



Foundation Update

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Vision

(What we're striving to do)
Engage all Texas organizations in a journey toward world-class performance excellence.

Mission

(Why we exist)

The Quality Texas Foundation provides a Baldrige-based methodology for organizations to achieve and sustain world-class performance.

"The task of a leader is to get people from where they are to where they have not been."

Henry Kissinger

NOTES FROM THE CEO

Bill Denney



"A place for everything and everything in its place."

Isabella Mary Beeton, *The Book of Household Management*, 1861

"PEOPLE WHO WEAR LOAFERS ARE ONE"

Dear Fellow Travelers on the Road to Excellence:

Imagine how I felt when I heard that! Some years ago, when the new president of our company made this statement to a group of us in a meeting, I immediately looked down to be sure I had on my black, lace-up, wing-tips. Sitting comfortably in my dark blue suit, white shirt and red power tie (the company uniform for his staff), I was surprised by the statement. We had been discussing employee engagement, productivity and customer satisfaction. Where did a comment about loafers come from?

"Now that I have your attention," he said, "let me explain what I mean."

We will never engage employees to provide good service, he said, until we in management give them a sense of pride in themselves and our company. No amount of Frisbees or balloons or rah-rah slogans can substitute for a good working environment. He explained that we can't motivate through recognition if employees look around at disorganization, which is a reflection of poor leadership. While traveling to our plants and offices he saw working environments which he said not only make it difficult to do a good job, but reflect poorly on us when customers visit. Disorganization is costly because when you can't find what you need, you buy too much. It was then that I realized the statement about loafers was just his way to get us focused. He had a bigger message.

This is what he challenged us to do:

1. Establish a dress policy - personal pride instills company pride and that impacts customers.
2. Take tools and equipment off floors, unnecessary papers off desks, and put them in a set place.
3. Clean up all work areas in plants and offices.
4. Set standards and procedures so employees in Europe and Texas are doing the same thing.
5. Drive a culture of process improvement and efficiency.

We did what he asked and it worked just as he said it would.

I am often asked by those beginning the Baldrige journey, "Where do I start?" Obviously, doing a self-assessment and organizational profile will expose gaps that must be addressed. That's the beauty of the program. But at the same time, organizations must take the fundamental step of removing waste. Creating a good working environment helps begin cost reductions and has an immediate impact on employees and customers - the key drivers of revenue.

The commonsense methods explained by my boss twenty years ago are today part of Lean-5S.

The 5S's

1. Sort: Cleanup work areas
2. Straighten: Set things in order
3. Shine: Neatness and cleanliness - workplace appearance
4. Systemize / Standardize: Everyone doing things the same way
5. Sustain / Ongoing improvement: Ingraining the 5S's into the culture

The 5S's lead to:

- Improved processes
- Reduced cycle times
- Lower costs for supplies
- Increased floor space
- Less wasted labor
- Increased pride - in ourselves, in our work, in our organization
- Self-discipline to continue cost reductions and improvements

Using this approach in our own office has helped Quality Texas reduce the cost of supplies and recover 90 square feet of working space - increased capacity for growth and service to our customers.

By the way - I've been wearing loafers every since then but I'll never forget the lesson he taught.

Here are some simple guidelines for 5S.

(Below info from the Texas Manufacturing Assistance Center - TMAC provides classes on Lean - www.tmac.org)

1- Sort / Cleanup

The first step of 5S involves getting rid of un-needed items. It also includes getting rid of dust and oil etc. In a machine shop it would include removing broken equipment or tools and materials that have not been used in a significant length of time and are not likely to be used in the near future. Applying 5S to an office environment would include removing files and papers that have no use in the near future (often things you sort through on a daily basis wasting time doing so in the process). By getting rid of these unused items you can free up space, reduce the number of obstacles you have to walk around and find other more important items needed on a daily basis much more quickly.

2 - Straighten / Set in order

This phase of 5S is all about keeping things in their rightful place. Tools are put where they are needed, often using shadow boards thereby making sure they are at hand and labeled as they should be. Ergonomics are taken into account, such that commonly used items are stored within easy reach, reducing the need for bending, stretching and excessive walking. Wheels are put on items that have to be moved, perhaps tool boxes and portable workbenches or storage chests. Extensive visual controls are implemented.

3 - Shine / Neatness

Once trash has been disposed of and everything has been given its proper place, this phase of 5S is all about maintaining the newly found order. Here the responsibility for workplace cleanliness is moved back to the workers. Daily 5 - 10 minute cleaning routines are established to maintain a clean and orderly working environment. Workers are made responsible for their own working area, keeping equipment and workplaces inspected, clean and in good order and making sure tools and supplies are where they should be.

4 - Systemize / Standardize

You could sum up this phase of 5S as "Maintaining routine." Once the workplace has gone through the first three phases, it is often difficult to keep it up to the new standards you have set for yourself. Do not underestimate how difficult it will be to maintain your new clean work area; even Toyota has found that it can take months to instill this mind set into their employees. Random, detailed audits of different work areas are often used to help sustain standards. These should be suitably strict, both praising good practice and highlighting areas for improvement.

