

accomplishment

Health Care Criteria for Performance Excellence



integrity



recognition



THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD PROGRAM

A Public-Private Partnership

Building active partnerships in the private sector, and between the private sector and all levels of government, is fundamental to the success of the Baldrige National Quality Program in improving national competitiveness. Support by the private sector 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:

The 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 from throughout the United States provide financial support to the Foundation.

National Institute of Standards and Technology (NIST)

The Department of Commerce is responsible for the Baldrige National Quality Program and the Award. NIST, an agency of the Department's Technology Administration, manages the Baldrige Program. NIST promotes U.S. economic growth by working with industry to develop and deliver the high-quality measurement tools, data, and services necessary for the nation's technology infrastructure. NIST also participates in a unique, government-private partnership to accelerate the development of high-risk technologies that promise significant commercial and economic benefits, and — through a network of technology extension centers and field offices located in all 50 states and Puerto Rico — helps small- and medium-size businesses access the information and expertise they need to improve their competitiveness in the global marketplace.

American Society for Quality (ASQ)

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 is the advisory organization of the Baldrige National Quality Program to the Department of Commerce. 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 U.S. business, health care, and education experts. NIST selects members through a competitive application process. For 2000, the Board consists of about 400 members. Of these, nine (who are appointed by the Secretary of Commerce) serve as Judges, and approximately 70 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 their application review responsibilities, Board members contribute significantly to information sharing activities. Many of these activities involve the hundreds of professional, trade, community, and state organizations to which Board members belong.

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 annual Quest for Excellence Conference.

Award recipients in the 12 years of the Award have been very generous in their commitment to improving U.S. competitiveness and the U.S. pursuit of performance excellence. They have shared information with hundreds of thousands of companies, education institutions, 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

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

To: U.S. Health Care Community

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

A handwritten signature in black ink that reads "Harry S. Hertz".

Subject: The Baldrige Challenge

Whether you are a CEO, a health care executive, a health care professional, a staff member committed to improving your organization, or a health profession student, the Baldrige Health Care Criteria for Performance Excellence can help you prepare for the changes occurring in today's health care environment. Study them and you will learn; use them and your organization will improve. With the ever-increasing focus on the cost and quality of health care, your organization is seeking every opportunity to improve its results. For more than a decade, the Baldrige Criteria for Performance Excellence have been a significant tool used by thousands of U.S. organizations to assess and then improve performance on the critical factors that drive their business and overall success.

Whether your organization is small or large, involved in ambulance service or health maintenance, or located down the street or across the country, the Criteria provide a valuable framework and can help you assess and measure performance on a wide range of key indicators: patient/customer, health care service and outcomes, operational, staff, and financial. The Criteria are built upon a foundation of Core Values and Concepts vital to your success: visionary leadership, patient focused, organizational and personal learning, valuing staff and partners, agility, focus on the future, managing for innovation, management by fact, public responsibility and community health, focus on results and creating value, and a systems perspective. Also, the Criteria can help you align resources; improve communication, productivity, and effectiveness; and achieve strategic goals. Baldrige Award recipients from the business sector report outstanding results; as a group, those who report productivity as income per employee have reported an average compounded annual growth rate of over 9 percent.

If you are ready to take the Baldrige challenge, you must first decide whether to perform a self-assessment only or also to submit an Award application. Self-assessment allows you to identify strengths and to target opportunities for improvement on processes and results affecting all key stakeholders, including patients and other customers, staff, owners, suppliers, and the community. In the most competitive business sectors, organizations with world-class results are able to achieve a score above 700 on the 1,000-point Baldrige scale. Even if you don't expect to win the Malcolm Baldrige National Quality Award, submitting an 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.

Ultimately, your application may lead to a site visit. It also may lead to a Baldrige Award. It will most certainly identify high priority opportunities for performance improvement. Many Award recipients tell us their greatest rate of improvement occurs the year after receiving the Award. While we make no promises for the future, on average, publicly traded, Baldrige Award recipient companies have outperformed the Standard & Poor's 500 by 3 to 1. If you receive the Baldrige Award, you may publicize and advertise your organization's winning status.

We make only one requirement of recipients: that you share non-proprietary information from your application summary and participate in the Quest for Excellence Conference in April 2001, so that others might learn from your success.

The Criteria are in your hands ... so is an incredible opportunity. Why not take the challenge? Turn these pages, and turn the corner toward performance excellence.

QUEST FOR EXCELLENCE

Quest for Excellence XII Conference

Each year, 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 not-for-profit organizations. Quest for Excellence XII will showcase the 1999 recipients.

For the last 11 years, executives, managers, and quality leaders have come to this conference to learn how these role model organizations have achieved performance excellence. CEOs and other leaders from the Award recipients who are transforming their organizations give presentations covering all seven Categories of the Baldrige Criteria, their journey to performance excellence, and their lessons learned. Conference attendees will have the opportunity to ask questions of the Award recipients. This three-day conference is designed to maximize learning and networking opportunities.

The Quest for Excellence XII Conference will be held March 12–15, 2000, at the Marriott Wardman Park Hotel in Washington, DC. For further information, contact NIST, Baldrige National Quality Program, Administration Building, Room A635, 100 Bureau Drive, Stop 1020, Gaithersburg, MD 20899-1020; telephone: (301) 975-2036; fax: (301) 948-3716; or E-mail: nqp@nist.gov.

The Malcolm Baldrige National Quality Award

The Award, 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 Awards at a special ceremony in Washington, DC.



Crystal by Steuben

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Business and education organizations should use the appropriate Criteria booklets for their respective sectors. See page 57 for ordering information.

If you plan to apply for the Award in 2000, you will also need the booklet entitled *2000 Application Forms & Instructions for Business, Education, and Health Care*.

Ordering instructions are given on page 57.

Eligibility Forms due — April 6, 2000 Award Applications due — May 31, 2000

We are easy to reach. Our web address is <http://www.quality.nist.gov>.

2000 HEALTH CARE CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

Health Care Criteria Purposes

The Health Care Criteria for Performance Excellence are the basis for organizational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Health Care Criteria have three other important roles:

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

Health Care Criteria for Performance Excellence Goals

The Criteria are designed to help organizations enhance their health care performance through focus on dual, results-oriented goals:

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

Core Values and Concepts

The Health Care Criteria are built upon a set of Core Values and Concepts. These values and concepts are the foundation for integrating key requirements within a results-oriented framework. These values and concepts are the embedded behaviors found in high performing organizations. The Core Values and Concepts are:

Visionary Leadership

An organization's senior leaders (administrative and health care provider leaders) need to 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 need to ensure the creation of strategies, systems, and methods for achieving excellence in health care, stimulating innovation, and building knowledge and capabilities. The values and strategies should help guide all activities and decisions of your organization. Senior leaders should inspire and motivate your entire staff and should encourage involvement, development and learning, innovation, and creativity by all staff.

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

Patient Focused

The delivery of health care services must be patient focused. Quality and performance are the key components in determining patient satisfaction. All attributes of patient care delivery (including those not directly related to medical/clinical services) factor into the judgment of satisfaction and value. Satisfaction and value to patients are key considerations for other customers as well. Satisfaction and value are influenced by many factors during a patient's experience participating in health care. These 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 on their health care is considered an important factor. This requires patient education for an informed decision. Characteristics that differentiate one provider from another also contribute to the sense of being patient focused.

Being patient focused 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. Being patient focused thus demands rapid and flexible response to emerging patient desires and health care marketplace requirements, and measurement of the factors that drive patient satisfaction. Being patient focused also demands awareness of new technology and new modalities for delivery of health care services.

Organizational and Personal Learning

Achieving the highest levels of performance requires a well-executed approach to organizational and personal learning. Organizational and personal learning is a goal of visionary leaders. The term organizational learning refers to continuous improvement of existing approaches and processes and adaptation to change, leading to new goals and/or approaches. Learning needs to be embedded in the way your organization operates. The term embedded means that learning: (1) is a regular part of daily work; (2) is practiced at personal, work unit/department, and organizational levels; (3) results in solving problems at their source; (4) is focused on sharing knowledge throughout your organization; and (5) is driven by opportunities to affect significant change and do better. Sources for learning include staff 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 resources throughout your organization; and (6) enhancing your organization's performance in building community health and fulfilling its public responsibilities.

Staff success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in personal learning through education, training, and opportunities for continuing growth. Opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and to better link training to your organizational needs. For health care providers, personal learning includes building discipline knowledge, discipline retraining to adjust to a changing health care environment, and enhancing knowledge of measurement systems influencing outcomes assessments and clinical guidelines, decision trees, or critical paths. Education and training programs may benefit from advanced technologies, such as computer-based learning and satellite broadcasts.

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

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

Valuing Staff and Partners

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

Valuing staff means committing to their satisfaction, development, and well-being. Increasingly, this involves more flexible, high performance work practices tailored to a staff with diverse workplace and home life needs. Major challenges in the area of valuing staff include: (1) demonstrating your leaders' commitment to your staff; (2) providing recognition opportunities that go beyond the normal compensation system; (3) providing opportunities for development and growth within your organization; (4) sharing your organization's knowledge so your staff can better serve your patients and other customers and contribute to achieving your strategic objectives; and (5) creating an environment that encourages appropriate risk taking.

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

Internal partnerships might include cooperation between health care providers and other staff, and labor-management cooperation, such as agreements with your unions. Partnerships with staff might entail staff development, cross-training, or new work organizations, such as high performance work teams. Internal partnerships also might involve creating network relationships among your work units/departments to improve flexibility, responsiveness, and knowledge sharing, and to develop processes that better follow patient care and needs.

External partnerships might be with customers, suppliers, business associations, third-party payors, community and social service organizations, and other health care providers — all stakeholders. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships with other health care organizations could result in referrals or in shared facilities that are either capital intensive or require unique and scarce expertise.

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

Agility

Success in today's health care environment demands creating a capacity for rapid change and flexibility. Health care providers face ever-shorter cycles for introductions of new or improved health care services. Faster and more flexible response to patients and other customers is now a more critical requirement. All aspects of electronic data exchange require more rapid, flexible, and customized responses.

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 improvement of health status — for patients and populations/communities. Beneficial process changes must be introduced at the earliest appropriate opportunity.

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



Focus on the Future

Pursuit of health care excellence requires a strong future orientation and a willingness to make long-term commitments to key stakeholders — patients and families, staff, communities, employers, payors, and health profession students. Your organization should anticipate many factors in your strategic planning efforts, such as changes in health care delivery systems, resource availability, patient and other stakeholder expectations, technological developments, new partnering opportunities, evolving regulatory requirements, community/societal expectations, and new thrusts by competitors and other health care organizations providing similar services. Short- and long-term plans, strategic objectives, and resource allocations need to reflect these influences. Major components of a future focus include developing staff and suppliers, seeking opportunities for innovation, and fulfilling public responsibilities.

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 is making meaningful change to improve an organization's services and processes and create new value for the organization's stakeholders. Innovation should focus on leading your organization to new dimensions of performance. Innovation is no longer strictly the purview of health care researchers. Innovation is important for key non-health care service processes and for support processes. Organizations should be structured in such a way that innovation becomes part of the culture and ongoing work.

Management by Fact

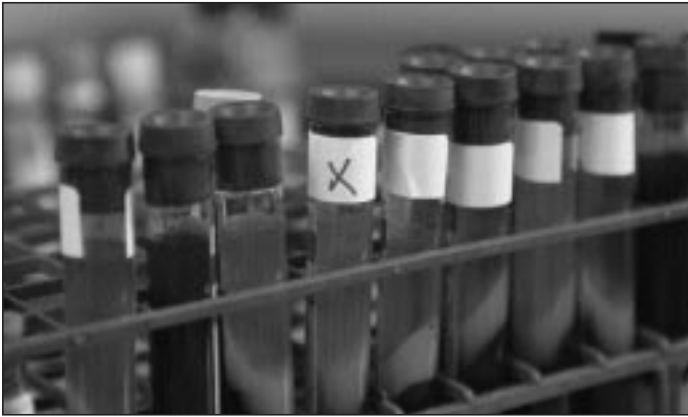
An effective health care service and administrative management system depends upon the measurement and analysis of performance. Such measurements must derive from your organization's strategy and provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance measurement, management, and improvement. Performance measurement areas include: health care outcomes, community health, epidemiological, critical pathways and practice guidelines, administrative, payor, staff, cost, financial, competitive comparisons, and customer satisfaction.

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

A major consideration in performance improvement involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved health care outcomes, improved customer, operational, and financial performance, and healthier people. A comprehensive set of measures or indicators tied to patient/customer and/or organizational performance requirements represents a clear basis for aligning all activities with your organization's goals.* Through the analysis of data from the tracking processes, the measures or indicators themselves may be evaluated and changed to better support such goals.

Public Responsibility and Community Health

A health care organization's leadership needs to stress its responsibilities to the public and needs to foster improved community health. These responsibilities refer to basic expectations of your organization — ethical practices and protection of public health, safety, and the environment.



Ethical practices need to consider nondiscriminatory hiring and patient treatment policies, and protection of patients' rights and privacy. Health, safety, and the environment include any impact from your organization's operations. Also, organizations need to emphasize resource conservation and waste reduction. Planning should anticipate adverse impacts that may arise in facilities management, and use and disposal of radiation, chemicals, and biohazards. Plans should seek to prevent problems, to provide a forthright response if problems occur, and to make available information and support needed to maintain public awareness, safety, and confidence.

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

Public health services and supporting 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 your organization's resources) and includes influencing other organizations, private and public, to partner for these purposes. For example, individual health care organizations could lead efforts to establish free clinics or indigent 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.

Focus on Results and Creating Value

An organization's performance measurements need to focus on key results. Results should be focused on creating and balancing value for all your stakeholders – patients, their families, staff, the community, payors, businesses, health profession students, suppliers and partners, stockholders, and the public. By creating value for all your stakeholders, your organization builds loyalty and contributes to the

community. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy needs to explicitly include all stakeholder requirements. This will help to ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, to monitor actual performance, and to provide a focus for improving results.

Systems Perspective

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

Alignment is depicted through the Baldrige framework on page 6. Alignment means that your senior leaders are focused on strategic directions and on your patients and other customers. It means that your senior leaders monitor, respond to, and build on your performance results. Alignment means linking your key strategies with your key processes and aligning your resources to improve overall performance and satisfy patients and other customers.

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

Linkage of the Health Care Criteria to the Baldrige Business Sector Criteria

The 2000 Health Care Criteria incorporate the Core Values and Concepts described above, and are built upon the seven-part framework used in the Business Criteria for Performance Excellence. 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 to health care, then, is largely a translation of the language and basic concepts of business excellence to similarly important concepts in health care excellence. A major practical benefit from using a common framework for all sectors of the economy is that it fosters cross-sector cooperation and sharing of best practices information.

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 Information and Analysis
- 5 Staff Focus
- 6 Process Management
- 7 Organizational Performance Results

The figure below provides the framework connecting and integrating the Categories.

From top to bottom; the framework has three basic elements;

Strategy and Action Plans

Strategy and Action Plans (top of figure) yield the set of patient/customer and health care market focused performance requirements, derived from short- and long-term strategic planning, that must be met and exceeded for your organization's strategy to succeed. Strategy and Action Plans guide overall resource decisions and drive the alignment of measures for all work units to ensure patient/customer satisfaction and market success.

System

The system is comprised of the six Baldrige Categories in the center of the figure that define the organization, its operations, and its results.

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/customers. Senior leaders must set organizational direction and seek future opportunities for your organization. If your leadership does not focus on patients/customers, your organization as a whole will lack that focus.

