include patients’ families, the community, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. 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 or programs.

Patient-focused excellence is a Baldrige Core Value embedded in the beliefs and behaviors of high-performance organizations. Customer 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 73 for the relationship between customers and others who might be affected by your organization’s services or programs.

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 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 53–56.

Diversity

The term “diversity” refers to valuing and benefiting from personal differences. These differences address many variables, including race, religion, color, gender, national origin, disability, sexual orientation, age, 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 other customer communities. Capitalizing on both provides enhanced opportunities for high performance; patient and other customer, workforce, and community satisfaction; and patient, customer, and workforce loyalty.

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 approach is aligned with the organization’s needs and how well the approach 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

appropriate actions. Empowerment results in decisions being made closest to the patient or business “front line,” where patient and other customer needs and work-related knowledge and understanding reside.

Empowerment is aimed at enabling people to satisfy patients and other customers 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.

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. 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 volunteers and independent practitioners to members of the board of directors, and need to be communicated and reinforced on a regular basis. Although there is no universal model for 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 other customers, partners, suppliers, and the organization’s local community.

While some organizations may view their ethical principles as boundary conditions restricting behavior, well-designed and clearly articulated ethical principles should empower people to make effective decisions with great confidence.

Goals

The term “goals” refers to a future condition or performance level that one intends 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 (non-incremental) 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 to achieve a stretch goal

- providing a basis for measuring and accelerating progress

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 stakeholders and other owners/shareholders, (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 leader 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.

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, other customers, 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; self-directed responsibility and staff empowerment; and staff 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 patient or business “front line”; and effective use of performance measures, including comparisons. Many high-performance 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 responses to “how” questions in the Process Item requirements, process descriptions should include information such as approach (methods and measures), deployment, learning, and integration factors.

Innovation

The term “innovation” refers to making meaningful change to improve services, programs, processes, or organizational effectiveness and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is either new or new to its proposed application.

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 change in approach or outputs. It could include fundamental changes in the organizational structure or business model to more effectively accomplish the organization's work, 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 67.

Integration is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 53–56.

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 patient/customer groups, 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, databases, documents, guides, policies and procedures, software, and patents are repositories of your organization's knowledge assets. Knowledge assets are held not only by an organization but reside within its patients and other customers, 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 overall organizational performance 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 refers to both and includes the relationships among those leaders.

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, patients, other customers, and other 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 organizational performance 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 2.

Learning is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 53–56.

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 satisfaction might be a leading indicator of a gain in HMO member retention).

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, other customers, 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 57.

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 57.

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 product or 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 68.

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 output results and their outcomes obtained from processes and services that permit evaluation and comparison relative to goals, standards, past results, and 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 outcomes, (2) patient- and other customer-focused, (3) financial and marketplace, and (4) operational.

“Health care process and outcomes” refers to performance relative to measures and indicators of health care delivery important to patients and other customers. Examples of health care performance include reductions in hospital admission rates, mortality and morbidity rates, improvements in functional status, nosocomial infection rates, length of hospital stays, and patient-experienced error levels. Other examples include increases in 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 other-customer-segment level.

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

“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 employee, bond ratings, debt-to-equity ratio, returns on assets, operating margins, performance to budget, amount of reserve funds, days cash on hand, other profitability and liquidity measures, and market gains.

“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, 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.

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, other customers, 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 may be inferred from past performance, may be based on competitors’ performance or the performance of other organizations providing similar health care services that must be met or exceeded, may be predicted based on changes in a dynamic health care environment, or may be goals for future performance. Projections integrate estimates of your organization’s rate of improvement and change, and they may be used to indicate where breakthrough improvement or innovation is needed. Thus, performance projections serve as a key management planning tool.

Process

The term “process” refers to linked activities with the purpose of producing a product or service for patients and other customers 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 customers 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 customers 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 53–56.

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 tradeoffs—is beneficial.

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 health care 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 53–56.

Segment

The term “segment” refers to a part of an organization’s overall patient, other customer, market, health care service, 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 and other customers, markets, health care services, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different patient and other customer, market, and workforce groups and to tailoring health care services and programs to meet their needs and expectations. As an example, market segmentation might be based on geography, distribution channels, health care service volume, 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 and the relationship between those leaders.