5 - Sustain / Ongoing improvement

All the previous steps of 5S have been about creating and maintaining a clean and orderly working environment. This phase of 5S is about moving forward, not just maintaining the standards you've set for yourself, but building on those and raising the bar. It means not just cleaning up but tackling the underlying causes of problems. In order to do this it requires that records be kept of problems, when they occur, how often, how long they lasted, etc. Having identified the biggest problems (perhaps using a Pareto analysis) action to tackle the sources of those problems can be targeted accordingly.

SAVE THE DATES

Quality Texas Awards and Conference Austin

June 11

Workshops

- (1) How To Implement The Criteria For Performance Excellence
- (2) How To Reduce Costs—Lean Meets The Criteria

June 12

Award Presentations

Governor Is Invited

Keynote Speaker

Roger Williams

Texas Secretary of State

June 13

Quest For Excellence

Keynote Speaker

Aaron Demerson

Governor's Office

Executive Director

Economic Development

"Leap and the net will appear."

**Julia Cameron,
The Artist's Way**

The 5S approach involves a long term culture change to one where systems and standards are accepted and valued as a way of improvement.. Workers question what they can see is out of place and look beyond the symptoms of a problem to tackle the underlying cause.

Other Notes

Customer Training

Visit our webpage for information about public and on-site workshops. We have new offerings and plan to take classes across the state. If you want a class in your city or at your site, contact us at 214-565-8550.

Multiple Application Levels Coming

Beginning next year, we will have four application levels. This will allow us to meet customer needs. Many organizations who are just beginning their journey may be hesitant to apply for the Texas Award for Performance Excellence. Many who do apply may not have mastered enough of the Criteria. Having four levels will allow us to define fewer requirements and shorter applications for those organizations who are at different levels of improvement. Our customers will be able to ease their way into the Baldrige journey and not have to sink or swim with the full Criteria. Our Board of Overseers is working on how this new process will work. More to come later.

Website

Have you seen the new website? On the home page you can view our video and from there find many resources to help you on your journey - www.texas-quality.org.

Conferences

We'll be at the American Society for Quality, Quality Management Conference in Dallas, March 1-2. Come visit our new booth. We have information that may be of interest to you and your management.

Awards Banquet and Quest for Excellence Conference

Mark your calendars. Our awards banquet and Quest for Excellence Conference are scheduled for June 12-13 in Austin. The venue will be announced soon. Awards will be presented by the Secretary of State, Roger Williams.

Board of Directors

David Branch, Chair



We are living in exciting times at Quality Texas. While a lot of things have been working under the hood since our planning retreat of last September, much of it is now developing into actionable opportunities. I will highlight three key improvements that are underway in concert with our Boards of Overseers and Judges.

First, we are moving to multiple levels of criteria depth in order to promote a useful understanding of organizational progress and allow appropriate recognition. This will assist us in supporting a broader base of applicants who need helpful steps on the ladder. In addition, consideration is being given to offering a second calendar entry point for applications below the award level so as to allow some flexibility for applicant needs.

Second, we are simplifying the examiner training process in such a way as to compress the schedule from application to feedback. This will not only shorten the cycle for feedback but also allow it to be received

Announcements about conferences or training of value to our customers?

Send to
Bill Denney

**Our Gold Level
Members
\$25,000 or More
THANK YOU**



**Our Manufacturing
and Business Partner**



Our Quality Partners

We are broadening our reach across Texas by partnering with organizations that have the same fundamental goal – spreading the word that Quality methods generate success in schools, hospitals, non-profits and businesses. Stronger organizations mean a stronger Texas.



Dallas
www.asqfortworth.org
Fort Worth
www.asqdallas.org
Houston
www.asqhouston.org

Attend a local American Society for Quality meeting and learn how to improve your organization. Membership in ASQ opens a new world of knowledge about quality methods that impact organizational success.
www.asq.org



Check out the public classes offered by Hogan Center
www.hogancenter.com

**"If you can dream it,
you can do it."**

Walt Disney

ahead of the Baldrige application cycle for those involved.

Third, we are expanding our training offerings to help support the progression of applicants along the way. Our introductory Managing for Performance Excellence workshop has had a second level added (MFPX-II) that helps organizations understand what they have to go back to the office to do in order to get off the ground. A third level (MFPX-III) is already in the works and there are further plans to offer customized training on-site for organizations that may have needs by sector or other circumstances.

I should also add that we have fruitful partnerships underway that will accelerate our ability to reach out across the state in a collaborative fashion. We are working with the Texas Manufacturing Assistance Center to take advantage of their regional sites and contacts and we appreciate their support. We are partnering with the American Society for Quality statewide in joint training opportunities and for a golf tournament. And right away in April, we are partnering with several Dallas area Chambers of Commerce to present the Disney Leadership program and hope to expand this opportunity.

If you want to see what all is happening, please check out our redesigned web site at www.texas-quality.org and review our Strategic Plan progress and other information. We have invited the Governor to present our awards on June 12th in Austin and already have agreement for the Secretary of State to be with us if the Governor is unable.

Thanks for the great effort by so many to make these things happen! We are a volunteer organization and I appreciate what you all do to make us successful!