Staff Focus (Category 5), Process Management (Category 6), and Organizational Performance Results (Category 7) represent the results triad. Your organization's staff and its key processes accomplish the work of the organization that yields your performance results.

All actions point toward Organizational Performance Results — a composite of patient/customer, health care, financial, and operational performance results, including staff results and public responsibility.

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 Organizational Performance Results (Category 7). Leaders must keep their eyes on the results and must learn from them to drive improvement.

Information and Analysis

Information and Analysis (Category 4) are critical to the effective management of your organization and to a fact-based system for improving health care and operational performance. Information and analysis serve as a foundation for the performance management system.

Criteria Structure

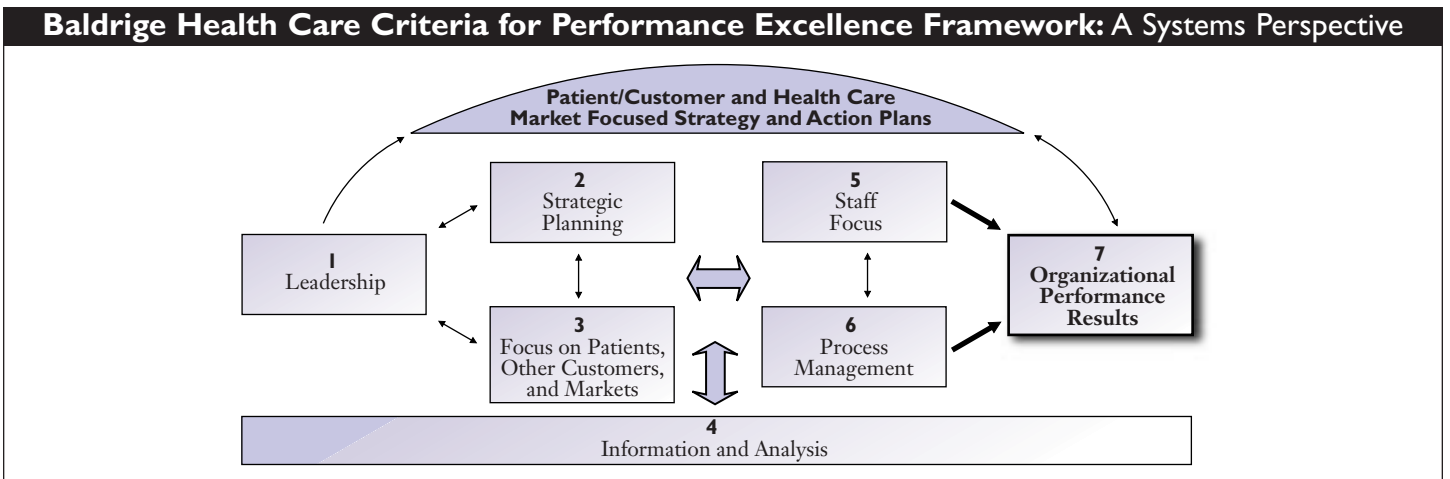
The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address:

Items

There are 19 Items, each focusing on a major requirement. Item titles and point values are given on page 12. The Item format is shown on page 52.

Areas to Address

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



KEY CHARACTERISTICS OF THE HEALTH CARE CRITERIA

1. The Criteria focus on organizational performance results.

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

Organizational performance areas:

- (1) patient and other customer focused results;
- (2) health care results;
- (3) financial and market results;
- (4) staff results;
- (5) supplier and partner results;
- (6) organizational effectiveness results; and
- (7) public responsibility and community health results.

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

2. The Criteria are non-prescriptive and adaptable.

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

- specific tools, techniques, technologies, systems, measures, or starting points;
- that your organization should or should not have departments for quality, planning, or other functions;
- how your organization should be structured; or
- that different units in your organization should be managed in the same way.

These factors are important and are likely to change as needs and strategies evolve. Hence, the Criteria do emphasize that such factors be evaluated as part of your organization's performance reviews.

The Criteria are non-prescriptive because:

- (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 basic requirements. Non-prescriptive requirements are intended to foster incremental and major ("breakthrough") improvements as well as basic change.
- (2) Selection of tools, techniques, systems, and organizational structure usually depends upon factors such as organization type and size, your organization's stage of development, and staff capabilities and responsibilities.
- (3) Focus on common requirements, rather than on common procedures, fosters better understanding, communication, sharing, and alignment, while supporting innovation and diversity in approaches.

3. 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 Criteria, and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization's strategy. These measures tie directly to patient/customer 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 process management. Measures thereby serve both as a communications tool and 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) execution of plans;
- (3) assessment of progress, taking into account internal and external results; and
- (4) revision of plans based upon assessment findings, learning, new inputs, and new requirements.

4. 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 19 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions — Approach, Deployment, and Results — and the key factors used to assess against each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 19 basic requirements. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in the shaded box above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies and management systems.

INTEGRATION OF KEY HEALTH CARE THEMES

For the adaptation of the *Business Criteria for Performance Excellence* to health care, several important concepts have been given careful consideration. These concepts are addressed throughout the Health Care Criteria:

Mission Specificity

Although health care organizations share common aims, individual organizational missions, roles, and services vary greatly. Use of a single set of criteria to cover all requirements of all organizations means that these requirements need to be interpreted in terms of your specific organizational mission. This is necessary because specific requirements and key drivers of organizational performance differ from organization to organization. For this reason, effective use of the Criteria depends upon your "personalizing" requirements consistently across the seven Categories of the Criteria framework. In particular, the Strategic Planning Category (Category 2) needs to address all your key mission requirements, setting the stage for the interpretation of all the other requirements. Similarly, the results you report in the Organizational Performance Results Category (Category 7) need to reflect results consistent with your organization's mission and strategic objectives.

The Health Care Criteria are most explicit in the area of delivery of health care as this requirement is common to all organizations, regardless of specific mission. Despite this commonality, the *focus* of health care services and service development does depend upon your organizational mission. For example, the results reported by hospitals, HMOs, and home health care agencies would be expected to differ and to reflect each organization's mission. Nevertheless, all three types of organizations would be expected to show year-on-year improvements in their results to demonstrate the effectiveness of their performance improvement efforts.

It is recognized that some, but not all, health care organizations have a significant research and/or teaching commitment as part of their mission. If germane, these activities should be noted as part of your process management and operational performance results.

Customers

The Business Criteria for Performance Excellence use the generic term "customers" to reflect the buyers of products or services. Although marketplace success depends heavily upon buyer preference, other stakeholders also must be considered when setting organizational requirements. Successful operation of an organization may depend upon satisfying environmental, legal, and other requirements. Thus, meaningful criteria need to incorporate all relevant requirements that organizations must meet to be successful.

Health care organizations also must respond to a variety of requirements — all of which need to be incorporated into the Health Care Criteria. The adaptation of the Business Criteria to health care includes a specific approach for defining key customer requirements. The approach selected distinguishes between patients and other customers for purposes of clarity and emphasis. While not further differentiated from other customers in Category 3, the community (as a customer) receives special attention in Item 1.2. This has been done because health care organizations have a particularly strong sense of public responsibility, and role model behavior should include health care services to your organization's community.

Physicians, nurse practitioners, midwives, psychologists, and other health care providers may play a unique "staff" role as providers of health care and also may have relationships as suppliers to your organization and customers of your organization. The Criteria are intentionally designed to be tolerant of these varying relationships and to allow your organization to respond based on your specific structure.

Customers' requirements are of two types: (1) requirements that need to be reflected in your organization's health care services; and (2) your customers' additional individualized requirements. For example, payors might require certain health screening services (e.g., mammography) for their members (type 1), and certain computerized billing services for reimbursement (type 2). Many of the needs of your non-patient customers are needs that must be addressed in your organization's health care services. Therefore, the Health Care Criteria place primary emphasis on the delivery of health care.

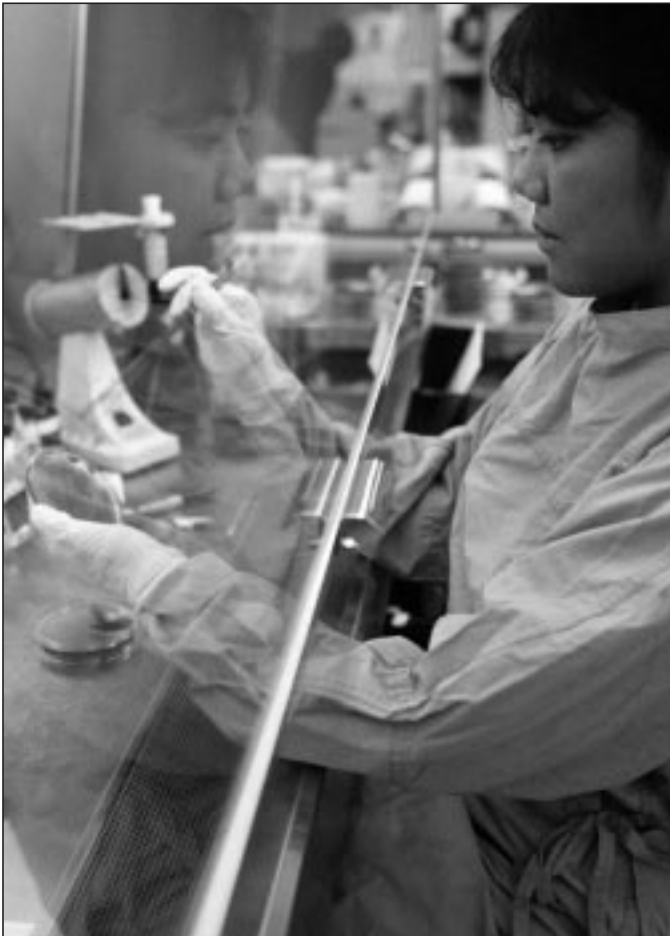
Systems Concept

The systems concept is reflected in the Core Values and Concepts and in the integrated structure of the Criteria. The structure consists of the seven Categories and their Category Items that include greater specificity. The integrated structure of the Criteria consists of the numerous linkages between the Categories and Items as depicted in the diagram on page 6. Such linkages are intended to ensure alignment and integration of your overall performance management system. The Criteria stress cause-effect thinking and a process orientation. The intent is to accumulate a body of knowledge to help your organization learn and improve from that learning. One of the main elements in the systems approach is the set of measures and/or indicators used. Such measures and indicators link key strategies, processes, and results.

Staff

The Business Criteria for Performance Excellence use the generic term "employees" for those on the organization's payroll responsible for all aspects of product and service development and delivery. These Criteria place great emphasis upon employees as a primary strategic resource whose interests, satisfaction, motivation, and development are important to an organization's success.

These same themes are central to success in health care and are thus emphasized in the Health Care Criteria, beginning with the Core Values and Concepts. In the Criteria, the staff of health care organizations includes health care providers, and administrative and support staff. It is recognized that health care providers are sometimes, but not always, employees of the organization. Nevertheless, as key providers of an organization's health care services, health care providers are considered staff for the purposes of the Criteria. By considering health care providers as staff, you are able to focus on the necessity of including their roles and responsibilities in discussing organizational leadership and human resources. The Health Care Criteria anticipate that all staff are integrated into your organization's management system and contribute to fulfilling your organization's mission.



Support Processes

Most health care organizations carry out a wide variety of activities that directly and indirectly support and/or impact the overall organizational mission and operation, but that are not themselves primarily patient or health care. Examples include information services, facilities management, security, billing, and purchasing. Such activities are addressed in the Health Care Criteria as support processes. In general, there are two types of requirements such processes need to address in an integrated way: (1) requirements of key stakeholders, such as patients, staff, and payors; and (2) effective and efficient use of resources. The Health Care Criteria require that each process address both types of requirements.

Primary Focus on Health Care

Although the Criteria framework is intended to address all organizational requirements, primary emphasis is placed on health care. This is done for two main reasons:

- (1) Improvement of health status is the universal goal of all health care organizations. Thus, sharing of successful health care strategies and methods would have the greatest impact on the nation's health care systems.
- (2) Those who encouraged the creation of a Baldrige Award category for health care cited improvement in health care quality as their primary or only rationale for such an award.

The Criteria focus on the performance of your organization as a health care provider, but also address your organization's administrative and business operations. This separate attention to health care and administration is not intended to imply that these are independent or unrelated aspects of your organization's performance. Rather, the intent is to ensure that all aspects of your organization's performance are considered, discussed, and integrated.

CHANGES FROM THE 1999 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE

The Health Care Criteria for Performance Excellence, like their education and business counterparts, evolve with changing performance requirements and as these requirements become better understood. For 2000, there are a number of key changes in the Health Care Criteria and Criteria booklet, intended to improve their usefulness in organizational self-assessment, learning, and for national role model determination in the Award process. In addition, the 2000 Health Care Criteria have been brought into closer alignment with the Business Criteria (2000 Criteria for Performance Excellence), thus enabling better communication and cooperation between health care organizations and businesses — a major goal of the Baldrige National Quality Program.

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

- The number of Items remains constant at 19, but they are distributed differently in Categories 4, 6, and 7.
- The number of Areas to Address has been reduced from 31 to 27.
- All Items have been rewritten as questions to enhance clarity and readability.
- The Core Values and Concepts have been revised.
- The Glossary of Key Terms has been revised and expanded.
- The Category and Item Descriptions have been rewritten and reformatted.
- The Scoring Guidelines have been revised for Approach/Deployment Items.
- The Guidelines for Responding to Approach/Deployment Items have been modified to explain the desired responses for questions that begin with How and for questions that begin with What.

Changes have been made throughout the Criteria booklet. A more detailed explanation of the most significant changes are:

Categories and Items

Category 1 — Leadership

- Item 1.1 is now Organizational Leadership instead of Leadership System. This change is intended to emphasize the role of senior leaders in setting directions and in creating an environment for health care performance excellence. Organizational Performance Review (Area 1.1b) has been moved to this Item from 1999 Item 4.3 to emphasize the senior leaders' role in and responsibility for performance review.

- Item 1.2 remains Public Responsibility and Citizenship, but Area 1.2a is now titled Responsibilities to the Public.

Category 2 — Strategic Planning

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

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

- Item 3.2, Patient/Customer Satisfaction and Relationships, now has two areas to Address, reduced from three in 1999. The 2000 Area 3.2a, Patient/Customer Relationships, combines the 1999 Areas that dealt with accessibility, complaint management, and relationship building. This change is intended to recognize the importance of accessibility and successful complaint management as components of building positive relationships with patients and other customers.

Category 4 — Information and Analysis

- This Category now contains two Items, reduced from three in 1999. Category emphasis is on organizational performance measurement and analysis as the purposes for data and information gathering.
- Item 4.1, Measurement of Organizational Performance, replaces Items 4.1 and 4.2 from 1999. The Item emphasizes the key information and data, including comparative and benchmarking information and data (a separate Item in 1999), needed for an effective performance measurement system and for alignment of performance throughout the organization.
- Item 4.2 is now Analysis of Organizational Performance instead of Analysis and Review of Organizational Performance (Item 4.3 in 1999). The review function, as stated above, is now in Item 1.1 to emphasize performance review as a central role of senior leadership.

Category 5 — Faculty and Staff Focus

- Item 5.1, Work Systems, has been expanded in scope to include: how managers and supervisors motivate staff, a description of the staff performance management system, and a description of recruitment and hiring practices.

- Item 5.3, Staff Well-Being and Satisfaction, has been modified to include consideration of the needs of a diverse work force.

Category 6 — Process Management

- The Category now contains three Items. The Item added (6.3) is titled Supplier and Partnering Processes in recognition of the growing importance of these processes.

