



MALCOLM BALDRIGE NATIONAL QUALITY AWARD

Print Perfect

by **Kristen Johnson, assistant editor**

Born in 1868 without arms, Aaron Smith credited his family for giving him the strength to overcome his handicap. "From the time I was 12," he wrote, "I had been giving serious consideration to a life of self-support, encouraged by mother and father, whose ideas of how it might be done were limited, but whose faith in God's power to do all things was unlimited. When I got into office work and the business world, I learned to write with a pen in my teeth, but my right foot is still my hand and I can use a pencil better with it than in my teeth."

In 50 Words Or Less

- With the personal strength of its founder as a guide, Branch-Smith Printing reached its goal of winning the Malcolm Baldrige National Quality Award in 2002.
- Thanks in part to its robust quality information database, the company has doubled its sales in the past four years and continues to grow.



In the Beginning: One of Branch-Smith's first buildings.

Smith taught himself to type with his toes and earned an attorney's certificate in 1889. He then worked as a newspaper editor before founding Smith Printing in 1910. Shortly thereafter, Smith's daughter, Carrie Beth, and her husband, Oscar Branch, joined the business. It was incorporated as Branch-Smith Inc. in 1954, soon after Oscar and Carrie Beth's son James came on board.

Now a fourth-generation printing company in Fort Worth, TX, Branch-Smith is headed by James' three children, Mike, David and Beverly. The thought of Aaron Smith's personal strength and perseverance acts as their guiding force, and they say that's what gives them their can-do attitude (see "Branch-Smith's Culture," p. 53). This

Determination: *Born without arms, founder Aaron Smith taught himself to type with his toes.*

mind-set carried the company through its quality transformation and pursuit of the Malcolm Baldrige National Quality Award, which it won in 2002 in the small business category.

Who Is Branch-Smith Printing?

Branch-Smith Printing Ltd. is one of four divisions of Branch-Smith Resources Ltd. All four are located in the same building to facilitate communication and share support services, including accounting, human resources and IT.

The printing division employs 80 full-time employees in positions such as management, sales, maintenance, art and skilled equipment operation. The employees' ethnicities, levels of education and ages closely mirror those of the Dallas-Fort Worth (DFW) community.

The printing industry is one of the largest in the United States, with 45,000 companies nationally, 3,100 in Texas alone and 1,100 in the DFW area. Most of these companies are small, with 80% having fewer than 20 employees, so to ensure its competitive position, Branch-Smith focuses on serving a niche other printers tend to neglect.

The company has 160 customers that provide more than 80% of its sales. It specializes in low volume runs—generally less than 20,000 copies—and offers an array of services to its highest level of customers. It decided to focus on the low volume market niche because its sheet-fed printing process best meets the needs of this underserved population.



Why Baldrige?

In 1992, David Branch, the company's president, realized he had a culture clash on his hands. He desired a culture that focused on repeatable operation, an integrated approach and regular evaluation and improvement across all units; instead he had a culture that focused on activities rather than processes and reacted to problems rather than preventing them in the first place.

The company also engaged in what can be called typical small company planning. Leadership acted in a paternalistic fashion and had a sense of entitlement. Everything was going well, but Branch eventually began to question the company's quality out



Innovative Leaders: David Branch (left), president, and Daniel Hanson, vice president/general manager, helped Branch-Smith reach its goal: winning the Baldrige Award.

of a fear of being blindsided by the market.

In 1993, Branch began to form a quality plan. He joined other small business executives for 24 months of quality training and began to implement total quality management and problem solving

techniques. That same year, the company performed a Baldrige self-assessment, and in 1994, the self-assessment drove it into the early systematic or process documentation phase of its innovating excellence system (see Figure 1), which focuses on building, sharing and applying information to empower the organization.

Branch decided to use ISO 9001 as a benchmark for the company's new quality management system, and in January 1996, Branch-Smith Printing became one of the first printing companies to register to the standard.

Branch-Smith completed the Level II application—the application preceding the one that makes a company eligible for a site visit—for the Texas State Quality Award in 1996 and soon received its first Baldrige based external assessment. The key thing Branch learned from this experience was that the company's feedback report would be only as strong as its application.