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 and other customers (e.g., patients’ families, insurers and other third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and 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 68.

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 and other customer 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 definition of “strategic objectives” that immediately follows for the relationship between strategic challenges and the strategic objectives an organization articulates to address key challenges.

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 and other customer, market, 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 67 for the relationship between strategic objectives and action plans and for an example of each.

Sustainability

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-wide and organization-specific components.

Sustainability considerations might include workforce capability and capacity, resource availability, technology,

knowledge, core competencies, work systems, facilities, and equipment. In addition, sustainability also has a component related to preparedness for real-time or short-term emergencies.

Systematic

The term “systematic” refers to approaches that are well-ordered, 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 on pages 54–55.

Trends

The term “trends” refers to numerical information that shows the direction and rate of change for an organization’s results. 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 Criteria include data related to health care outcomes and other health care service performance, patient/customer and workforce satisfaction and dissatisfaction results, financial performance, health care marketplace performance, and operational performance, such as cycle time and productivity.

Value

The term “value” refers to the perceived worth of a product, service, 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 product and service combinations to patients and other customers. Organizations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as patients, third-party payors, investors, 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 other customer 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.

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 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 other customers 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 employees 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, other customers, and your 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 other customers, 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 other customers

and for the success of the organization. Workforce engagement also is dependent upon 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.





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THE BALDRIGE NATIONAL QUALITY 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 efficiency and effectiveness of government.

On August 20, 1987, President Ronald 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 National Quality Program and the Baldrige Award recipients are imitated and admired worldwide. More than 40 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 began until 2006, there have been 1,139 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 2005, 68 Award recipients have been selected across five categories: 26 manufacturing companies, 14 service companies, 16 small businesses, 7 education organizations, and 5 health care organizations.
- As of July 2006, there were 43 active state and local quality award programs in 42 states. All 43 programs are modeled to some degree after the Baldrige National Quality Program, and their award criteria are based on the Criteria for Performance Excellence.
- From 1996 to 2005, 32 of the 44 Baldrige Award recipients were previous winners in state award programs.
- Since 1991, there have been more than 9,500 applications for state and local quality awards.
- Over the past 19 years of its existence, the Baldrige Program has trained more than 2,200 Examiners. Since 1991, the state and local programs have trained more than 28,000 Examiners.
- The Award recipients have presented to tens of thousands of organizations at conferences worldwide. For example, Operations Management International, Inc. (OMI), an international service business with 1,400 employees, has made presentations to more than 17,000 people since becoming an Award recipient in November 2000. Branch-Smith Printing Division, a small family-owned business with 68 employees, has given presentations to more than 2,000 people since becoming an Award recipient in November 2002. The Quest for Excellence conferences have reached more than 18,000 attendees over the Program’s history.

The Baldrige National Quality Program thanks Bronson Methodist Hospital, the 2005 Award recipient in health care, for the use of the photographs in this booklet.

Baldrige National Quality Program

Baldrige National Quality Program
National Institute of Standards and Technology
Technology Administration
United States Department of Commerce
Administration Building, Room A600
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

The National Institute of Standards and Technology (NIST), an agency of the U.S. Commerce Department's Technology Administration, manages the Baldrige National Quality Program (BNQP). For more than a century, NIST has helped to lay the foundation for the innovation, economic growth, and quality of life that Americans have come to expect. 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. Through a network of nearly 400 assistance centers that serve all 50 states and Puerto Rico, NIST provides technical and business assistance to help smaller manufacturers overcome barriers to productivity and competitiveness.

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Telephone: (301) 975-2036; Fax: (301) 948-3716; E-mail: nqp@nist.gov
Web site: www.baldrige.nist.gov

American Society for Quality
600 North Plankinton Avenue
P.O. Box 3005
Milwaukee, WI 53201-3005

By making quality a global priority, an organizational imperative, and a personal ethic, the American Society for Quality (ASQ) becomes the community for everyone who seeks quality technology, concepts, or tools to improve themselves and their world. ASQ administers the Malcolm Baldrige National Quality Award under contract to NIST.

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- bulk copies of the Criteria
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Telephone: (800) 248-1946; Fax: (414) 272-1734; E-mail: asq@asq.org
Web site: www.asq.org