Category 7 — Organizational Performance Results

- Although the Category consists of five Items, as it did in 1999, the Items have been realigned and point values have been reassigned to provide a more holistic focus on important aspects of organizational performance results.
- Item 7.1 is now Patient and Other Customer Focused Results instead of Patient/Customer Satisfaction Results. This change and the increase in point value to 200 points are intended to emphasize all the results that indicate the organization's success in all aspects of the patients' and other customers' experience. These results include direct measures of satisfaction and dissatisfaction; indirect measures such as loyalty and positive referrals; and measures of health care outcomes, health care service delivery, and patient functional status.
- Item 7.4 is now Supplier and Partner Results, in recognition of the growing importance of suppliers and partners in successful health care delivery.
- Item 7.5 is now Organizational Effectiveness Results instead of Organization – Specific Results. This change is intended to focus attention on those operational performance results that affect achievement of organizational effectiveness.

Core Values and Concepts

- Many of the Core Values and Concepts have been changed to better align with the foundation for the current Criteria. The number of Core Values and Concepts remains constant at 11.
- The following Core Values and Concepts have replaced the indicated Core Values and Concepts: Visionary Leadership replaces Leadership; *Patient Focused* replaces Patient-Focused Quality and Value; *Organizational and Personal Learning* replaces Continuous Improvement and Learning; *Valuing Staff and Partners* replaces Valuing Staff; *Agility* replaces Fast Response; *Focus on the Future* replaces Long Range View of the Future; *Focus on Results and Creating Value* replaces Results Focus. The new Core Values and

Concepts are intended to provide a more holistic and current view of organizational performance excellence.

- Two of the 1999 Core Values and Concepts, Design Quality and Prevention and Partnership Development, have been incorporated into the new Core Values and Concepts.
- Two new Core Values and Concepts have been added to underpin the current Criteria: *Managing for Innovation* and *Systems Perspective*.
- Two 1999 Core Values and Concepts remain: Management by Fact and Public Responsibility and Community Health

Glossary of Key Terms

- The following key terms have been added to the Glossary: Analysis, Approach, Deployment, Empowerment, Results, Strategic Objectives, and Systematic. All these terms have very specific meanings in the Baldrige context.

Category and Item Descriptions

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

Scoring Guidelines

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

2000 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE — ITEM LISTING

2000 Categories/Items		Point Values
1	Leadership	125
1.1	Organizational Leadership	80
1.2	Public Responsibility and Citizenship	45
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/Customer and Health Care Market Knowledge	40
3.2	Patient/Customer Satisfaction and Relationships	45
4	Information and Analysis	85
4.1	Measurement of Organizational Performance	40
4.2	Analysis of Organizational Performance	45
5	Staff Focus	85
5.1	Work Systems	35
5.2	Staff Education, Training, and Development	25
5.3	Staff Well-Being and Satisfaction	25
6	Process Management	85
6.1	Health Care Service Processes	55
6.2	Support Processes	15
6.3	Supplier and Partnering Processes	15
7		450
7.1	Patient and Other Customer Focused Results	200
7.2	Financial and Market Results	75
7.3	Staff and Work System Results	75
7.4	Supplier and Partner Results	25
7.5	Organizational Effectiveness Results	75
TOTAL POINTS		1000

Note: The Scoring System used with the Criteria Items in a Baldrige assessment can be found on pages 49-50.

I Leadership (125 pts.)

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

I.1 Organizational Leadership (80 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Senior Leadership Direction

- (1) How do senior leaders set, communicate, and deploy organizational values, performance expectations, and a focus on creating and balancing value for patients and other customers and stakeholders? Include communication and deployment through your leadership structure and to all staff.
- (2) How do senior leaders establish and reinforce an environment for empowerment and innovation, and encourage and support organizational and staff learning?
- (3) How do senior leaders set directions and seek future opportunities for your organization?

b. Organizational Performance Review

- (1) How do senior leaders review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing health care service needs? Include the key performance measures regularly reviewed by your senior leaders.
- (2) How does your organization translate performance review findings into priorities for improvement and opportunities for innovation?
- (3) What are your organization's key recent performance review findings, your priorities for improvement, and your opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners and patients and other key customers to ensure organizational alignment?
- (4) How do senior leaders use organizational performance review findings and staff feedback to improve their leadership effectiveness and the effectiveness of management throughout the organization?

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 among those leaders.

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

Item notes serve three purposes: (1) clarify terms or requirements presented in Criteria Items; (2) give instruction on responding to the Criteria Item requirements; or (3) indicate key linkages to other Items. In all cases, the intent is to help you respond to the Criteria Item requirements.

Item responses are assessed by considering the Criteria Item requirements and the maturity of your approaches, breadth of deployment, and strength of your improvement process and results relative to the Scoring System. Refer to the Scoring System information on pages 49-50.

For definitions of the following **key terms**, see pages 31-33: alignment, approach, customers, deployment, empowerment, health care services, innovation, measures, patient, performance, staff, and value.

For additional description of this Item, see page 34.

I.2 Public Responsibility and Citizenship (45 pts.)

Approach - Deployment

Describe how your organization addresses its responsibilities to the public, practices good citizenship, and contributes to the health of its community.

Within your response, include answers to the following questions:

a. Responsibilities to the Public

- (1) How do you address societal requirements arising from regulation, laws, and accreditation? Include your key practices, measures, and targets for regulatory/legal requirements, accreditation, and for risks associated with your management of health care services and other organizational operations.
- (2) How do you anticipate public concerns with current and future services, and operations? How do you prepare for these concerns in a proactive manner?
- (3) How do you ensure ethical practices in all stakeholder transactions and interactions?

b. Support of Key Communities and Community Health

How do your organization, your senior leaders, and your staff actively support and strengthen your key communities, including actions to build community health? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

Notes:

N1. Public responsibilities in areas critical to your organization also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory/legal compliance (including malpractice) and accreditation, should be reported as Organizational Effectiveness Results (Item 7.5).

N2. Ethical requirements in [1.2a(3)] include business, professional, and patient rights issues. They also include public accountability and disclosure of information about your organizational health care performance.

N3. In addition to actions to build community health, areas of community support appropriate for inclusion in 1.2b might include your efforts to

strengthen local community services, education, the environment, and practices of professional or business associations.

N4. Actions to build community health (1.2b) 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. You should address these results of community health services in Items 7.1 and/or 7.5.

N5. Health and safety of staff are not addressed in Item 1.2; you should address these factors in Item 5.3.

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

2 Strategic Planning (85 pts.)

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

2.1 Strategy Development (40 pts.)

Approach - Deployment

Describe your organization's strategy development process to strengthen organizational performance as a health care provider and its performance relative to other organizations providing similar health care services. Summarize your key strategic objectives.

Within your response, include answers to the following questions:

a. Strategy Development Process

- (1) What is your strategic planning process? Include key steps and key participants in the process.
- (2) How do you consider the following key factors in your process? Include how relevant data and information are gathered and analyzed.

The factors are:

- customer and health care market needs/expectations, including new health care service opportunities
- your competitive environment and/or the collaborative environment to conserve community resources, including use of new technology
- financial, societal, regulatory, and other potential risks
- your staff capabilities and needs
- your operational capabilities and needs, including resource availability
- your supplier and/or partner capabilities and needs, including capabilities, needs, and roles of any health care provider alliances

b. Strategic Objectives

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

Notes:

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

N2. You should interpret the word strategy broadly. Strategy might be built around or lead to any or all of the following: new health care services and/or delivery processes; new markets; revenue growth; cost reduction; acquisitions; and new partnerships and alliances. Strategy might be directed toward becoming a preferred provider, a research leader, or an integrated service provider.

Strategy might depend upon or require you to develop different kinds of capabilities, such as access and locations, rapid response, customization, market understanding, relationships, technology introduction and management, leveraging assets, business process excellence, and information management. Responses to Item 2.1 should address the key factors from your point of view.

N3. Item 2.1 addresses your overall organizational directions and strategy that might include changes in health care services and programs. However, the Item does not address service and program design; you should address these factors in Item 6.1.

For definitions of the following **key terms**, see page 33: process and strategic objectives.

For additional description of this Item, see page 36.

2.2 Strategy Deployment (45 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment

- (1) How do you develop action plans to achieve your key strategic objectives? What are your key short- and longer-term action plans? Include key changes, if any, in your health care services and programs and/or your markets/customers (including patient populations) that factor into these plans.
- (2) What are your key staff requirements and plans, based on your strategic objectives and action plans?
- (3) How do you allocate resources to ensure accomplishment of your action plans?
- (4) What are your key performance measures and/or indicators for tracking progress relative to your action plans?
- (5) How do you communicate and deploy your strategic objectives, action plans, and performance measures/indicators to achieve overall organizational alignment?

b. Performance Projection

- (1) What are your two-to-five year projections for key performance measures and/or indicators? Include key performance targets and/or goals, as appropriate.
- (2) How does your projected performance compare with competitors, other organizations providing similar health care services, key benchmarks, and past performance, as appropriate? What is the basis for these comparisons?

Notes:

N1. Action plan development and deployment are closely linked to other Items in the Criteria and to the performance excellence framework on page 6. Examples of key linkages are:

- Item 1.1 for how your senior leaders set and communicate directions;
- Category 3 for gathering patient/customer and health care market knowledge as input to your strategy and action plans, and for deploying action plans;
- Category 4 for information and analysis to support your development of strategy, to provide an effective performance basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;

- Category 5 for your work system needs, staff education, training, and development needs, and related staff resource factors resulting from your action plans;
- Category 6 for process requirements resulting from your action plans; and
- Item 7.5 for accomplishments relative to your organizational strategy.

N2. Measures and/or indicators of projected performance (2.2b) might include changes resulting from new ventures, acquisitions, new value creation, health care market entry and/or shifts, and/or significant anticipated innovations in technology and/or health care service delivery.

For definitions of the following **key terms**, see pages 31-32: action plans, measures and indicators.

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

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

The *Focus on Patients, Other Customers, and Markets* Category examines how your organization determines requirements, expectations, and preferences of patients, other customers, and markets. Also examined is how your organization builds relationships with patients/customers and determines their satisfaction.

3.1 Patient/Customer and Health Care Market Knowledge (40 pts.)

Approach - Deployment

Describe how your organization determines short- and longer-term requirements, expectations, and preferences of patients, other customers, and markets to ensure the relevance of current health care services and to develop new health care service opportunities.

Within your response, include answers to the following questions:

a. Patient/Customer and Health Care Market Knowledge

- (1) How do you determine or target patient and other customer groups, and/or health care market segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?
- (2) How do you listen and learn to determine key requirements and drivers of health care purchase decisions for current, former, and potential patients/customers? If determination methods differ for different patients/customers and/or customer groups, include the key differences.
- (3) How do you determine and/or project key health care service features and their relative importance/value to patients/customers for purposes of current and future marketing, health care service planning, and other business developments, as appropriate? How do you use relevant information from current and former patients/customers, including marketing information, patient/customer retention data, won/lost analysis, and complaints, in this determination?
- (4) How do you keep your listening and learning methods current with health care service needs and directions?

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/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. Generic references to customers include patients.

N2. Health care service features [3.1a(3)] refer to all important characteristics of your services that patients and other customers receive. The focus should be on features that bear upon customer preference and loyalty, and the customers' view of clinical and service quality — for example, those

features that enhance or differentiate, in the eyes of the customer, your organization's services from other providers offering similar services. Beyond specific health care provision, these features might include extended hours, family support services, cost, assistance with billing/ paperwork processes, and transportation assistance.

N3. The determination of health care service features and their relative importance [3.1a(3)] should take into account the potentially differing expectations of patients and other customers.

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

3.2 Patient/Customer Satisfaction and Relationships (45 pts.)

Approach - Deployment

Describe how your organization determines the satisfaction of its patients and other customers and builds relationships to retain current customers and to develop new health care service opportunities.

Within your response, include answers to the following questions:

a. Patient/Customer Relationships

- (1) How do you determine key access mechanisms to facilitate the ability of patients and other customers to obtain services, seek assistance and information, and make complaints? Include a summary of your key mechanisms.
- (2) How do you determine key patient and other customer contact requirements and deploy these requirements to all staff involved in the response chain?
- (3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall organizational improvement.
- (4) How do you build relationships with patients/customers for continuing interactions with the organization and/or positive referral?
- (5) How do you keep your approaches to patient/customer access and relationship building current with health care service needs and directions?

b. Patient/Customer Satisfaction Determination

- (1) What processes, measurement methods, and data do you use to determine patient and other customer satisfaction and dissatisfaction? Include how your measurements capture actionable information that reflects patients'/customers' future interactions with your organization, provider loyalty, and/or potential for positive referral. Also include any significant differences in processes or methods for different customer groups and/or health care market segments.
- (2) How do you follow up with patients and other customers on recently delivered health care services and recent transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on patient/customer satisfaction relative to competitors, other organizations delivering similar health care services, and/or benchmarks, as appropriate?
- (4) How do you keep your approaches to satisfaction determination current with health care service needs and directions?

Notes:

N1. Patient/customer relationships (3.2a) might include the development of partnerships or alliances.

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

N3. Patient/customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Actionable patient/customer satisfaction measurements provide reliable information about patient/customer ratings of your specific service and relationship features, the linkage between these ratings, and your

patients'/customers' likely future actions — choice of health care provider and/or positive referral. Service features might include overall value and cost.

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

For additional description of this Item, see page 38.

4 Information and Analysis (85 pts.)

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

4.1 Measurement of Organizational Performance (40 pts.)

Approach - Deployment

Describe how your organization provides effective performance measurement systems for understanding, aligning, and improving your performance as a health care provider throughout your entire organization.

Within your response, include answers to the following questions:

a. Measurement of Organizational Performance

- (1) How do you address the major components of an effective performance measurement system, including the following key factors?
 - selection of measures/indicators (clinical, financial, and operational), and extent and effectiveness of their use in daily operations
 - selection and integration of measures/indicators and completeness of data to track your overall organizational performance
 - selection, and extent and effectiveness of use of key comparative data and information
 - data and information reliability and confidentiality
 - a clinical understanding of improvement options
 - a cost/financial understanding of improvement options
 - correlations/projections of data to support planning
- (2) How do you keep your performance measurement system current with health care service needs and directions?

Notes:

N1. The term information and analysis refers to the key metrics (clinical, financial, and non-financial) used by your organization to measure and analyze performance. Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at your work unit, key process, departmental, and whole organization levels.

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

N3. Comparative data and information include benchmarking and competitive comparisons. Benchmarking refers to processes and results that represent best practices and performance for similar activities, inside or outside the health care industry. Competitive comparisons refer to performance relative to competitors and to other organizations providing similar health care services. These data may be drawn from local or national sources.

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

4.2 Analysis of Organizational Performance (45 pts.)

Approach - Deployment

Describe how your organization analyzes performance data and information to assess and understand overall clinical and administrative/operational performance.

Within your response, include answers to the following questions:

a. Analysis of Organizational Performance

- (1) How do you perform analyses to support your senior leaders' organizational performance review and your organizational planning? How do you ensure that the analyses address the overall success of your organization, including your key organizational performance results and strategic objectives?
- (2) How do you ensure that the results of organizational-level analysis are linked to work group and/or functional-level operations to enable effective decision making?
- (3) How does analysis support daily operations throughout your organization? Include how this analysis ensures that measures align with action plans.

Notes:

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

health care outcomes, financial and market, operational, and competitive/comparative.

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

For a definition of the following **key term**, see page 31: analysis.

For additional description of this Item, see page 40.

5 Staff Focus (85 pts.)

The *Staff Focus* Category examines how your organization enables all staff to develop and utilize their full potential, aligned with the organization's objectives. Also examined are your organization's efforts to build and maintain a work environment and a staff support climate conducive to performance excellence, full participation, and personal and organizational growth.