After asking where to go from there, Branch learned his next step should be to have a trained Baldrige examiner on staff, a role he eagerly took on in 1997. He participated in Texas State Quality Award examiner training and learned about site visits and the importance of having aligned goals. After

FIGURE 1 Innovating Excellence System



Branch underwent this training process, the company was fully immersed in the aligned approach phase of its journey to innovating excellence.

The company stayed on the fast track through 1998 and aligned its key measures through its new quality information database (QID), which houses all customer complaints, supplier nonconformances, internal nonconformances, and information about productivity and progress toward department and division goals.

All the company's hard work paid off in 1999 when it won the Texas State Quality Award. But it didn't stop there. Branch continued on the path to quality by ensuring the company's QID and ISO 9001 registration supported leadership accountability, management review and strategic planning. Management began posting performance charts near each work group's area and linking action plans to the company's key measures.

In 2000, Branch-Smith entered the integrated approach phase of its quality improvement journey. Making the stakeholders part of the company's vision helped drive the integrated approach, and the company made major coordinated upgrades in its technology, equipment, information systems and HR needs.

By 2001, the company had aligned its key measures and performance metrics to individual employees. It also earned a Baldrige site visit that year and registered to ISO 9001:2000. And in 2002, Branch-Smith Printing was awarded the Baldrige Award in the small business category.



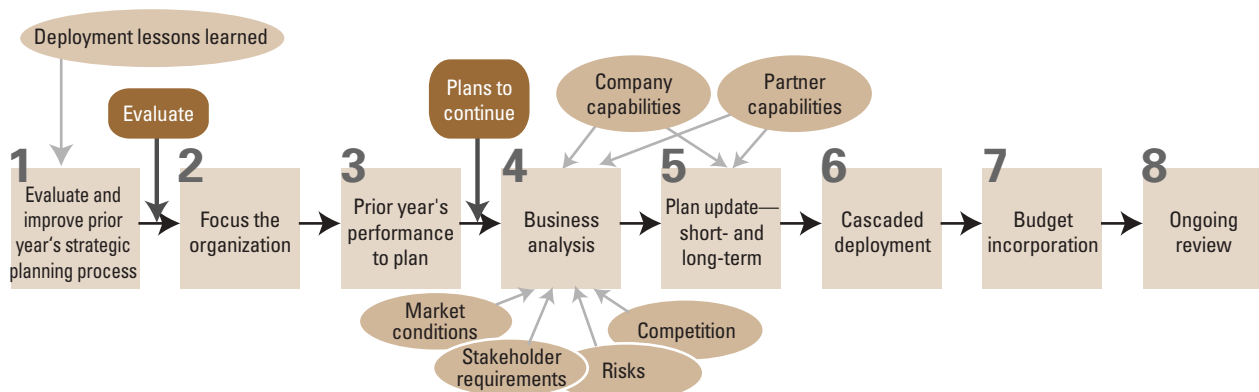
Organization: The bindery today.

Leadership

Branch-Smith Printing's senior leadership works as a team to enable the company to respond quickly to change and provide guidance and support to employees. Under the guidance of the board of directors and corporate leadership team (CLT), the print leadership team aligns the company's purpose and focus to the corporate direction.

The board of directors and the CLT created Branch-Smith Printing's corporate values statement (see "Branch-Smith Printing's Culture," p. 53) to ensure the entire company is focused on the needs of its customers, employees, owners and community. This statement was then used to help determine the printing division's mission statement.

FIGURE 2 Strategic Planning Process





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The company's focus on the importance of quality was derived from the corporate values and division mission statements. It is defined in the division's quality policy and is embodied in the printing division's objectives:

- Continuously improve business results.
- Become the partner of choice for our customers.
- Become the employer of choice.

Each team or department meets annually to discuss its role in the success of the company and then creates a departmental mission statement that explains how it can help fulfill the printing division's

mission. To further drive the focus on stakeholder needs throughout the company, all employees then develop their own work objectives that support the printing division and departmental missions.