Present At The Creation

Our Founders, In Their Own Words
Genie Wilson Dillon
Director, Solutions Development
Bill Priest Institute



The Texas Award for Performance Excellence was born of a collective vision that Texas needed a state program to help Texas organizations become better because of assessment and feedback, to recognize role models of world-class systems excellence, and to provide a framework or model for Texas organizations to follow that will help them out-perform those that do not seek performance excellence.

Looking back – it was 1992 when talk moved to action about a Texas award program patterned after Baldrige. A Design Team comprised of individuals representing business, government, and education organizations developed a Texas Quality Award business plan. The Design Team (later defined as Board of Overseers) met monthly to work on sub-team strategies that were critical to implementing the business plan and launch the program in 1993. So many things had to happen – and they did – as a result of the passion and commitment of so many Texas “Stars”. Sub-teams focused on Fundraising, Examiner recruitment, Examiner training, development of the Board of Trustees (later defined as Board of Directors), developing Texas program criteria, planning an Award Ceremony, gaining endorsement of the program by Governor Ann Richards, developing program processes, appointing Panel of Judges, selecting the first award program administrator, setting up the Quality Texas Foundation, and promoting/marketing to applicants. Many committed volunteers enabled the vision to be realized. Since the inaugural year (1993-1994), many of the early “Stars” are still actively involved. Each year new “Stars” join the team and Quality Texas continues to succeed in our mission.

In 1993, I was hired by the American Productivity & Quality Center to manage and administer the Texas Quality Award. The agreement between APQC and Quality Texas was that I would be the Award Program Administrator for two-three years to ensure the launch of the program, facilitate improvements for the second cycle, and transfer knowledge and processes to the Award Administrator and Executive Director in the third cycle. Since that time, I have continued service through the Board of Overseers, Panel of Judges, Training Team, Process Observer, and Examiner.

Fifteen years since I first became involved, the Texas Award for Performance Excellence (TAPE) is nationally recognized as a premier state award program. Quality Texas continues to serve Texas organi-

zations just as it was conceived. This is not by accident – it is by the continual dedication and service of so many people who care deeply about making a positive difference for Texas organizations. No one can do this alone – it takes all of us – to stay the course – to continue the journey – and to never give up on doing what we’ve proven is the right thing for Texas.

The Criteria in Healthcare (or any other industry)

Cynthia St. John, Ph.D.
Manager, Performance Improvement
M.D. Anderson Cancer Center



Steps to Successful Self-Assessments Part 2 of a series

In addition to building a critical mass of examiners within your institution to effectively guide the Self-Assessment process (see part 1 in this series), an organization also needs to select the right leaders to participate in the process.

Many of us, as examiners, probably feel we should be out front leading the effort. After all, we’re the ones with the knowledge and skills needed to make it successful, right? And shouldn’t this be our opportunity to shine? Technically speaking, yes. Practically speaking, no. Leading the assessment isn’t always our best option.

Conducting a Self-Assessment is often a highly political process. While everyone may agree that organizational learning and improvement is the ‘right’ thing to do, it’s naive to think that everyone will be on board with the process – whether it’s a Baldrige Self-Assessment or any number of other approaches. As examiners, we understand the value in applying the Baldrige framework; we’re already advocates of the process. There are many others within our organizations that have yet to be introduced to the criteria, have yet to share our vision, and/or have yet to be convinced that it’s the right or necessary thing to do. Rogers’ Innovation Adoption Curve applies as well to this change as it does any other: certain individuals are naturally more open to adaptation while others are naturally more reluctant. Knowing on which side of the curve your powerbrokers fall is critical to determining a strategy for engagement.

Unless your internal trained examiners are also the political powerhouses (intentionally selecting some of these folks to become examiners is also a wonderful approach), you’ll want to involve the appropriate powers. One such approach is to create category leads and put these individuals in charge of the appropriate category. For example, bringing the VP of HR into the process as the lead for Category 5 makes perfect sense. Executive sponsorship from the highest ranks is obviously important if any of the power people are natural resisters. An additional strategy is to partner potential resisters with a more open/adaptive category co-lead to create balance. Think carefully about your category lead selections; the right people in the right place are as important to the process (possibly even more important) than the right amount of technical skill.

Collaborate with the leadership team you’ve created (your Stage 2 consensus experiences will serve you well) throughout the Self-Assessment process to ensure buy-in at each step. These category leaders are now your political partners. Distribute your internal examiners across the category teams as process fa-

“People really don’t work for money. They go to work for it, but once the salary has been established, their concern is appreciation. Recognize their contribution publicly and noisily, but don’t demean them by applying a price tag to everything.”

Philip B. Crosby, *Quality is Free*

MFPX—II A Huge Success

On January 30 in San Antonio, Dr. Mac McGuire taught the first offering of the newest class in our Managing for Performance Excellence series: A ROADMAP FOR EXCELLENCE - HOW TO DEPLOY THE CRITERIA.

The class provides specific options for attendees to go back to the office and take action on a self-assessment, organizational profile and implementation of different aspects of the Criteria.

It’s not too late to attend this class on February 27th in Dallas. We are offering it at an ASQ conference. Call 800-248-1946 and ask for Class CRS30.