5.1 Work Systems (35 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Work Systems

- (1) How do you design, organize, and manage work and jobs to promote cooperation and collaboration, individual initiative, innovation, and flexibility, and to keep current with health care service needs?
- (2) How do your managers and supervisors encourage and motivate staff to develop and utilize their full potential? Include formal and/or informal mechanisms you use to encourage and support staff in job- and career-related development/learning objectives.
- (3) How does your staff performance management system, including feedback to staff, support high performance?
- (4) How do your compensation, recognition, and related reward/incentive practices reinforce high performance?
- (5) How do you ensure effective communication, cooperation, and knowledge/skill sharing across work units, functions, and locations, as appropriate?
- (6) How do you identify characteristics and skills needed by potential staff; how do you recruit and hire/privilege new staff? How do you take into account key performance requirements, diversity of your community, and fair work force practices?

Notes:

N1. The term staff refers to all people who contribute to the delivery of your organization's services, including paid staff (e.g., permanent, temporary, and part-time personnel, as well as any contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Staff includes managers and supervisors at all levels. You should address contract employees supervised by a contractor in Item 6.3.

N2. The term work design refers to how your staff are organized and/or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, patient/customer action teams, problem-solving

teams, centers of excellence, functional units, cross-functional teams, and departments — self-managed or managed by supervisors. The term job design refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team, based upon cross-training.

N3. Compensation and recognition include promotions and bonuses that might be based upon performance, skills acquired, and other factors. Recognition includes monetary and nonmonetary, formal and informal, and individual and group recognition. Recognition systems for volunteers and independent practitioners who contribute to the work of the organization should be included, as appropriate.

For a definition of the following **key term**, see page 32: **high performance work**.

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

5.2 Staff Education, Training, and Development (25 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Staff Education, Training, and Development

- (1) How does your education and training approach balance short- and longer-term organizational and staff needs, including licensure and recertification requirements, development, learning, and career progression?
- (2) How do you design education and training to keep current with health care service and individual needs? Include how job and organizational performance are used in education and training design and evaluation.
- (3) How do you seek and use input from staff and their supervisors/managers on education and training needs, expectations, and design?
- (4) How do you deliver and evaluate education and training? Include formal and informal education, training, and learning, as appropriate.
- (5) How do you address key developmental and training needs, including diversity training, management/leadership development, new staff orientation, and safety, as appropriate?
- (6) How do you address performance excellence in your education and training? Include how staff learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.
- (7) How do you reinforce knowledge and skills on the job?

Note:

Education and training delivery [5.2a(4)] might occur inside or outside your organization and involve on-the-job, classroom, computer-based,

distance learning, and/or other types of delivery (formal or informal).

For additional description of this Item, see page 42.

5.3 Staff Well-Being and Satisfaction (25 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Work Environment

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

b. Staff Support Climate

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

(2) How does your work climate consider and support the needs of a diverse work force?

c. Staff Satisfaction

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

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

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

Notes:

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

N2. Specific factors that might affect your staff well-being, satisfaction, and motivation [5.3c(1)] include: effective problem or grievance resolution; safety factors; staff views of management; staff training, development, and career opportunities; staff preparation for changes in technology or the work organization; work environment and other work

conditions; workload; cooperation and teamwork; recognition; benefits; communications; job security; compensation; and equal opportunity.

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

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

For additional description of this Item, see page 43.

6 Process Management (85 pts.)

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

6.1 Health Care Service Processes (55 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Health Care Service Design Processes

- (1) What are your design processes for health care services and their related delivery processes?
- (2) How do you make decisions to launch new or significantly modified health care services, including how you factor financial considerations into decision making?
- (3) How do you incorporate changing patient/customer and health care market requirements into health care service design and service delivery systems and processes?
- (4) How do you incorporate new technology into health care services and into service delivery systems and processes, as appropriate?
- (5) How do your health care service design processes address quality and cycle time, transfer of learning from past projects and other parts of the organization, improved health care outcomes, cost control, new design technology, productivity, and other efficiency/effectiveness factors?
- (6) How do you ensure that your health care service delivery process design accommodates all key operational performance requirements, including regulatory/accreditation requirements?
- (7) How do you coordinate and test health care service design and delivery processes to ensure capability for trouble-free and timely introduction of health care services?

b. Health Care Service Delivery Processes

- (1) What are your key health care service delivery processes and their key performance requirements?
- (2) How are patients' expectations addressed and considered? Include how health care service delivery processes and likely outcomes are explained to set realistic patient expectations, and how patient decision making and patient preferences are factored into the delivery of health care services.
- (3) How does your day-to-day performance of key health care service delivery processes ensure meeting key performance requirements, including regulatory and payor requirements?
- (4) What are your key performance assessments, measures, and/or indicators used for the control and improvement of these processes? Include how real-time patient/customer input is sought, as appropriate.
- (5) How do you improve your health care service delivery processes to achieve better process performance and improvements in health care services and health care outcomes, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

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

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

N3. Design requirements should include all appropriate stages of health care service delivery. In

a group practice, this might be making the appointment, presentation, evaluation of risk factors, health education, and appointment closures. Depending upon the health care service, this might include a significant focus on technology and/or patient-specific considerations.

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

N5. Your results of operational improvements in health care service design and delivery processes should be reported in Item 7.5. Your results of improvements in health care outcomes and health care service performance should be reported in Item 7.1.

For definitions of the following **key terms**, see pages 31-33: cycle time and productivity.

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

6.2 Support Processes (15 pts.)

Describe how your organization manages its key support processes.

Within your response, include answers to the following questions:

a. Support Processes

- (1) What are your key support processes?
- (2) How do you determine key support process requirements, incorporating input from internal and/or external customers, including patients, as appropriate? What are the key operational requirements (such as cost, productivity, and cycle time) for the processes?
- (3) How do you design these processes to meet all the key requirements?
- (4) How does your day-to-day operation of key support processes ensure meeting key performance requirements? How do you determine and use in-process measures and/or customer feedback in your support processes?
- (5) How do you improve your support processes to achieve better performance and to keep them current with health care service needs and directions, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

N1. Your support processes are those that support your organization's health care service design and delivery processes, and business operations. The key support processes to be included in Item 6.2 are unique to your organization and how you operate, but should include key patient support processes (e.g., housekeeping, medical records) and key business and

administrative processes (e.g., finance, contracting). Focus should be on your most important processes not addressed in Items 6.1 and 6.3.

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

For additional description of this Item, see pages 44-45.

6.3 Supplier and Partnering Processes (15 pts.)

Approach - Deployment

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

Within your response, include answers to the following questions:

a. Supplier and Partnering Processes

- (1) What key products/services do you purchase/obtain from suppliers and/or partners?
- (2) How do you incorporate performance requirements into supplier and/or partner process management to ensure that materials, instrumentation and devices, and services furnished by others meet the organization's needs? What key performance requirements must your suppliers and/or partners meet to fulfill your overall requirements?
- (3) How do you ensure that your performance requirements are met? How do you provide timely and actionable feedback to suppliers and/or partners? Include the key performance measures and/or indicators and any targets you use for supplier and/or partner assessment.
- (4) How do you minimize overall costs associated with inspections, tests, and process and/or performance audits?
- (5) How do you provide assistance and/or incentives to suppliers and/or partners to help them improve their overall performance and to improve their abilities to contribute to your current and longer-term performance?
- (6) How do you improve your supplier and/or partner processes, including your role as supportive customer/partner, to keep current with your health care service needs and directions? How are improvements shared throughout your organization, as appropriate?

Notes:

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

N2. Depending on the structure of your health care staff, your response to Item 6.3 might deal with some aspects of health care provider services, if there is a customer-supplier relationship. Health care staff still should be addressed in Item 1.1 and Category 5.

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

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

For additional description of this Item, see page 45.

7 Organizational Performance Results (450 pts.)

The *Organizational Performance Results* Category examines your organization's performance and improvement in key areas — patient/customer satisfaction, health care services, and financial and health care marketplace performance, staff and work system results, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors and organizations delivering similar health care services.

7.1 Patient and Other Customer Focused Results (200 pts.)

Results

Summarize your organization's patient and other customer focused results, including patient/customer satisfaction and health care service performance results. Segment your results by customer groups and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Patient/Customer Focused Results

- (1) What are your current levels and trends in key measures and/or indicators of patient and other customer satisfaction, dissatisfaction, and satisfaction relative to competitors and other organizations delivering similar health care services?
- (2) What are your current levels and trends in key measures and/or indicators of patient and other customer loyalty, positive referral, patient/customer-perceived value, and patient/customer relationship building, as appropriate?
- (3) What are your current levels and trends in key measures and/or indicators of health care outcomes, health care service delivery results, and patients' functional status?

Notes:

N1. Patient/customer satisfaction and dissatisfaction results reported in this Item should relate to determination methods and data described in Item 3.2.

N2. There may be several different dimensions of patient satisfaction, such as satisfaction with quality of care, satisfaction with provider interaction, satisfaction with the long-term health outcome, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

N3. Measures and/or indicators of satisfaction relative to competitors or other organizations delivering similar health care services might include objective information and data from your customers and from independent organizations.

N4. Comparative performance on health care outcomes, health care delivery results, and patients' functional

status that serve as indicators of patient/customer satisfaction should be included in 7.1a(3).

N5. The combination of direct patient/customer measures/indicators in 7.1a(1) and 7.1a(2) with health care service outcomes, health care service delivery results, and functional status measures/indicators in 7.1a(3) provides an opportunity to determine cause and effect relationships between your health care outcomes/service delivery attributes and evidence of patient/customer satisfaction, loyalty, positive referral, etc.

N6. 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.

For a definition of the following **key term**, see page 33: results.

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

7.2 Financial and Market Results (75 pts.)

Results

Summarize your organization's key financial and health care marketplace performance results, segmented by 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 and/or indicators of financial performance, including aggregate measures of financial return and/or economic value, as appropriate?
- (2) What are your current levels and trends in key measures and/or indicators of health care marketplace performance, including market share/position, business growth, and new markets entered, as appropriate?

Note:

Aggregate measures such as return on investment (ROI), asset utilization, operating margins, profitability (if relevant), profitability by market/customer segment (if relevant), liquidity, debt to equity ratio, value added

per staff member, bond ratings (if appropriate), and financial activity measures are appropriate for responding to 7.2a(1).

For additional description of this Item, see page 46.

7.3 Staff and Work System Results (75 pts.)

Results

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

Provide data and information to answer the following questions:

a. Staff and Work System Results

- (1) What are your current levels and trends in key measures and/or indicators of staff well-being, satisfaction and dissatisfaction, and development?
- (2) What are your current levels and trends in key measures and/or indicators of work system performance and effectiveness?

Notes:

N1. Results reported in this Item should relate to activities described in Category 5. Your results should be responsive to key process needs described in Category 6, and your organization's action plans and related staffing plans described in Item 2.2.

N2. For appropriate measures of staff well-being and satisfaction, see Notes to Item 5.3. Appropriate measures and/or indicators of staff development

might include innovation and suggestion rates, courses completed, learning, on-the-job performance improvements, credentialing, and cross-training.

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

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

7.4 Supplier and Partner Results (25 pts.)

Results

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

Provide data and information to answer the following question:

a. Supplier and Partner Results

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

Note:

Results reported in this Item should relate directly to processes and performance requirements described in Item 6.3.

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

7.5 Organizational Effectiveness Results (75 pts.)

Results

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

Provide data and information to answer the following questions:

a. Organizational Effectiveness Results

- (1) What are your current levels and trends in key measures and/or indicators of key design, service delivery, and support process performance? Include cost, productivity, cycle time, and other appropriate measures of effectiveness and efficiency.
- (2) What are your results for key measures and/or indicators of citizenship and contribution to the health of your community? What are your results for key measures and/or indicators of accomplishment of organizational strategy?
- (3) What are your results for key measures and/or indicators of organizational accreditation, assessment, and legal/regulatory compliance?

Notes:

N1. Results reported in Item 7.5 should address your key organizational requirements and progress toward accomplishment of your key organizational performance goals as presented in the organization's Business Overview, and in Items 1.1, 2.2, 6.1, and 6.2. Include results not reported in Items 7.1, 7.2, 7.3, and 7.4.

N2. Results reported in Item 7.5 should provide key information for analysis (Item 4.2) and review (Item 1.1) of your organizational operational performance and should provide the operational basis for

patient/customer results (Item 7.1) and financial and market results (Item 7.2).

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

For additional description of this Item, see page 48.

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.

Action Plans

Action plans refer to principal organizational-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things your organization should do well for your strategy to succeed. 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. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all departments and work units. Deployment might also 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 health care might be to become the low cost provider. Action plans could entail design of efficient processes to minimize length of hospital stays, analysis of resource and asset use, and analysis of the most commonly encountered Diagnosis Related Groups (DRGs) with a focus on preventive health in those areas. Performance requirements might include staff training in priority setting based upon costs and benefits. Organizational-level analysis and review could emphasize overall process efficiency and cost per member.

Alignment

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

Analysis

Analysis refers to assessments performed by an organization or its work units to provide a basis for effective decisions. Overall organizational analysis guides process management toward achieving key 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. Actions depend upon understanding cause/effect relationships. Understanding such relationships comes from analysis of facts and data.

Approach

Approach refers to how an organization addresses the Baldrige Criteria Item requirements — the methods and processes used by the organization. Approaches are evaluated on the basis of the appropriateness of the approach to the Item requirements; effectiveness of use of the approach; and alignment with organizational needs. For further description, see the Scoring System on page 49.

Customers

Customers refer to patients and other customers. Patients, as a key customer group, frequently are identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, government health agencies, and health profession students.

Cycle Time

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. In the Criteria booklet, cycle time refers to all aspects of time performance. Cycle time improvement could include test results reporting time, order fulfillment time, length of stay, billing time, and other key process times.

Deployment

Deployment refers to the extent to which an organization's approach is applied to the requirements of a Baldrige Criteria Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach throughout the organization. For further description, see the Scoring System on page 49.

Empowerment

Empowerment refers to giving staff the authority and responsibility to make decisions and take appropriate actions. Empowerment results in decisions being made closest to the patient or the business "front line," where patient needs and work-related knowledge and understanding generally reside.

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

Health Care Services

Health care services refer 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

High performance work refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and staff performance, including quality, productivity, innovation rate, and time performance. High performance work results in improved service for patients and other customers.

Approaches to high performance work vary in form, function, and incentive systems. Effective approaches frequently include: cooperation between administration/management and the staff, including work force bargaining units; cooperation among work units, often involving teams; self-directed responsibility/staff empowerment; staff input to planning; 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 the business "front line"; and effective use of performance measures, including comparisons. Many high performance work systems use monetary and non-monetary incentives based upon factors such as organizational performance, team and/or individual contributions, and skill building. Also, high performance work approaches usually seek to align the design of organizations, work, jobs, staff development, and incentives.

Innovation

Innovation refers to making meaningful change to improve services and/or processes and create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is considered new or new to its proposed application.

Successful organizational innovation is a multi-step 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 breakthrough improvement and/or change.

Measures and Indicators

Measures and indicators refer to numerical information that quantifies input, output, and performance dimensions of processes, services, and the overall organization (outcomes). The Health Care Criteria place particular

focus on measures of health care outcomes, health care service delivery, and patients' 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 the term 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).

Patient

Patient refers to the person receiving health care, including preventive, promotion, 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

Performance refers to output results obtained from processes and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance might be expressed in nonfinancial and financial terms.

The Criteria booklet addresses three types of performance: (1) patient and other customer focused, including health care performance; (2) financial and marketplace; and (3) operational.