Employees are also encouraged to engage in innovation and continuous improvement and are expected to participate in performance improvement activities after receiving training in quality and problem solving. Shortly after an employee begins working at Branch-Smith, he or she is trained in the meaning of quality, the elements of teamwork and problem solving skills. The belief is

TABLE 1 Key Action Plans and Measures in the Strategic Plan

Division goal (objective)	Strategy/key actions and quality improvement processes	Measure
<i>Continuously improve business results through:</i>		<i>Return on assets (ROA)</i>
	Strong financial performance Improved controls for credit and collection process	ROA percentage
	Partnership with suppliers Continuously improved tracking performance	Conformance percentage
	A process improvement focus Direct to plate system migration from conventional process Further reduction in paper spoilage External validation feedback on operations for ongoing improvement Improved sample process Automated bindery operations to reduce expenses	ISO 9001 certification
<i>Become the partner of choice for our customers through:</i>		<i>Weighted satisfaction</i>
	Developing relationships Determining common customer information and activity communication Improving customer introduction approach	Percentage of value added sales
	Achieving excellent execution to customer requirements Improving process for getting supplied materials back to the customer	Price of nonconformance percentage
	Creating a targeted marketing plan Creating a strong brand image	Value added growth percentage
<i>Become the employer of choice through:</i>		<i>Percentage agree</i>
	Industry leading compensation, benefit and reward and recognition systems Tracking market rates of pay and benefits	Fair pay percentage
	Improving training systems and growth opportunities Improving employee training and career development tracking system Enhancing division training plans with aggregated performance appraisal	Effective training percentage
	A caring, involved culture Improving communications between departments and reducing language barriers Increasing awareness of and participation in employee suggestion system Restructuring customer service representative activities for house accounts Reducing back strain by adding lifts to folders	Overall percentage agree

that each employee will then be empowered to be responsible for quality. Employees do not need approval before running a job or stopping a nonconforming job.

Strategic Planning

Branch-Smith Printing's strategic planning process (SPP) is the main tool used to help the company visualize its ideal future, create strategies and plans to achieve it and incorporate improvement opportunities into prioritized action plans (see Figure 2, p. 51).

It is based on the Baldrige program criteria and uses plan-do-check-act (PDCA) as a point of reference. The company moves through the SPP on an annual basis, and updates can be made during the company's management review meetings throughout the year.

After completing the SPP, the company ends up with long-term division objectives with multiyear strategies and actions as shown in Table 1. Branch-Smith's current objectives and strategies are:

- To continuously improve business results through a process improvement focus, partnership with suppliers and strong financial performance.
- To become the partner of choice for customers through a targeted marketing plan, excellent execution to customer requirements and relationship development.
- To become the employer of choice through developing a caring, involved culture; continually improving training systems; providing growth opportunities; and offering industry leading compensation, benefits, and reward and recognition systems. The company extends the same quality environment to co-workers as it does to customers.

Customer and Market Focus

Branch-Smith Printing's customer service representatives (CSRs) are in daily contact with customers and are primarily responsible for maintaining customer relationships. The CSRs are usually the first to receive customer complaints and are responsible for providing resolution options within 48 hours. They record any complaints and deliver them to the quality

Branch-Smith Printing's Culture

Branch-Smith Printing's corporate values statement reads:

- *To honor God in all that we do.*
- *To pursue excellence with integrity and commitment.*
- *To help people develop as individuals and as a team.*
- *To grow profitably by committing ourselves to our customers' success.*

The printing division sets the context of its business through its vision statement, which expresses its desire to produce strong, sustainable results through balanced performance improvement. The statement helps the division create success for its long-term customers and rewards for its expert employees:

"Market leading business results through an expert team providing turnkey solutions to customer partners."

To help it carry out its vision, the division came up with the following mission statement:

"To provide expert solutions for publishers."