SOON TO BE RELEASED BOOK

The Executive Guide to Understanding and Implementing The Baldrige Criteria; For Organizational Excellence and Financial Impact, by Dr. Mac McGuire, and Dr. Denis Leonard (Quality Press, 2007)

This book is an excellent overview to help organizations get started with the Criteria to begin driving organizational improvement, reduce cost, improve revenue and create capacity for work.

We’ll let you know when it is available.

SAVE THE DATE
North Texas Quality Classic
Golf Tournament

October 11, 2007
Firewheel Golf Club
Garland, Texas

A day of golf, dinner and net-
 working. Play with Baldrige
 award winners and success-
 ful Texas executives.

Tournament committee
 Quality Texas Foundation,
 American Society for Quality
 (Dallas & Fort Worth),
 Hogan Center For
 Performance Excellence,
 Garland Chamber of
 Commerce,
 Texton, Inc.

More about this tournament
 in the coming months

**“Costs do not exist to be
 calculated. Costs exist to
 be reduced.”**

Taiichi Ohno,

Need An Expert?

Sometimes it helps to have
 someone get you started or
 take you to the next level.
 Check out the Consultant
 Services tab of our website.
 These individuals have the
 experience and knowledge to
 assist any organization on
 their improvement journey.

cilitators; select team members by identifying the critical areas needed for representation on each particular category. Manage both the process and the relationships to create alignment and move the rest of the organization forward. If substantial resistance is present from the beginning, consider starting the process with a functional area or division. Start where you have the greatest leverage and potential for success. Gain momentum and then expand your scope. With an experienced team of examiners and political partners in place, you're on your way to a successful Self-Assessment.

IS THERE LIFE AFTER BALDRIGE?

The following two award recipients explain how the Criteria continue to drive improved performance. It isn't about winning an award. It's about using the criteria to achieve and sustain success. Years after the award, both of these recipients continue to talk about the power of the Criteria.

Innovating Excellence

David Branch
 Chairman and President
 Branch-Smith Printing Division
 (TAPE recipient 1999 - Baldrige recipient 2002)



Many people ask what you do after receiving a Baldrige or TAPE award. Not surprisingly, I am compelled to report that challenges still remain and there are more mountains to climb. They don't call it a journey for nothing.

Having said that, nothing better prepares you to continue than the integrated systems your organization has put in place that would justify the award to begin with. I like to quote W. Edwards Deming, "If you can't describe what you are doing as a process, you don't know what you are doing." That may seem trite and too easily attributed to what happens on the factory floor, but Baldrige calls you to apply it to management practices...and there is the rub.

Over many Baldrige criteria cycles, Branch-Smith Printing built a performance excellence system that we call Innovating Excellence. It is designed to be clear about who the stakeholders are and what they require, understand what we are systematically doing about those requirements, and drive toward improving the results we achieve compared to our competitors or other benchmarks.

That is Baldrige 101 to me but it takes discipline to accomplish amid a rapidly changing world. It is also nice to know that the criteria are updated annually so that our planning process involves current considerations in the eyes of Baldrige as well.

The four component processes that we use to sustain this are:

1. Strategic Planning Process to understand the value we need to create for the stakeholders and to develop action plans and aligned metrics
2. Leadership Accountability Process to develop performance through people and define how we carry out a regular "conversation" with every employee and group about what performance is expected from the plan, what is being accomplished, and how we can work together to achieve success
3. Management Review Process to drive agility by monitoring ongoing inputs such as trends in complaints and non-conformances to update action plans and ensure the Strategic Plan is always vital
4. Quality Information Database to make information accessible and transparent including action plan updates and widely posted charts showing performance

Obviously, there is nothing in this description that would point to the printing business where we apply these processes. That exemplifies the essence of Baldrige. It is a framework suggesting what areas every organization should address systematically in order to be successful. And as the term "integration" would imply, it is also difficult to discuss one aspect of our system without referring to the other components.

Most important, this is not about a world of “quality” outside of running the business. It is precisely how we operate the business in every dimension in a systematic way. We have doubled in size over the last few years and find this all to be easily scalable as we implement exciting technology and find new ways to do things. I believe such a system that works for your organization is what Baldrige is designed to build into your future.

Keep Using The Criteria To Get Better

David Porter
Senior Vice President, Human Resources
Clarke American
(TAPE Recipient 2001 - Baldrige recipient 2001)



A frequent question of TAPE and Baldrige recipients is, “What do you do after you receive the award?” There may be many answers but ours is simple, “Keep using the criteria to get better.”

The Clarke American Corp. business model uses the Baldrige framework and is called “First In Service.” Significant criteria revisions every two years help us keep pace with best practices in performance excellence and provide a systematic way for us to validate our business model. That fits perfectly with our PDCA approach to improvement that incorporates “Run the Business” and “Change the Business” objectives that are set annually during our goal deployment process. It also lends itself well to how we refine our processes, including the elimination of work when the cost is greater than the benefit of continuing to do an activity.

As leaders, we believe the best answers come from higher quality questions. The Baldrige criteria are a list of more than 225 better questions that challenge us to be brutally honest with ourselves and take action when opportunities for improvement are identified.