Patient and other customer focused performance refers to performance relative to measures and indicators of patients'/customers' perceptions, reactions, and behaviors, and to measures and indicators of health care performance important to patients/customers. Examples of patient and other customer performance include patient loyalty, customer retention, complaints, and customer survey results. Examples of health care performance include reductions in hospital admission rates, mortality and morbidity rates, nosocomial infection rates, and length of stay and increases in outside the hospital treatment of chronic illnesses, lifestyle changes, and patient compliance and adherence. Health care performance might be measured at the organizational level and at the DRG-specific level.

Financial and marketplace performance refers to performance using measures of cost and revenue, including asset utilization, asset growth, and market share. Examples include returns on investments, bond ratings, debt to equity ratio, returns on assets, operating margins, and other profitability and liquidity measures.

Operational performance refers to organizational, staff, and supplier performance relative to effectiveness and efficiency measures and indicators. Examples include cycle time, productivity, waste reduction, accreditation results, and legal/regulatory compliance. Operational performance might be measured at the work unit/department level, key process level, and organizational level.

Process

Process refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some situations, 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, particularly when customers are directly involved in the service, process is used in a more general way – to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers also require guidance to the providers of those services on handling contingencies related to customers' likely or possible actions or behaviors.

In knowledge work such as health care, 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 considered, evaluation, and reporting. Sequences might arise as part of these understandings.

Productivity

Productivity refers to measures of efficiency in the use of resources.

Although the term is often applied to single factors such as staffing (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 or not the net effect of overall changes in a process — possibly involving resource tradeoffs — is beneficial.

Results

Results refer to outcomes achieved by an organization in addressing the purposes of a Baldrige Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; rate,

breadth, and importance of performance improvements; and relationship of results measures to key organizational performance requirements. For further description, see the Scoring System on page 49.

Staff

Staff refers to all people who contribute to the delivery of an organization's services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary).

Strategic Objectives

Strategic objectives refer to an organization's major change opportunities and/or the fundamental challenges the organization faces. Strategic objectives are generally externally focused, relating to significant patient/customer, market, service, or technological opportunities and challenges. Broadly stated, they are what an organization must change or improve to remain or become competitive. Strategic objectives set an organization's longer-term directions and guide resource allocations and redistributions.

See the definition of *action plans* on page 31 for the relationship between strategic objectives and action plans and for an example of each.

Systematic

Systematic refers to approaches that are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning, and thereby permit a gain in maturity. As organizational approaches mature, they become more systematic and reflect cycles of evaluation and learning. For use of the term, see the Scoring Guidelines on page 50.

Value

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

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organizations seek to deliver value to all their stakeholders. This frequently requires balancing value for customers and other stakeholders, such as patients, third party payors, stockholders, staff, and the community.

2000 HEALTH CARE CRITERIA: CATEGORY AND ITEM DESCRIPTIONS

Leadership (Category I)

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

1.1 Organizational Leadership

Purpose

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

Requirements

You are asked how your senior leaders set directions, communicate and deploy values and performance expectations, and take into account the expectations of patients, and other customers and stakeholders. This includes how leaders create an environment for innovation, learning, and knowledge sharing.

You also are asked how your senior leaders review organizational performance, what key performance measures they regularly review, and how review findings are used to drive improvement and change, including your leaders' own effectiveness.

Comments

- Leadership's central roles in setting directions, creating and balancing value for all stakeholders, and driving performance are the focus of this Item. Stakeholders could include patients and their families, health care providers and staff, governing boards, payors, the community, Departments of Health, accrediting organizations, suppliers, partners, and the public. Success requires a strong future orientation and a commitment to both improvement and change. Increasingly, this requires creating an environment for learning and innovation, as well as the means for rapid and effective application of knowledge.
- An important aspect of leadership is the relationship and collaboration between administrative and health care provider leadership in organizations with separate administrative and health care leadership.
- The organizational review called for in this Item is intended to cover all areas of performance, thereby providing a picture of the "state of health" of your organization. This includes not only how well you are currently performing but also how well you are moving toward the future. It is anticipated that the review

findings will provide a reliable means to guide both improvement and change, tied to your organization's own key objectives, success factors, and measures. Therefore, an important component of your senior leaders' organizational review is the translation of the review findings into an action agenda, sufficiently specific for deployment throughout your organization and to your suppliers/partners, patients, and other key customers.

1.2 Public Responsibility and Citizenship

Purpose

This Item examines how your organization fulfills its public responsibilities and encourages, supports, and practices good citizenship and how your organization contributes to the health of your community.

Requirements

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

You also are asked how your organization, your senior leaders, and your staff identify, support, and strengthen key communities as part of good citizenship practices, including actions to build community health.

Comments

- Proactively addressing legal, ethical, regulatory and accreditation requirements and risk factors are an integral part of health care delivery, performance management, and improvement. Addressing these areas requires establishing appropriate measures and/or indicators that senior leaders track in their overall performance review. Your organization should be sensitive to issues of public concern related to your health care services and operations, whether or not these issues are currently embodied in law or regulation.
- Citizenship implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities include staff community service, that is encouraged and supported by your organization.
- Examples of organizational community involvement include: influencing the adoption of higher standards in education by communicating employability requirements to schools and school boards; and partnering to influence associations in which you have memberships to engage in generally beneficial cooperative activities, such as 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.

- Area 1.2b also addresses actions to build and improve community health. The community health services offered by your organization will be dependent upon your mission, including service requirements for tax-exempt organizations. All organizations should consider appropriate contributions to community health, including the consideration of partnering with other local organizations (public and business) and health care providers.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, and deployment of plans.

The Category stresses that patient-centered quality, healthcare, and operational performance excellence are key strategic issues that need to be integral parts of your organization's overall planning.

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

The Strategic Planning Category examines how your organization:

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

The requirements for the Strategic Planning Category are intended to encourage strategic thinking and acting – 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. Also, the Category does not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of



involvement. This requires clear strategic guidance, particularly when improvement alternatives compete for limited resources. In most cases, priority setting depends heavily upon health care market demands and a cost rationale. However, you also might have critical requirements such as community health and public responsibilities that are not driven by cost considerations alone.

2.1 Strategy Development

Purpose

This Item examines how your organization sets strategic directions and develops your strategic objectives, with the aim of strengthening your overall performance as a health care provider and its performance relative to other organizations providing similar health care services.

Requirements

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

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

Comments

- This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organization's future opportunities and directions – taking as long-term a view as possible. This approach is intended to provide a thorough and realistic context for the development of a patient/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 provider organizations, competitive/collaborative situations, strategic issues, planning approaches, and plans. The requirements are explicit in calling for a future-oriented basis for action, but the requirements do not imply formalized planning, planning departments, planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create a wholly new health care service or business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.
- This Item focuses on health care service performance leadership, which usually depends upon health care service delivery performance 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 or collaborates" presents many options and requires understanding your organization's and your competitors' strengths and weaknesses. Although no specific time horizon is included, the thrust of this Item is sustained performance leadership.

- An increasingly important part of strategic planning is projecting the competitive and collaborative environment. Such projections help to detect and reduce 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 cost or innovation rate) organizations might use a variety of modeling, scenario, or other techniques and judgments to project the future environment.

2.2 Strategy Deployment

Purpose

This Item examines how your organization translates your strategic objectives into action plans to accomplish the objectives and to enable assessment of progress relative to your action plans. The aim is to ensure that your strategies are deployed for goal achievement.

Requirements

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

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

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

Comments

- This Item calls for information on how your action plans are developed and deployed. Accomplishment of action plans requires the definition of resource requirements and performance measures, as well as aligning departmental, work unit, supplier, and/or partner plans. Of central importance is how you achieve

alignment and consistency – for example, via key processes and key measurements. Alignment and consistency are intended also to provide a basis for setting and communicating priorities for ongoing improvement activities – part of the daily work of all departments/work units. Performance measures are also critical to performance tracking. Critical action plan resource requirements include staffing plans that support your overall strategy.

- Examples of possible staffing plan elements are:
 - redesign of your work organization and/or jobs to increase staff responsibility and decision making;
 - initiatives to promote greater labor-management cooperation, such as union partnerships;
 - initiatives to promote better collaboration and cooperation between health care providers and administrative support staff;
 - 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; and
 - education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future staff, and/or establishment of technology-based training capabilities.
- Projections and comparisons in this Item are intended to encourage your organization to improve its ability to understand and track dynamic performance factors. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to others and relative to your own targets or stretch goals. Such tracking serves as a key diagnostic organizational and health care performance management tool.
- In addition to improvement relative to past performance and to other organizations, projected performance also might include changes resulting from new ventures, entry into new health care markets, innovations, or other strategic thrusts.

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

Focus on Patients, Other Customers, and Markets addresses how your organization seeks to understand the voices of patients, of other customers, and of the marketplace. 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 on your patients' and other customers' important behaviors – provider loyalty and positive referrals.

Throughout the Criteria, patients frequently are identified separately from other customer groups. This is done to stress the importance of this customer group 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/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/Customer and Health Care Market Knowledge

Purpose

This Item examines your organization's key processes for gaining knowledge about 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 requirements and expectations, and keeping pace with changing markets and marketplaces.

Requirements

You are asked how you determine or target key patient and other customer groups and how you segment your health care markets. You are asked how you consider potential customers, including your competitors' customers. You are asked how you determine key requirements and drivers of health care purchase decisions, and how you determine key health care service features. These factors are likely to differ for different customer groups and market segments. Knowledge of customer groups and market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to support your marketing strategies, and to develop new health care service opportunities.

Finally, you are asked how you improve your customer listening and learning strategies so that you can keep current with your changing health care service needs and directions.

Comments

- In a rapidly changing health care environment, many factors may affect patient/customer preference and loyalty and your interface with them in the marketplace. This makes it necessary to listen and learn on a continuous basis. To be effective as an organization, listening and learning need to be closely linked with your organization's overall strategy and strategy-setting process.

- A relationship strategy may be possible with some patients/customers, but not with others. Differing relationships may require very different listening and learning strategies. The use of electronic communication and the internet (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/customer groups and health care market segments.
- Selection of listening and learning strategies depends on your organization's key factors. Some frequently used strategies include: focus groups with patients/key customers; close integration with patients and other key customers; interviews of lost patients/customers about their health care purchase decisions; use of the patient/customer complaint process to understand key service attributes, won/lost analysis relative to competitors; and survey/feedback information, including use of the internet.

3.2 Patient/Customer Satisfaction and Relationships

Purpose

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

Requirements

You are asked how you provide easy access for patients and other customers and potential customers to seek information or assistance and/or to comment and complain. You are asked how patients and other customer contact requirements are determined and deployed. You also are asked how your organization aggregates, analyzes, and learns from complaint information. Prompt and effective response and solutions to patient/customer needs and desires are a source of satisfaction and provider loyalty.

You are asked how you build relationships with your patients/customers, since organizational success, health care service innovation, and business development increasingly depend on maintaining close relationships with your patients/customers.

You are asked how you keep your approaches to all aspects of patient/customer relationships current with changing health care service needs and directions, since approaches to and bases for relationships may change quickly.

You also are asked about your satisfaction and dissatisfaction determination processes and how they differ for different patient/customer groups or health care market segments, since satisfied customers are a requirement for provider loyalty, new business, and positive referral.

Finally, you are asked how you follow up with patients and other customers regarding recent health care services and recent transactions, and how you determine the patients'/customers' satisfaction relative to competitors and/or other organizations delivering similar health care services, so that you may improve future performance. The determination of patient satisfaction with health care outcomes relative to patient expectations provides a significant learning opportunity relative to satisfying future patients and successfully setting their expectations.

Comments

- This Item emphasizes how you obtain actionable information. To be actionable you should be able to tie the information to key organizational processes and you should be able to determine cost/service implications for improvement priority setting.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to priority setting for process and service improvements. Successful outcomes require effective deployment of information throughout the organization.
- A key aspect of customer satisfaction determination is satisfaction relative to competitors and/or other organizations delivering similar health care services and competing or alternative offerings. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to patient/customer preference are of critical importance in understanding factors that drive health care decision making and potentially affect longer-term success in the health care marketplace.

Information and Analysis (Category 4)

Information and Analysis is the main point within the Criteria for all key information to effectively measure performance and manage your organization, and to drive improvement of performance, with specific attention to performance as a health care provider. In simplest terms, Category 4 is the "brain center" for the alignment of your organization's health care and administrative operations with your strategic directions. However, since information and analysis might themselves be primary sources of cost savings, efficiency, and productivity enhancement, the Category also includes such strategic considerations.

4.1 Measurement of Organizational Performance

Purpose

This Item examines your organization's selection, management, and use of data and information for performance measurement, in support of organizational planning and performance improvement as a health care provider. This performance improvement includes efforts

to improve health care results and outcomes (e.g., the selection of statistically meaningful indicators, risk adjustment of data, and linking outcomes to processes and provider decisions). The aim is to serve as a key foundation for your functioning as a high performing organization.

Requirements

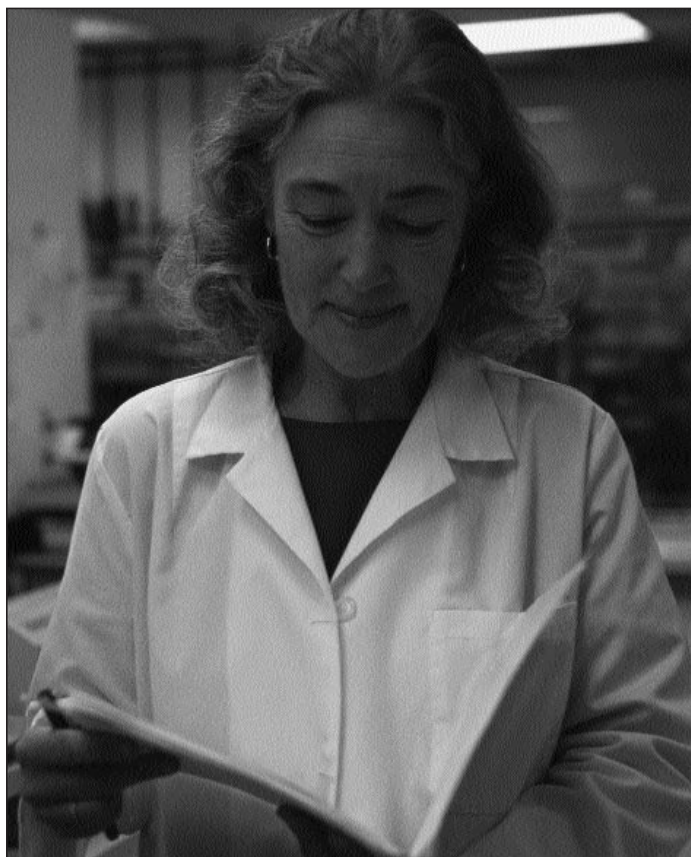
You are asked how you establish the major components of an effective performance measurement system for your organization. You are asked how you select and use measures for tracking daily operations and how you select and integrate measures for monitoring overall organizational performance. You also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

You are asked how you select and use comparative and benchmarking information to help drive performance improvement. Sources of comparative and benchmarking information might include: (1) information obtained from other organizations through sharing or contributing to external reference data bases; (2) information obtained from the open literature (e.g., outcomes of research studies and practice guidelines); (3) data gathering and evaluation by independent organizations (e.g., Health Care Finance Administration, accrediting organizations, and commercial organizations).

Finally, you are asked how you keep your organization's performance measurement system current with changing health care service needs.

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, how they are integrated to yield organization-wide measures, and 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 and/or improvement. Integration could include accumulation and dissemination of information about patients derived from clinical evaluation, radiology, and laboratory testing, permitting more timely scheduling, diagnosis, and discharge. Effective management of an organization's information/data system also must address confidentiality.
- Performance data and information are especially important in clinical consultations, alliances, and supply chains. Your responses to this Item should take into account this strategic use of data and information, and should recognize the need for rapid data validation,



confidentiality, and reliability assurance given the increasing use of electronic communication and use of the internet.

- The use of comparative/competitive information is of significant importance to all organizations. The major premises for using such information are: (1) your health care organization is facing tough competition and a rapidly changing environment; (2) your organization needs to know where it stands relative to competitors, other providers, and to best practices; (3) comparative and benchmarking information often provide the impetus for significant ("breakthrough") improvement or change; and (4) preparation for comparing performance information frequently leads to a better understanding of your processes and their performance. Benchmarking information also may support analysis and decisions relating to core competencies, alliances, and outsourcing.
- Your effective selection and use of comparative and benchmarking 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 targets and to promote major, non-incremental improvements in areas most critical to your organization's current and future performance as a health care provider.

4.2 Analysis of Organizational Performance

Purpose

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

Requirements

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

Comments

- Individual facts and data do not usually provide a sound basis for organizational priority setting. 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 facts.
- Action depends upon understanding cause/effect connections among processes and between processes and performance results. Process actions and their results may have many resource implications. Organizations have a critical need to provide a sound analytical basis for decisions because resources for improvement are limited and cause/effect connections are often unclear.
- Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely, depending upon your type of organization, size, competitive environment, and other factors. Examples of possible analyses include:
 - how health care service quality improvement correlates with key patient/customer indicators such as satisfaction, retention/loyalty, and market share;
 - cost/revenue implications of patient/customer-related problems and problem resolution effectiveness;
 - interpretation of market share changes in terms of both patient and other customer gains and losses and changes in patient/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, and costs per case;
 - relationships between staff/organizational learning and productivity gains or health care outcomes;
 - financial benefits derived from improvements in staff safety, absenteeism, and turnover;
 - benefits and costs associated with education and training;
 - benefits and costs associated with improved organizational knowledge management and sharing;
 - how the ability to identify and meet staff requirements correlates with staff retention, motivation, and productivity;
 - cost/revenue implications of staff-related problems and effective problem resolution;
 - productivity and cost trends relative to competitors (e.g., cost/case for key DRGs);
 - compliance with preventive screenings compared to similar health care providers;
 - relationships between 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/revenue implications and improvement potential (e.g., decisions on acquiring new technology versus forming technology equipment partnerships with other providers);
 - net earnings derived from quality/operational/staff 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/or shareholder/community value;
 - financial impacts of customer service/retention (e.g., decisions on PHO level of service and retention of third-party payors);
 - cost/revenue, patient/customer, and productivity implications of engaging in and/or expanding electronic data transfer and electronic communication;
 - health care market share versus profits/financial returns; and,
 - trends in economic, market, and patient/shareholder indicators of value.

Staff Focus (Category 5)

Staff Focus addresses key human resource practices – those directed toward creating a high performance workplace and toward developing staff to enable them and your organization to adapt to change. The Category covers staff development and management requirements in an integrated way, aligned with your organization's strategic

directions. Included in the focus on staff is a focus on the work environment and the staff support climate. 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. All appropriate contributions must be considered in the Staff Focus Category.

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

5.1 Work Systems

Purpose

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

Requirements

You are asked how you design work and jobs, to allow staff to exercise appropriate discretion and decision making, resulting in high performance.

You are asked how you encourage and motivate staff, how you manage staff performance, how you compensate, recognize, and reward staff, and how you ensure effective

communication and cooperation, all in support of high performance and staff well-being and loyalty.

Finally, you are asked how you profile, recruit, and hire/privilege staff that will meet your expectations and needs. This requirement entails ensuring that the work force is reflective of your key communities. The right work force is an enabler of high performance.

Comments

- High performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, patient/customer focus, and rapid response to changing health care service needs and requirements of the health care marketplace. The focus of this Item is on a work force capable of achieving high performance. In addition to the enabled staff and proper work system design, high performance work requires ongoing education and training, and information systems that ensure proper information flow. To help staff realize their full potential, many organizations use individual development plans developed with each staff member and addressing his/her career and learning objectives.
- Factors for your consideration in work and job design include simplification of job classifications, cross-training, job rotation, use of teams (including self-directed teams), and changes in work layout and location to facilitate patient-focused processes. Also important is effective communication across functions and work units to ensure a focus on patient/customer requirements and to ensure an environment with trust, knowledge-sharing, and mutual respect. Job design should address the



organization's credentialing and privileging of its health care practitioners, as appropriate.

- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied, in part, to demonstrated skills, to peer evaluations, and/or to collaboration with independent practitioners. Compensation and recognition approaches also might include bonuses/profit sharing, team or unit performance, and linkage to patient/customer satisfaction and loyalty/retention measures or other performance objectives.

5.2 Staff Education, Training, and Development

Purpose

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

Requirements

You are asked how education and training are designed, delivered, reinforced on the job, and evaluated, with special emphasis placed on meeting individual career progression and health care service needs. You are asked how you consider job and organizational performance in education and training design and evaluation, in support of a fact-based management system.

You are asked how staff and their supervisors participate in the needs determination, design, and evaluation of education and training, because these individuals frequently are best able to identify critical needs and evaluate success. You also are asked how staff and supervisors use performance measures and standards to ensure performance excellence in education and training.

Finally, you are asked about your organization's key developmental and training needs, including such high priority needs as management/leadership development, diversity training, and safety. Succession planning and leadership development, at all levels in increasingly diverse organizations, present a growing challenge and need.

Comments

- Depending on the nature of your organization's health care services and staff responsibilities and stage of organizational and personal development, education and training needs might vary greatly. These needs might include continuing clinical education, knowledge sharing skills, communications, teamwork, problem solving, interpreting and using data, meeting patient/customer requirements, process analysis and simplification, waste and cycle time reduction, and use of new technology.



Education needs also might include basic skills, such as reading, writing, language, and arithmetic.

- Education and training delivery might occur inside or outside your organization, and could involve on-the-job, classroom, computer-based, distance learning, or other types of delivery. Training also might occur through developmental assignments within or outside your organization.
- When you evaluate education and training, you should seek effectiveness measures as a critical component of evaluation. Such measures might address impact on individual, department, unit, and organizational performance, impact on patient/customer-related performance, and impact on health care outcomes.
- Although this Item does not specifically ask you about training for patient/customer contact staff, such training is increasingly important and common. It frequently includes: acquiring critical knowledge and skills with respect to your health care services and patients/customers; skills on how to listen to patients/customers; recovery from problems; and, learning how to effectively manage patient expectations.

5.3 Staff Well-Being and Satisfaction

Purpose

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

Requirements

You are asked how you ensure a safe and healthful work environment for all staff, taking into account their differing work environments and associated requirements. Special emphasis is placed on how staff contribute to identifying important factors and to improving workplace safety. You also are asked to identify appropriate measures and targets for key environmental factors so that status and progress can be tracked.

You are asked how you enhance staff well-being, satisfaction, and motivation based upon a holistic view of this key stakeholder group. Special emphasis is placed on the variety of approaches you use to satisfy a diverse workforce with differing needs and expectations.

Finally, you are asked how you assess staff well-being, satisfaction, and motivation, and how you relate assessment findings to key organizational results to set improvement priorities.

Comments

- Most organizations, regardless of size, have many opportunities to contribute to staff well-being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are: personal and career counseling; career development and employability services; recreational or cultural activities; formal and informal recognition; non-work-related education; day care; special leave for family responsibilities and/or community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to staff services.
- Although satisfaction with pay and promotion is important to paid staff, these two factors are generally not sufficient to ensure overall staff satisfaction, motivation, and high performance. Some examples of other factors to consider are: effective staff problem and grievance resolution; staff development and career opportunities; work environment and management support; workload; communication, cooperation and teamwork; job security; appreciation of the differing needs of diverse staff groups; and organizational support for serving patients/customers.
- In addition to direct measurement of staff satisfaction and well-being through formal or informal surveys,

some other indicators of satisfaction and well-being include: absenteeism, turnover, grievances, strikes, OSHA reportables, and worker's compensation claims. For health care staff, indicators might include patient referrals to other organizations/institutions and willingness to serve on committees.

Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes — health care processes and those processes that support the delivery of health care. As appropriate to an organization's mission, key processes might include the conduct of health care research and/or the teaching of medical/nursing students or allied health care professionals. Built into the Category are the central requirements for efficient and effective process management — effective design, implementation, linkage to suppliers and partners, operational performance, cycle time, and evaluation and continuous improvement.

Flexibility, cost efficiencies, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to your ability to adapt quickly and effectively to changing requirements. Flexibility might mean timely changeover 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. Flexibility might demand special strategies and specialized training. Flexibility also increasingly involves shared facilities, agreements with key suppliers, and novel partnering arrangements.

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

6.1 Health Care Service Processes

Purpose

This Item examines your organization's key health care service design and delivery processes, with the aim of improving your marketplace and operational performance.

Requirements

You are asked to identify your key design processes for health care services and their related delivery processes. You are asked how you decide to launch new/or modified services, including financial considerations. You are asked how you address key requirements, such as patient/customer and health care market requirements and new technology. You also are asked how you address key factors in design effectiveness, including cost control, cycle time, and learning from past design projects. Finally, you are asked how you ensure that design processes cover all key

operational and regulatory performance requirements and appropriate coordination and testing to ensure effective health care service launch.

You are asked to identify your key health care service delivery processes, their key performance requirements, including regulatory and payor requirements and key performance measures/assessments. These requirements and measures are the basis for maintaining and improving your services and delivery processes. Finally, you are asked how you improve your health care service delivery processes to achieve better processes, health care services, and health care outcomes.

Comments

- Design processes might address: (1) 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; (2) new health care services resulting from research; (3) new/modified facilities to meet performance requirements; and (4) significant redesigns of processes to improve patient focus, productivity, or both. You should consider the key requirements for your health care services. Factors that might need to be considered in design include: safety and risk management; timeliness, access, coordination and continuity of care; patient involvement in care decisions; measurement capability; process capability; availability/scarcity of staff with critical skills, availability of referral sources; technology; facility capacity/utilization; supplier capability; regulatory requirements; and documentation. Effective design also must consider cycle time and productivity of health care service delivery processes. This might involve detailing critical pathways and redesigning ("reengineering") those delivery processes to achieve efficiency, as well as to meet changing requirements.
- Coordination of design and delivery processes involves all organizational units, departments, and/or individuals who will take part in delivery and whose performance materially affects overall process outcome. This might include researchers, health care providers, facilities engineering, and administration.
- This Item calls for information on the management and improvement of your key health care service delivery processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined, managed, and maintained. Specific reference is made to regulatory and payer requirements, key in-process measurements/assessments, and patient interactions and how results are made available in a timely manner to all appropriate staff. 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. Expected performance frequently requires setting performance levels or standards to guide decision making. When deviations occur, corrective action is required. Depending on the nature of the process, the corrective action could involve technical and/or human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should address patient-to-patient variation and should seek to minimize the likelihood of variation.

- Critical to health care service delivery are the consideration of patient expectations, the setting of realistic patient expectations relative to likely health care outcomes, and the opportunity for patients to participate on an informed basis in 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'/customers' perspective and better health outcomes, but also better financial and operational performance from your organization's perspective. Critical to organizational improvement is a process for sharing improvements/learnings with other organizational units and departments.

6.2 Support Processes

Purpose

This Item examines your organization's key support processes, with the aim of improving your overall operational performance.

Requirements

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

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

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

Comments

- Your support processes are those that support 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 upon health care service characteristics. Support process design requirements usually depend significantly upon your internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include housekeeping, medical records, finance and accounting, software services, marketing, public relations, community relations, information services, personnel, legal services, plant and facilities management, and secretarial and other administrative services.

- This Item calls for information on how your organization evaluates and improves the performance of your key support processes. Four approaches frequently used are: (1) process analysis and research; (2) benchmarking; (3) use of alternative technology; and (4) use of information from customers of the processes – within and outside your organization. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

6.3 Supplier and Partnering Processes

Purpose

This Item examines your organization's key supplier and partnering processes and relationships, with the aim of improving your performance and your suppliers' performance.

Requirements

You are asked to identify the key products and services that you obtain from suppliers and partners, to understand the nature and criticality of these supplies. You are asked for your key performance requirements and measures for suppliers and partners, and how you use these requirements and measures in managing and improving performance. These performance requirements and associated measures should be the principal factors you use in making purchases (e.g., quality, timeliness, and cost).

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

Finally, you are asked how you improve your supplier and partnering processes so that you and they can keep current with your changing health care service needs and directions.

Comments

- Suppliers and partners are receiving increasing focus as many organizations re-evaluate their core functions and the potential for better overall performance through strategic

use of suppliers and partners. As a result supply chain management is a growing factor in many organizations' productivity, profitability, and overall success.

- In identifying key suppliers and partners, you should consider goods and services used in the design, delivery, and use of your organization's health care services, i.e., consider both upstream and downstream suppliers and partners. This might include managed care/insurance partners.
- The Item places particular emphasis on the unique relationships that lead to high performance. Electronic data and information exchange is fostering new modes of communication and new types of relationships, which can support high performance on the parts of suppliers and customers. You are encouraged to focus on actions that will not only improve supplier performance, but actions that will enable them to contribute to your improved performance. In addition to electronic information exchange, such actions might include one or more of the following: improving your procurement and supplier management processes; joint planning; customer-supplier teams; training; long-term agreements; and recognition. Your supplier management planning might include changes in supplier selection, leading to a reduction in the number of suppliers and an increase in preferred supplier and partnership agreements.

Organizational Performance Results (Category 7)

The Organizational Performance Results Category provides a results focus that measures the success of your organization in meeting its mission as a health care provider. This measurement encompasses your patients'/customers' evaluation of your organization's health care services, your organization's health care results, your overall financial and health care market performance, and your operational effectiveness results. Through this focus, the Criteria's dual purposes – superior health care quality and value as viewed by your patients/other customers and the marketplace, and superior performance reflected in your clinical, operational, and financial indicators – are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of health care delivery and outcomes and of key support processes aligned with your overall organizational strategy. Item 4.2 calls for analysis of clinical and operational results data and information to determine your overall organizational performance.

7.1 Patient and Other Customer Focused Results

Purpose

This Item examines your organization's patient/customer focused performance results, with the aim of demonstrating how well your organization has been satisfying your patients

and other customers and delivering health care service quality that leads to satisfaction and loyalty/retention.

Requirements

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

You also are asked to provide levels and trends in key measures and/or indicators of health care outcomes, health care service delivery results, and functional status. Such results should be for key drivers of your patients'/customers' satisfaction and retention/loyalty.

Comments

- This Item focuses on the creation and use of all relevant data to determine and help predict your organization's performance as viewed by your patients and other customers. Relevant data and information include: patient/customer satisfaction and dissatisfaction; retention/loyalty, gains, and losses of patients and other customers and patient/customer accounts; patient/customer complaints; patient/customer-perceived value based on health care quality, outcomes, and cost; and awards, ratings, and recognition from patients/customers and independent rating organizations.
- The Item includes measures of service performance that serve as indicators of patients' and other customers' views and health care decision making relative to continuing interactions with your organization and/or positive referral. These measures of service performance are derived from patient/customer-related information gathered in Items 3.1 and 3.2 ("listening posts").
- This Item also 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 all relevant data and information to establish your organization's performance in delivering health care. Overall, this is the most important Item in the Criteria as it focuses on demonstrating improving health care results over time and demonstrating superior results relative to other organizations that deliver similar health care services. To be fully responsive to Item requirements, you need to risk adjust data for your patient population. Superior performance and improving performance over time after risk adjustment of data represent true measures of organizational success.
- The correlation between service performance and patient/customer indicators is a critical management tool

for defining and focusing on key quality and patient/customer requirements and for identifying service differentiators in the health care marketplace. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of health care and other customer services.