The criteria are powerful, leading us, for example, to examine our vision, mission and values (Category 1) and check our progress toward a goal – world-class performance excellence - that will never be fully reached but that, we believe, can be approached.

The criteria keep us from becoming complacent and support the pursuit of excellence in serving our customers, partners, associates (employees), suppliers and shareholders.

Now five years after receiving the TAPE and Malcolm Baldrige awards, we believe the criteria has helped us continue to improve and deliver outstanding results to our stakeholders.

Whether you choose to apply for the Texas Award for Performance Excellence or simply want a systems-based approach to assessing how you are doing against world-class benchmarks, the Malcolm Baldrige Criteria for Performance Excellence can help you become a better organization. It is a worthwhile journey that will change you and your people in profound ways.

“Always treat your employees exactly the way you want them to treat your best customers.”

Stephen Covey

2007 Award Cycle Update

Jane Westbrook
Director of Programs



February is a critical month in the Texas Award Cycle. Teams are completing consensus, scorebooks are being prepared by the teams, and judges are meeting to determine those applicants that will receive a site visit.

Approximately 120 examiners have completed review of the award level applications and have done an outstanding job of bringing their individual assessments and coming together in team consensus to identify strengths and opportunities for improvement for applicants. The result of their work will provide valuable feedback to applicants.

Nine judges, highly experienced in the TAPE and Baldrige criteria, will review the findings of the teams on February 20, and then make recommendations for those who are potential award recipients to receive on-site visits from the examiner teams.

Training will be held on March 9 for teams participating in site visits.

Site visits will be held the week of March 25-31 for those applicants in Health Care, Small Organizations, and Service Organizations. Manufacturing, Education and Public Sector applicants will receive visits during the week of April 2-7.

Attention 2007 Examiners!

Site Visit Training will be held at the Bill Priest campus of El Centro College, Dallas, Texas, on Friday, March 9, 2007, from 9:00 AM to 4:00 PM. Notice will be given on February 21 to those teams that will be participating in site visits.

The Purpose and Value of Team Huddles

Julian Cruz
Director of Communications
Goodwill of San Antonio
(TAPE recipient 2006)



Goodwill Industries of San Antonio has added team huddles to its internal communication efforts throughout its work force of approximately one thousand team members. The huddles help enhance two-way communication, thereby, helping to build well informed and highly effective teams. They also play a vital role in reinforcing the Texas Criteria for Performance Excellence standards to all of our leadership and other team members.

A team huddle is a short, quick, energetic stand-up meeting that is held one or more times per week in the work area of each team and is facilitated by a team leader. The huddle provides a brief time for quick questions and information sharing within each team. In 15 to 20 minutes each team member within each team is given the opportunity to receive and share information that is vital to the performance of the team. Some of the benefits derived from these huddles are:

1. Develop and maintain a “servant leadership” culture.
2. Create a culture of open/honest communication, trust, and belonging.
3. Instill the agency’s Mission, Vision, and Values
4. Encourage teamwork and share commitment
5. Communicate work status of each team
6. Quickly identify obstacles/problems so that each team member shares in the ownership and commitment to resolve them.
7. Set on a frequent basis direction and focus on team goals.

The team huddles are conducted according to the following outline:

1. “Good News” Topic (The topic could be news about the agency or news within the team such as welcoming or recognizing a team member).
2. “Topic of the Week” (The Director of Communications usually selects a question from the “Texas Award for Performance Excellence” document in order to help the leadership reinforce Criteria standards). On any given week, all of our teams are covering the same quality standard.
3. Balanced Scorecard Goal/Topic (The team leader quickly gives updates on goals that fall within four quadrants:
 - Human Capital
 - Internal Process
 - Customer Service
 - Financial
4. “Operational Issues” (Each team member is given the opportunity to quickly share a question or information related to the team’s work).
5. “Cheer/Slogan (The huddle is concluded with some energetic team cheer.)

Through these team huddles we aim to strengthen and build highly effective teams, all fully engaged and committed to fulfilling our main mission, “helping change lives through the power of work”.

“There are no shortcuts in the quest for perfection.”
Ben Hogan

10 Significant Differences between a Baldrige Assessment and Other Improvement Approaches

(OK, so there're more than 10. That's synergy. Baldrige is a system. It creates synergy.)
Barry Johnson, © Knowledge Engineers, 2006



1. A Baldrige assessment is a LEADERSHIP TOOL, not a technical tool.

Six Sigma project leaders (Master Black Belts or Black Belts) look to the organization's executive leadership team to provide them guidance on project prioritization, criticality, timing and relevance. The first thing Six Sigma project teams do is to create a Charter to make a business case for each project. It is the executive leadership team that makes the project "go-ahead" decision. Six Sigma is silent as to what approach, information, or data the executive team uses to make project decisions. Six Sigma does not ask "How do you know this is a priority?" Baldrige assessments do.

This is precisely why many executive teams conduct a Baldrige assessment: to identify and prioritize overall performance improvement projects. They repeat the Baldrige assessment at least annually to calibrate overall progress, ensure balanced performance for all stakeholders, and to keep improvement methods current with changing business needs and directions to ensure strategic and cultural alignment.