7.2 Financial and Market Results

Purpose

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

Requirements

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

Comments

- Measures reported in this Item are those usually tracked by your senior leadership on an ongoing basis to assess your organization's financial performance.
- Appropriate financial measures and indicators might include: revenue, profits, market position, cash-to-cash cycle time, bond ratings, and returns measures. Marketplace performance measures might include: market share, measures of growth, new geographic markets entered, and new populations served.

7.3 Staff and Work System Results

Purpose

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

Requirements

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

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

Comments

- Results reported might include generic or organization-specific factors. Generic factors might include: safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons are appropriate.
- Organization-specific factors are those you assess for determining your staff's well-being and satisfaction.

These factors might include: extent of training or cross training, or extent and success of self-direction.

- Results measures reported for work system performance might include: improvement in job classification, job rotation, work layout for more efficient health care delivery, and improvements in working relationships among health care providers, administrators, and support staff. Results reported might include input data, such as extent of training, but the main emphasis should be on data that show effectiveness of outcomes.

7.4 Supplier and Partner Results

Purpose

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

Requirements

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

Comments

- Suppliers and partners provide goods and services "upstream" and "downstream." Data reported should reflect results by whatever means they occur -- via improvements by suppliers and partners and/or through better selection of suppliers and partners.
- For purposes of this Item, goods and services provided by other parts of your parent organization, but not in your own organization, should be included as suppliers or partners.
- To the extent that the organization interacts with other health care providers as suppliers of services, results of that relationship should be reported in Item 7.4.



- Results reported might include: quality levels, cost savings, reductions in waste, reductions in inventory, reductions in cycle time, and increases in productivity. Indicators of better connection and communication, such as achieved via e-commerce or data exchanges are appropriate for inclusion. Indicators of supplier and partner performance improvement via external compliance, such as ISO 9000 and Y2K also are appropriate for inclusion.

7.5 Organizational Effectiveness Results

Purpose

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

Requirements

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

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

Comments

- This Item encourages your organization to develop and include unique and innovative measures to track health care service development and operational improvement. However, all key areas of health care service delivery and operational performance should be covered by measures that are relevant and important to your organization.
- Measures and/or indicators of operational effectiveness and efficiency might include: internal responsiveness indicators such as cycle times and turnaround times; utilization rates; waste reduction, such as reducing repeat tests; cost reduction; and strategic indicators such as innovation rates, time to new health care service introduction, and indicators of strategic goal achievement.
- Measures should include environmental and regulatory compliance and noteworthy achievements in these areas, as appropriate, and indicators of support for key communities and other public purposes.



- Results reported should include key accreditation and regulatory review findings, staff licensure and recertification determinations, external audits, proficiency testing results, and utilization review results, as appropriate. 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 current status should be summarized.

SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on three evaluation dimensions: (1) Approach; (2) Deployment; and (3) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on page 50.

Approach

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

- appropriateness of the methods to the requirements
- effectiveness of use of the methods. Degree to which the approach:
 - is repeatable, integrated, and consistently applied
 - embodies evaluation/improvement/learning cycles
 - is based on reliable information and data
- alignment with your organizational needs
- evidence of innovation

Deployment

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

- use of the approach in addressing Item requirements relevant to your organization
- use of the approach by all appropriate work units

Results

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

- your current performance
- performance relative to appropriate comparisons and/or benchmarks
- rate, breadth, and importance of your performance improvements
- linkage of your results measures to key patient/customer, market, process, and action plan performance requirements identified in your Business Overview and in Approach/Deployment Items

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and/or data you are expected to furnish relative to the three evaluation dimensions.

The two types of Items and their designations are:

1. Approach/Deployment **Approach - Deployment**
2. Results **Results**

Approach and Deployment are linked to emphasize that descriptions of Approach should always indicate the

Deployment — consistent with the *specific requirements* of the Item. Although Approach and Deployment dimensions are linked, feedback to Award applicants reflects strengths and/or opportunities for improvement in either or both dimensions.

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

“Importance” as a Scoring Factor

The three evaluation dimensions described previously are critical to evaluation and feedback. However, evaluation and feedback also must consider the importance of your reported Approach, Deployment, and Results to your key business factors. The areas of greatest importance should be identified in your Business Overview and in Items such as 2.1, 2.2, 3.1, 6.1, 7.1, and 7.5. Your key patient/customer requirements and 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 your Item responses:

- All Areas to Address should be included in your Item response. Also, responses should reflect what is important to your organization;
- In assigning a score to an Item, first decide which scoring range (e.g., 50% to 60%) best fits the overall Item response. Overall “best fit” does not require total agreement with each of the statements for that scoring range. Actual score *within* the range depends upon judgment of the closeness of the Item response in relation to the statements in the next higher and next lower scoring ranges;
- An Approach/Deployment Item score of 50% represents an approach that meets the overall objectives of the Item and that is deployed to the principal activities and work units covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment; and
- A Results Item score of 50% represents a clear indication of improvement trends and/or good levels of performance in the principal results areas covered in the Item. Higher scores reflect better improvement rates and/or levels of performance, and better comparative performance as well as broader coverage and integration with organizational requirements.

SCORING GUIDELINES

SCORE	APPROACH/DEPLOYMENT	SCORE	RESULTS
0%	<ul style="list-style-type: none"> no systematic approach evident; anecdotal information 	0%	<ul style="list-style-type: none"> no results or poor results in areas reported
10% to 20%	<ul style="list-style-type: none"> beginning of a systematic approach to the basic purposes of the Item major gaps exist in deployment that would inhibit progress in achieving the basic purposes of the Item early stages of a transition from reacting to problems to a general improvement orientation 	10% to 20%	<ul style="list-style-type: none"> some improvements <i>and/or</i> early good performance levels in a few areas results not reported for many to most areas of importance to key organizational requirements
30% to 40%	<ul style="list-style-type: none"> an effective, systematic approach, responsive to the basic purposes of the Item approach is deployed, although some areas or work units are in early stages of deployment beginning of a systematic approach to evaluation and improvement of basic Item processes 	30% to 40%	<ul style="list-style-type: none"> improvements <i>and/or</i> good performance levels in many areas of importance to key organizational requirements early stages of developing trends and obtaining comparative information results reported for many to most areas of importance to key organizational requirements
50% to 60%	<ul style="list-style-type: none"> an effective, systematic approach, responsive to the overall purposes of the Item approach is well-deployed, although deployment may vary in some areas or work units a fact-based, systematic evaluation and improvement process is in place for basic Item processes approach is aligned with basic organizational needs identified in the other Criteria Categories 	50% to 60%	<ul style="list-style-type: none"> improvement trends <i>and/or</i> good performance levels reported for most areas of importance to key organizational requirements no pattern of adverse trends and no poor performance levels in areas of importance to key organizational requirements some trends <i>and/or</i> current performance levels — evaluated against relevant comparisons <i>and/or</i> benchmarks — show areas of strength <i>and/or</i> good to very good relative performance levels organizational performance results address most key patient/customer, market, and process requirements
70% to 80%	<ul style="list-style-type: none"> an effective, systematic approach, responsive to the multiple requirements of the Item approach is well-deployed, with no significant gaps a fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; clear evidence of refinement and improved integration as a result of organizational-level analysis and sharing approach is well-integrated with organizational needs identified in the other Criteria Categories 	70% to 80%	<ul style="list-style-type: none"> current performance is good to excellent in areas of importance to key organizational requirements most improvement trends <i>and/or</i> current performance levels are sustained many to most trends <i>and/or</i> current performance levels — evaluated against relevant comparisons <i>and/or</i> benchmarks — show areas of leadership and very good relative performance levels organizational performance results address most key patient/customer, market, process, and action plan requirements
90% to 100%	<ul style="list-style-type: none"> an effective, systematic approach, fully responsive to all the requirements of the Item approach is fully deployed without significant weaknesses or gaps in any areas or work units a very strong, fact-based, systematic evaluation and improvement process and extensive organizational learning/sharing are key management tools; strong refinement and integration, backed by excellent organizational-level analysis and sharing approach is fully integrated with organizational needs identified in the other Criteria Categories 	90% to 100%	<ul style="list-style-type: none"> current performance is excellent in most areas of importance to key organizational requirements excellent improvement trends <i>and/or</i> sustained excellent performance levels in most areas evidence of health care sector and benchmark leadership demonstrated in many areas organizational performance results fully address key patient/customer, market, process, and action plan requirements

For a definition of the following **key term**, see page 29: systematic.

PREPARING THE BUSINESS OVERVIEW

The Business Overview is an outline of your organization. It should address what is most important to the organization, key influences on how the organization operates, and where the organization is headed. *The Business Overview is a statement of what is relevant and important to your organization and its performance.*

The Business Overview is critically important because:

- it is the most appropriate starting point for self-assessment and for writing an application. It helps you focus on key performance requirements and results; and
- it is used by the Examiners and Judges in all stages of application review and during the site visit.

It is strongly recommended that the Business Overview be prepared first and that it be used as a guide in self-assessment and in writing and reviewing a Baldrige application.

Guidelines for Preparing the Business Overview

The Business Overview consists of five sections as follows:

1. Basic description of your organization

This section should provide basic information on:

- the nature of your organization's health care services;
- the size and location(s) of your organization and information on ownership;
- your organizational culture: purpose, vision, mission, and values, as appropriate;
- your major health care markets: local, regional, national, or international; and principal customer groups: patients, specific third-party payors, local community, etc.;
- your staff, including number, educational level, work force and job diversity, bargaining units, and special safety requirements;
- your major equipment, facilities, and technologies used; and
- the regulatory and accreditation environment affecting you: relative to health care service delivery, occupational health and safety, environmental, and financial requirements, etc.

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

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

2. Patient/customer and health care market requirements

This section should provide information on:

- key patient/customer and market requirements (e.g., accessibility, continuity of care, and billing requirements) for health care services. Briefly describe all important requirements, and note significant differences, if any, in requirements among patient/customer groups and/or market segments. (Note any special relationships, such as partnerships, with customers or customer groups.)

3. Supplier and partnering relationships

This section should provide information on:

- types and numbers of suppliers of goods and services;
- the most important types of suppliers and partners; and
- any limitations, special relationships, or special requirements that may exist with some or all suppliers and partners.

4. Competitive situation

This section should provide information on:

- numbers and types of competitors and key collaborators;
- your position (relative size, growth) in the health care industry;
- principal factors that determine your competitive success, such as accessibility, health care and administrative support services offered, and cost; and
- changes taking place that affect competition and/or opportunities for collaboration.

5. Organizational directions

This section should provide information, as appropriate, on:

- major new thrusts, such as changes in health care services or entry into new health care markets or segments;
- new business alliances with suppliers, health care providers, or others;
- introduction of new technologies;
- changes in strategy; and
- unique factors.

Page Limit

For Baldrige Award applicants, the Business Overview is limited to five pages. These are not counted in the overall application page limit. Typing instructions for the Business Overview are the same as for the application. These instructions are given in the *2000 Application Forms & Instructions for Business, Education, and Health Care* booklet. Ordering information is given on page 57.

2000 HEALTH CARE CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist you, as a Criteria user, in responding most effectively to the requirements of the 19 Criteria Items. Writing an application for the Baldrige Award involves responding to 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 Approach/Deployment Items; and
- (3) Guidelines for Responding to Results Items.

General Guidelines

I. Read the entire Criteria booklet.

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

- Health Care Criteria for Performance Excellence (pages 13-30)
- Scoring Information (pages 49-50)
- Glossary of Key Terms (pages 31-33)
- Category and Item Descriptions (pages 34-48)

2. Review the Item format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the significance of each part, and where each part is placed. It is especially important to understand the Areas to Address and the Item Notes. Each Item and Area to Address is described in greater detail in a separate section (pages 34-48).

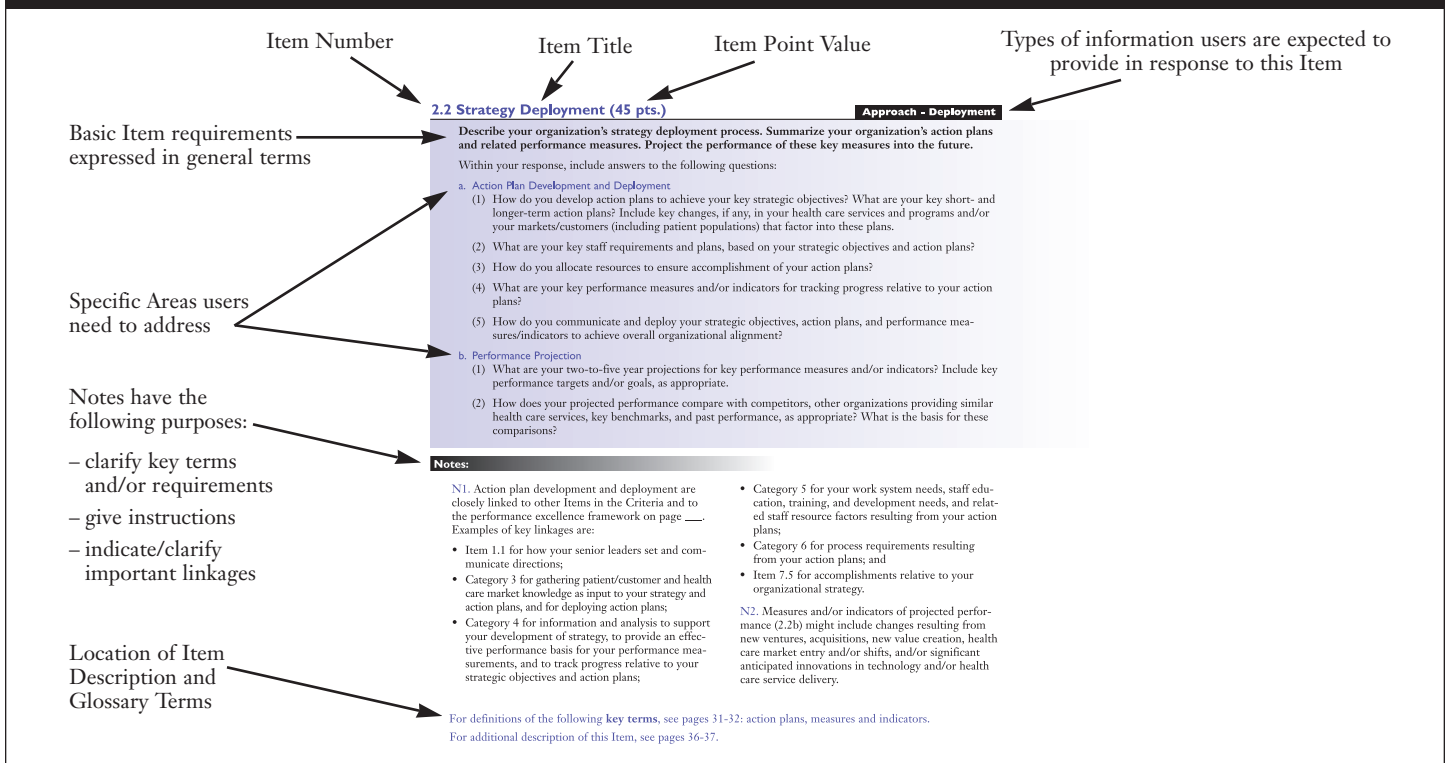
Each Item is classified either **Approach-Deployment** or **Results**, depending on the type of information required. Guidelines for responding to Approach/Deployment Items are given on page 53. Guidelines for responding to Results Items are given on page 54.

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

3. Start by preparing the Business Overview.

The Business Overview is the most appropriate starting point for initiating a self-assessment or for writing an application. The Business Overview is intended to help everyone — including Criteria users/application writers and reviewers — to understand what is most relevant and important to your organization's health care business. Guidelines for preparing the Business Overview are given on page 51.

Item Format



Guidelines for Responding to Approach/Deployment Items

The Criteria focus on key performance results. However, results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at slow rates, it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of Approach-Deployment Items is to permit diagnosis of your organization's most important processes — the ones that enable fast-paced performance improvement. Diagnosis and feedback depend heavily upon the *content and completeness* of Approach-Deployment Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organizing and reviewing such information follow.

1. Understand the meaning of *how*.

Items requesting information on approach include Areas that begin with the word *how*. Responses should outline your key process information such as methods, measures, deployment, and evaluation/improvement/learning factors. 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 Approach/Deployment 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* are your key findings, plans, objectives, goals, or measures. These questions set the context for showing alignment in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, and some of your results measures can be expected to relate to the stated strategic objectives.

3. Write and review response(s) with the following guidelines, and comments in mind:

- Show that activities are *systematic*.

Approaches that are systematic are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning, and thereby permit a gain in maturity.

- Show deployment.

Deployment information should summarize what is done in different parts of your organization. Deployment can be shown compactly by using tables.

- Show focus and consistency.

There are four important factors to consider regarding focus and consistency: (1) the Business Overview 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 review (Items 4.2 and 1.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category should highlight health care, support, and supplier processes that are key to your overall organizational performance. *Focus and consistency in the Approach-Deployment 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 approach and/or deployment. All Areas to Address should be addressed. Individual components of 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 might 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 education and training should be described in detail in Item 5.2. References elsewhere to education and training would then reference, but not repeat, this detail.

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.

6. Refer to the Scoring Guidelines.

The evaluation of Item responses is accomplished by consideration of the Criteria Item requirements and the maturity of the approaches, breadth of deployment, and strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Health Care Criteria place the greatest 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 organizational success, highlighted in your Business Overview, and in the Strategic Planning and Process Management Categories.

2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data.

- *trends* to show directions of results and rates of change;
- *performance levels* on a meaningful measurement scale;
- *comparisons* to show how results compare with those of other, appropriately selected organizations; and
- *breadth and importance of results* to show that all important results are included.

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. However, 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.

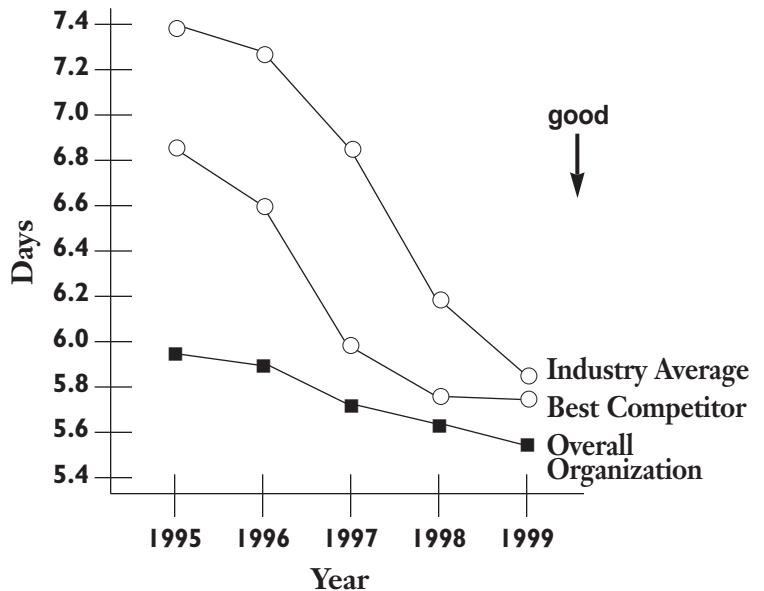
Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be “normalized” — presented in a way (such as use of ratios) that takes into account various size factors. For example, reporting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

This graph illustrates data an organization might present as part of a response to Item 7.1, Patient and Other Customer Focused Results. In the Business Overview and in Items 3.1 and 6.1, the organization has indicated decreasing the average length of stay as a key customer requirement and an indicator of health care service delivery effectiveness.

Figure 7.1-3 Average Length of Stay by Year



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

- 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 customer requirement — average length of stay.
- Results are presented for several years.
- Appropriate comparisons are clearly shown.

To help interpret the Scoring Guidelines (page 50), the following comments on the graphed results would be appropriate:

- The current overall organizational performance level is excellent. This conclusion is supported by the comparison with the best competitor and with a health care industry average.
- The organization shows excellent improvement trends.

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.

The Award promotes:

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

Award Participation

The Award eligibility categories include:

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

Copies of the Business Criteria and Education Criteria are available, and ordering information can be found on page 57.

Three awards may be given in each category each year.

To participate in the Award process, an organization must submit an application package that addresses the Health Care Criteria for Performance Excellence (pages 13-30). Award applicants are expected to provide information and data on their organizations' key processes and results. The information and data must be adequate to demonstrate that applicants' approaches are effective and yield desired outcomes.

Application Requirements

Each applicant needs to submit an application package that consists of three parts:

- an Eligibility Determination Form showing that eligibility has been approved;
- a completed Application Form; and
- an application report consisting of a Business Overview and responses to the Criteria.

Detailed information and the necessary forms are contained in the *2000 Application Forms & Instructions for Business, Education, and Health Care* booklet. Ordering instructions for this booklet are given on page 57.

Application Review

Applications are reviewed and evaluated by members of the Board of Examiners, in accord with strict rules regarding conflict of interest, in a four-stage process:

Stage 1 - independent review and evaluation by at least five members of the Board

Stage 2 - consensus review and evaluation for applications that score well in Stage 1

Stage 3 - site visits to applicants that score well in Stage 2

Stage 4 - Judges' review and recommendations of Award recipients

Feedback to Applicants

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

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

If your organization is applying in the Business or Education Category, refer to the appropriate sector-specific Criteria booklet and the *2000 Application Forms & Instructions for Business, Education, and Health Care*. Ordering information is on page 57.

SUMMARY OF HEALTH CARE ELIGIBILITY CATEGORIES AND RESTRICTIONS

If You Are Considering Applying for the Award:

- These Criteria should be used only for the health care eligibility category.
- The following is a summary of the eligibility rules for the health care category only. Summaries of the eligibility rules for the business and education categories are in their respective Criteria booklets. If there is a question on eligibility, check the complete eligibility rules in the *2000 Application Forms & Instructions for Business, Education, and Health Care*, or call the Baldrige National Quality Program Office at (301) 975-2036.
- Whatever your Award eligibility category, you will need to obtain a copy of the *2000 Application Forms & Instructions for Business, Education, and Health Care* before proceeding. Ordering instructions are given on page 57.

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 not-for-profit public, private, government organizations, and some subunits — including U.S. subunits of foreign organizations — located in the United States and its territories 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 — if they are for-profit organizations — may be eligible to apply for the Award under the small business or service categories.

Note: *For-profit health care organizations may choose to apply either under the service or small business categories, as appropriate, using the Business Criteria, or under the health care category using the Health Care Criteria.*

Subunits

A subunit is a unit or division of a larger (parent) organization. Subunits of organizations may be eligible. To be eligible, a subunit must be self-sufficient enough to be examined in all seven Criteria Categories, and it must be recognizable as a

discrete entity that is easily distinguishable from the parent and its other subunits. It cannot be primarily a support function (e.g., nursing, housekeeping, radiology, member services, finance and accounting, billing, human resources, purchasing, legal services, and research and development).

Other Restrictions on Eligibility

Location: Although an applicant may have facilities outside the United States or its territories or receive support from its parent, in the event of a site visit, the applicant must ensure that the appropriate people and materials are available for examination in the United States to document the operational practices associated with all of its major functions. In the event that the applicant receives the Award, it must be able to share information on the seven Baldrige 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.

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

- 0-1000 parent employees, 1 applicant per parent per category may apply;
- 1001-20,000 parent employees, 2 applicants per parent per category may apply;
- Over 20,000 parent employees, 2 applicants per parent per category for the first 20,000, plus 1 per 20,000 or fraction thereof above 20,000 per parent per category may apply.

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

Eligibility Determination

To ensure that Award recipients meet all reasonable requirements and expectations in representing the Award throughout the United States, potential applicants must have their eligibility approved prior to applying for the Award. Potential applicants for the 2000 Award are encouraged to submit their Eligibility Determination Forms as early as possible after they are available, but no later than April 6, 2000. This form is contained in the *2000 Application Forms & Instructions for Business, Education, and Health Care*.

HOW TO ORDER COPIES OF BALDRIGE PROGRAM MATERIALS

Note: If you are planning to apply for the Award, you will need the 2000 Application Forms & Instructions for Business, Education, and Health Care in addition to the Criteria booklet.

Individual Orders

Individual copies of the Criteria booklets and the Application Forms & Instructions can be obtained free of charge from:

Baldrige National Quality Program
National Institute of Standards and Technology
Administration Building, Room A635
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020
Telephone: (301) 975-2036
Fax: (301) 948-3716
E-mail: nqp@nist.gov

Bulk Orders

Multiple copies of the *2000 Criteria for Performance Excellence* booklets may be ordered in packets of 10 for \$29.95 plus shipping and handling from the American Society for Quality (ASQ).

2000 Business Criteria — Item Number T1101
2000 Education Criteria — Item Number T1103
2000 Health Care Criteria — Item Number T1102

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 Service Department, P.O. Box 3066, Milwaukee, WI 53201-3066.
- Or order online by accessing ASQ's website at <http://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:

Order Amount	U.S. Charges	Canadian Charges
0 - \$34.99	\$ 4.00	\$ 9.00
\$35.00 - \$99.99	6.25	11.25
Over \$100.00	12.50*	17.50

- There is an additional charge of 25% of the total order amount for shipments outside the United States/Canada.
- Orders shipped within the continental United States and Canada where UPS service is available will be shipped 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 a sample of the educational materials that may be ordered from ASQ.

■ Case Studies

The case studies are used to prepare Examiners for the interpretation of the Criteria and the Scoring System. The case studies, when used with the Criteria, illustrate the Award application and review process. The case study packet is illustrative of an application for the Baldrige Award and is useful in understanding the benefits of the Baldrige process, as well as for self-assessment, planning, training, and other uses.

1999 Business Case Study Packet: Collin Technologies
(Based on the *1999 Criteria for Performance Excellence*)

Item Number T1079: \$49.95 plus shipping and handling

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

Item Number T1083: \$49.95 plus shipping and handling

Education Case Study Packet: Ridgcrest School District (Based on the *1995 Education Pilot Criteria*)

Item Number T1023: \$7.28 plus shipping and handling

Health Care Case Study Packet: Pinnacle Health Plan (Based on the *1995 Health Care Pilot Criteria*)

Item Number T1029: \$7.28 plus shipping and handling

■ **Award Recipients' Videos**

The Award recipients' videos are a valuable resource for gaining a better understanding of performance excellence and quality achievement. The videos provide 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 1999 Award recipients' video is provided below. Videos about Award recipients from other years also are available from ASQ.

1999 — Item Number T1086 \$ 20.00
(Available March 2000)



FEES FOR THE 2000 AWARD CYCLE

Eligibility Determination Fees

The eligibility determination fee is \$100 for all potential applicants. This fee is nonrefundable.

Application Fees

- for-profit and not-for-profit health care organizations with more than 500 employees and service companies — \$4500
- for-profit and not-for-profit health care organizations with fewer than 500 employees and small businesses — \$1500
- supplemental sections — \$1500

Detailed information on fees is given in the *2000 Application Forms & Instructions for Business, Education, and Health Care* booklet.

Note: There will be an increase in fees in 2001.

■ **How to Order**

To order a Case Study Packet (Collin Technologies, Gemini Home Health Services, Ridgcrest School District, or Pinnacle Health Plan), bulk orders of the 2000 Criteria booklets, or the Award recipients' videos, contact:

ASQ Customer Service Department
P.O. Box 3066
Milwaukee, WI 53201-3066
Telephone: (800) 248-1946
Fax: (414) 272-1734
E-mail: asq@asq.org
Web Address: <http://www.asq.org>

Site Visit Review Fees

Site visit review fees will be set when the visits are scheduled. Fees depend upon the number of Examiners assigned and the duration of the visit. Site visit review fees for health care organizations with fewer than 500 employees are one-half the rate for health care organizations with more than 500 employees. These fees are paid only by those applicants reaching the site visit stage.

Eligibility Determination Forms due — April 6, 2000
Award Applications due — May 31, 2000

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

2000 Health Care Criteria for Performance Excellence
Baldrige National Quality Program
National Institute of Standards and Technology
Administration Building, Room A635
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

or E-mail: nqp@nist.gov

or Web Address: <http://www.quality.nist.gov>

THE MALCOLM BALDRIGE NATIONAL QUALITY IMPROVEMENT ACT OF 1987 — PUBLIC LAW 100-107

The Malcolm Baldrige National Quality Award was created by Public Law 100-107, 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.

The Findings and Purposes Section of Public Law 100-107 states that:

- “ 1. the leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation’s productivity growth has improved less than our competitors’ over the last two decades.
2. American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability.
3. strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of our Nation’s economy and our ability to compete effectively in the global marketplace.
4. improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products.
5. the concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise.
6. in order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business.
7. several major industrial nations have successfully coupled rigorous private-sector quality audits with national awards giving special recognition to those enterprises the audits identify as the very best; and
8. a national quality award program of this kind in the United States would help improve quality and productivity by:
- A. helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits;
 - B. recognizing the achievements of those companies that improve the quality of their goods and services and providing an example to others;
 - C. establishing guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts; and
 - D. providing specific guidance for other American organizations that wish to learn how to manage for high quality by making available detailed information on how winning organizations were able to change their cultures and achieve eminence.”

Baldrige National Quality Program

United States Department of Commerce
Technology Administration
National Institute of Standards and Technology
Baldrige National Quality Program
Administration Building, Room A635
100 Bureau Drive, Stop 1020
Gaithersburg, MD 20899-1020

The National Institute of Standards and Technology (NIST) is a non-regulatory federal agency within the Commerce Department's Technology Administration. NIST's primary mission is to strengthen the U.S. economy and improve the quality of life by working with industry to develop and apply technology, measurements, and standards. The Baldrige National Quality Program at NIST manages the Malcolm Baldrige National Quality Award.

Call the Baldrige National Quality Program for:

- information on applying for the Baldrige Award
- information on the Malcolm Baldrige National Quality Award process and eligibility requirements
- information on becoming a Baldrige Examiner
- information on the Baldrige Award recipients
- individual copies of the Criteria for Business, Education, and Health Care (no cost)
- information on other Baldrige National Quality Program materials

Telephone: (301) 975-2036; Fax: (301) 948-3716; E-mail: nqp@nist.gov
Web Address: <http://www.quality.nist.gov>

American Society for Quality

611 East Wisconsin Avenue
P.O. Box 3005
Milwaukee, WI 53201-3005

The American Society for Quality (ASQ) advances individual and organizational performance excellence worldwide by providing opportunities for learning, quality improvement, and knowledge exchange. ASQ administers the Malcolm Baldrige National Quality Award under contract to NIST.

Call ASQ to order:

- bulk copies of the Criteria
- case studies
- Award winners videos

Telephone: (800) 248-1946; Fax: (414) 272-1734; E-mail: asq@asq.org
Web Address: <http://www.asq.org>

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