Lean relies on the determination of *value* in the "value stream" to determine and prioritize *flow*, *pull* and *perfection*. The first step in Lean is to construct a *value stream map* to see where the opportunities are. However, Lean Enterprise vendors ignore sensei Ohno's proscription in *Gemba Keiei* that "value" is specific to a product and to a customer at a specific time. It is a bottoms-up approach to improvement. This is a key difference between Japanese and American managerial cultures. Japanese managers create a culture in which employees set organizational priorities. The *Gemba* drives improvement.

2. A Baldrige assessment INCLUDES, not excludes, the use of other improvement approaches.

Dr. Jim Collins taught us that moving from being a "good" organization to becoming a "great" organization is not a question of "either-or." That is one of the traps that ensnare good organizations and keep them from trying different improvement approaches to find one that best suits each problem. Be wary of the "improvement guru" who has only one tool that "solves" all our needs, be it Six Sigma, Lean, or Baldrige. Any of these can be used to change an organization. "Good is the enemy of great." [This is the 1st sentence in *Good to Great*.]

Baldrige avoids "the tyranny of OR" and embraces "the liberation of AND." Governance boards and senior leadership teams need to use BOTH a systematic approach to assess overall performance at the organization-wide level AND a systematic approach to implement any improvements the overall assessment identifies as improvement priorities.

3. A Baldrige organization-wide assessment is COMPREHENSIVE.

A Baldrige assessment will appeal to those who want or need to know how the organization works as a system, not just improve the "parts." Here are some of the areas of organizational performance Baldrige assessments address that other approaches do not.

4. A Baldrige assessment INTEGRATES MULTIPLE PERSPECTIVES of an organization's current performance.

A Baldrige assessment team should involve members of the governance board, *all* senior leaders and any operational manager or employee who can contribute to an improved understanding of the current level of organizational performance. Baldrige will appeal to those who want or need to resolve different points of view within an organization by exposing differences of opinion by getting and sharing the responses of many people with differing views about over one hundred questions aimed at understanding and improving organizational performance.

Lean focuses on eliminating waste and improving speed. Six Sigma focuses on eliminating defects. Neither focus on improving the "intangible assets" that provide "long-term stakeholder value" – leadership, information and human resources. It is not easy to use technical-oriented tools to improve intangible asset utilization. These tools were never intended for that purpose. Lean can easily eliminate the waste and improve flow and pull to speed up how long it takes to perform a process. How

THANKS TO GOODWILL

Once again we are grateful to our friends at Goodwill of San Antonio for their support. They hosted our recent training class - How To Deploy The Criteria. Special thanks to Sandra Rodriguez, who made the class run smooth.

See the article in this edition by Julian Cruz and you will understand why they are an exceptional organization.

Panel of Judges Selects New Members

The Panel of Judges recently selected two new members to serve on the panel for the 2007 Award Cycle. David Alexander, Professor/Mentor/Arbitrator with Angelo State University and Alexander & Associates, in San Angelo, Texas, comes to the panel with 37 years experience in education, manufacturing, public organizations, service and small business. He has four years experience as a Quality Texas examiner and team leader and four years as a Baldrige examiner and team leader.

Bill Schreyer is a Sr. Quality Engineer with Freescale Semiconductor in Austin, Texas. Bill has 25 years experience in manufacturing and has served as an examiner, team leader, trainer and member of the Board of Overseers with Quality Texas for six years. He has also been a Baldrige examiner for three years. Both of these new judges bring a wealth of knowledge and experience to the Panel.

Two new judges were also selected for the 2008 Panel of Judges. Clif Conner, Conner & Associates Consulting, and Dr. Mark Montgomery, St. Joseph Health System, Bryan, Texas, will be joining the Panel in June, 2007.

Current members of the Panel of Judges are: Lauri Birkelo, Clarke American Checks, Inc.; Gene Elder, Bank Compensation Consulting; Pat Griffith, Abbott Laboratories; Mac McQuire, Ph.D., McQuire & Associates Consulting; Barry Johnson, Knowledge Engineers; Robert Vokurka, Ph.D., Texas A&M University-Corpus Christi; and Jim White, North Lake College.

does that ensure you find, obtain and retain staff? Plan for leadership succession? Set, deploy and communicate the need for change and the change vision?

5. A Baldrige assessment provides a BALANCED approach to performance assessment.

Organizations need to create and balance "value" for all stakeholder groups – customers, employees, partners, suppliers, collaborators, the community and the public. Imbalances in value among stakeholder groups also introduce "blind spots."

Criteria questions provide a *systems perspective* of the entire organization as an integrated system of processes directed at achieving a balanced set of performance outcomes. Processes address Leadership, Strategic Planning, Customer and Market Focus, Measurement, Analysis, and Knowledge Management, Human Resource Focus and Process Management.

Six Sigma or Lean focus on *value creation* processes that represent only about 10% of the total Baldrige Criteria requirements under the Process Management Category. Many improvement methods do not address the other five Baldrige Process Categories. For example, vendors with "enterprise" versions of Six Sigma and Lean have recently turned to a number of tools from a variety of sources that are absent in their traditional toolkits to address these blind spots. This is, at best, a piecemeal approach in a situation in which you need a systems perspective.

Six Sigma and Lean are project-based and process-focused improvement approaches. They seek to achieve overall stakeholder value by aggregating, but not necessarily integrating, improvements achieved through the cumulative effect of a series of projects improving a number of processes over time.



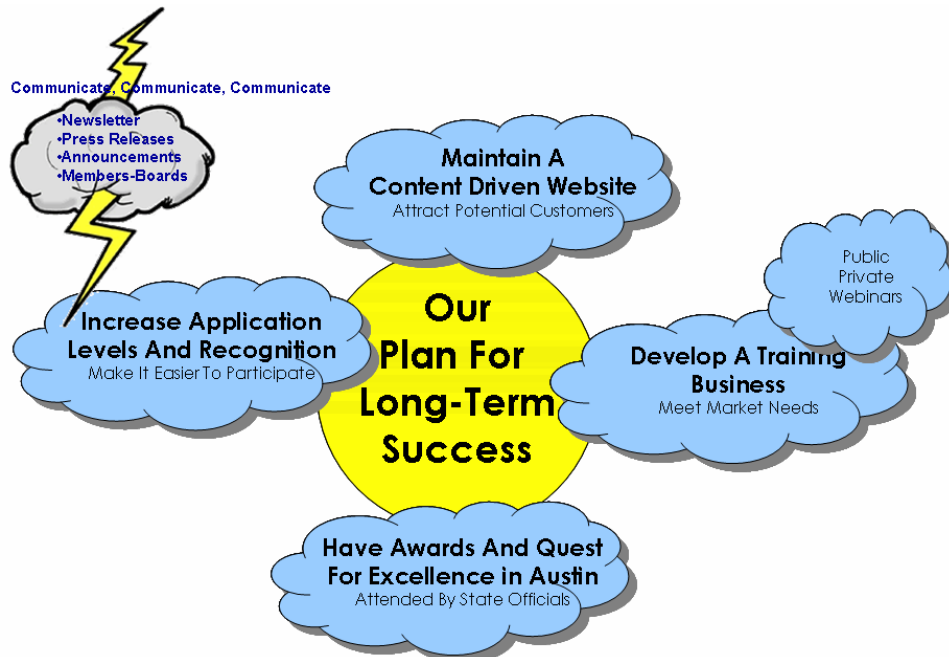
WHAT MUST WE DO AS AN ORGANIZATION?



- Be Relevant?
- Communicate Useful Information
- Encourage Improvement
- Become Visible And Well Known
- Help Make The State Attractive For Commerce

- Provide Value?
- Share Knowledge
- Recognize Levels Of Performance

HOW WILL WE ACCOMPLISH THESE THINGS?



Interestingly, strategy is executed and value is created by the "intangible assets" in these "blind spot" Categories, such as Leadership, Human Resources and Information. These are areas usually not addressed by Six Sigma and Lean. Strategic Planning is a Lean "add-on" via Hoshin kanri, and Leadership, Customer and Market Focus and Human Resource Focus capabilities are viewed as *process variables* by both methodologies.

6. A Baldrige assessment focuses on ALIGNMENT – down, across and up and at all levels.

Alignment is one of the MOST important capabilities every organization must acquire and maintain. It is a governance board and senior leadership responsibility that cannot be delegated. Several studies have identified lack of alignment as the primary reason strategies fail. A Baldrige assessment addresses this absolute requirement explicitly in its Core Values, Criteria requirements and Scoring Guidelines.

Six Sigma "flows down" measurements and projects to each level of the organization to create alignment, but relies on senior leadership to ensure it happens. Hoshin kanri provides strategic alignment in a Lean enterprise approach, but Lean does not provide tools for systems alignment. Six Sigma assumes senior leadership will provide alignment, but offers no tool to acquire or maintain it.

7. Baldrige assessments focus on processes AND the "WHITE SPACE" in the organization chart.

Knowing how you are managing each box on the org chart tells you very little you can use to improve the organization as a whole. The vast majority of improvement opportunities are in the "white space" between the boxes. Horizontal white space hides opportunities to improve communication, supplier-process-customer relationships, and systems integration. Vertical "white space" provides opportunities to assess and improve organizational communication, deployment, alignment, and integration.

A Lean *value stream map* and Lean and a Six Sigma *process map* (SIPOC or swim lane, for example) address this issue from a process, but not from managerial or leadership perspective. These tools focus on the flow of tangible resources between boxes to reduce costs. Leadership teams need a tool to evaluate vertical and horizontal performance of intangible assets in the "white space." Intangible assets include such things as leadership, alignment, teamwork, information flow, communication, coordination, social responsibility, etc. This is the real "Gemba."

8. A Baldrige assessment provides access to SHARING benchmarks, best practices and role models.

Baldrige will appeal to those who want or need to encourage innovation via inspiration rather than motivation because the questions presented in the Criteria are open-ended. Although the database of over 1,000 Baldrige applicants is confidential, the approaches taken and the results achieved by nearly 70 Baldrige recipients is readily available because each recipient is required to share its knowledge through conferences. Significant data and information, such as recipient profiles, applications, and contact information, is available at <http://baldrige.nist.gov>.

9. A Baldrige assessment is NON-PRESCRIPTIVE.

The Baldrige Criteria ask you *how* you address the roughly 100 requirements it sets out to guide an organizational assessment. The Criteria do not specify *what* methods you use.

It does require that you provide evidence that you used whatever methods you choose – Six Sigma or Lean, for example – systematically and evidence that the results you report were derived from the deployment and improvement of the approaches you used.

10. Baldrige is an INTEGRATED assessment, not a "toolkit."

Dr. James Evans of the University of Cincinnati and others have verified the validity of the Baldrige Criteria as a business model grounded in contemporary business and management literature. The Criteria are updated at least every two years to reflect changing business issues and management approaches.

Jay Forrester of MIT and others teach us about "systems dynamics." It is very common to "improve" a process or sub system and lower overall system performance. This is sub-optimization. Leaders need to *know* that changes to individual processes do not decrease overall system performance. One of the great evils of sub-optimization is the "Shifting the Burden" archetype where "wastes" or "costs" that have been "eliminate" by a specific project are only *shifted* to another cost center, but counted as a "financial savings". Only an overall system-wide assessment can provide a "check-and' balance" on sub-optimization. A Baldrige assessment provides a method for leadership to identify this.

The simplicity of the six Sigma "transformation equation" – $Y = f(x)$ – does not recognize the possibility of multiple causation -- that " $Y = f(x_1,$

**“Change is the law of life
and those who look only to the past or present
are certain to miss the future.”**

John F. Kennedy

x2, etc.)" – at the program or project level. The interaction of variables is only addressed in the Improvement phase through Design of Experiments (DOE). Lean is an inherently bottoms-up approach. Endless *kaizens* performed in the *Gemba* ("actual place") and *genjitsu* ("actual situation") on *genbutsu* ("actual thing") drive overall improvement. *Mura* ("imbalance") is hopefully minimized through *Hoshin kanri*.

11. Baldrige assessments provide calibration of MATURITY – approaches, deployment, learning and integration.

Some improvement approaches do not work because the organization is not at the level of maturity required to benefit from the tools.

A Baldrige Assessment is "tailorable" to organizations at any level of maturity. An organization needing to determine its readiness to conduct a larger scale assessment may choose from the eBaldrige, Organizational Profile, or "Are We Making Progress" assessment survey tools.

Organizations can use a set of the Basic Requirements in the OP and the Criteria Items to perform a more detailed assessment. More mature organizations can use the full Criteria to perform a full Baldrige self-assessment, and the greatest value can be obtained from independent feedback from an application to one of the Baldrige national or state programs.

12. Baldrige is a Criterion-referenced learning approach, not a rules-based approach.

Baldrige calibrates the level of performance achieved against its Scoring Guidelines. The Scoring Guidelines incorporate a "maturity" approach which consists of six levels of "maturity" across a 1,000 point scoring range. Processes are evaluated for maturity of approach, deployment, learning and integration. An Outcome is evaluated for maturity by its level, trend, comparative significance, and linkage to Process maturity.

Although Six Sigma and Lean assess performance against a *six sigma level* and *perfection*, respectively, very few organizations achieve these levels. Every Six Sigma book makes it clear that achieving six sigma performance is only possible in the short term and that performance can be sustained only at around 4.5 sigma level in the long run. Make no mistake, 4.5 sigma is "world-class" performance.

The significance of this distinction is that an organization needs to know "where it is now" (e. g., its current level of maturity) in order to adopt an improvement approach that fits its capabilities. You do not need to worry about getting to 6 sigma until you get to 3 sigma. You do not need to worry about "perfection" until you implement a systematic approach and deploy it, evaluate and improve it, and integrate it into the overall system. These are the questions Baldrige asks to help leadership teams calibrate organizational maturity.

13. Baldrige Processes and Outcomes are VERIFIED INDEPENDENTLY by a team of outside experts.

This is not to accuse anyone of misstating their results, but it is a significant difference that Baldrige recipients are recommended to the Secretary of Commerce for recognition only after a team of experts have gone on site to clarify and verify the representations in the applicant's application.

Six Sigma and Lean results are reported through public disclosure of the data and information available in summary format in SEC filings and annual reports, if publicly traded. Internal financial management verifies six sigma results or how they were achieved via team records.

14. A Baldrige assessment describes the SYNERGY – or ENTROPY – of the linkages among organizational components.

This has been a recurring theme in many of the previous discussions. Synergy can only be evaluated at the overall system level. All systems deteriorate over time. This is called "entropy." It is the reason that leaders need to reassess regularly at the organizational level.

Six Sigma addresses entropy in several ways, the 1.5 sigma shift, process capability indices, variation, process spread, SPC, control plans, etc. Lean addresses entropy via 5S, one piece flow, takt time, standardized work, and Lean metrics, such as Little's Law and OEE.

Baldrige will appeal to those who want or need to discover the linkages among the seven Categories in the Criteria and to be able to summarize them in a brief Organizational Profile that discloses strategic challenges and approaches to overcoming them that cross-cut the dimensions and develop thematic problems to solve.

"If you think you are going to be successful running your business in the next 10 years the way you did in the last 10 years, you're out of your mind. To Succeed, we have to disturb the present."

**Roberto Goizueta
(Coca-cola)**