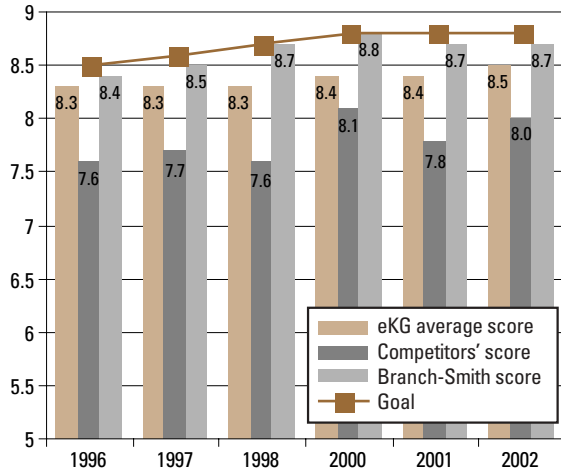
Keeping this statement in mind, the printing division is better able to meet its customers' needs on their terms. Branch-Smith's quality policy helps reinforce this idea:

"Branch-Smith Printing will seek to continuously improve results for all stakeholders through the application of its innovating excellence process."



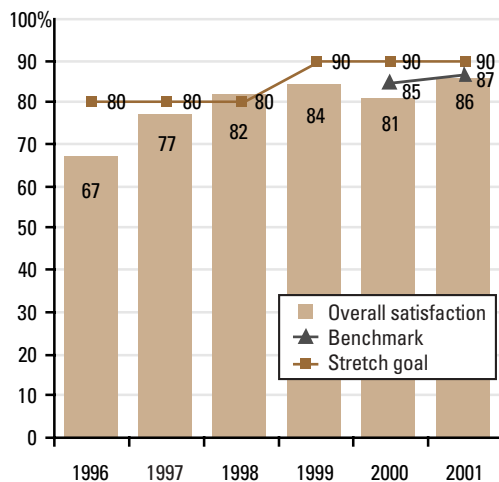
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FIGURE 3 Overall Customer Satisfaction



Notes: eKG is a company that specializes in customer surveys for the printing industry. No data are available for 1999.

FIGURE 4 Average Employee Satisfaction



manager, who asks the responsible department to determine the cause of the complaint.

Customer relationships are further enhanced and developed during the senior managers' annual visits to key customers. When a senior manager meets with a customer, he or she assesses the customer's needs and satisfaction level and ensures Branch-Smith is aligned with the customer's strategic goals and objectives.

The printing division evaluates its approach to customer relationship management through use of a variety of tools, the most significant being its annual customer satisfaction survey. The questions are focused around the following six key customer requirements, ranked in order of importance:

1. Product quality.
2. Reasonable prices.
3. Reliability.
4. Responsiveness.
5. Interpersonal relationship.
6. Added value.

The survey asks customers to rank their satisfaction, on a 10-point scale, with Branch-Smith's performance, the performance of Branch-Smith's competitors and the importance of the above elements.

Figure 3 illustrates overall customer satisfaction with Branch-Smith Printing, competitors and all respondents. As a result of implementing its production management software in 1998, the company was able to significantly widen the gap between itself and its competitors.

Information and Analysis

Branch-Smith gathers an abundance of information to help it provide excellent customer service at the lowest possible cost. The company's printing management software is designed to capture shop floor data throughout the day. The time and material needed for jobs are first estimated in the system and eventually help design the electronic job plans that manage workflow. As employees work, they enter the process they're performing, the quantity produced, the materials used and whether it is a customer chargeable, price of nonconformance (PONC) or other nonchargeable activity.

Productivity and other customer and employee data are tracked using the company's QID. Customer surveys, ISO 9000:2000 internal and registrar

audits and the Texas Award for Performance Excellence and Baldrige feedback reports can even be entered into the QID for analysis purposes.

One way Branch-Smith uses the data it gathers is as part of its annual SPP. The company compares its measures to those of comparable companies in the printing industry as well as external best in class sources. It uses the PDCA cycle to benchmark processes and approaches.

Human Resource Focus

Branch-Smith's primary way to determine employee satisfaction is through its annual survey. The survey addresses communication, management, customer focus, quality, job responsibility

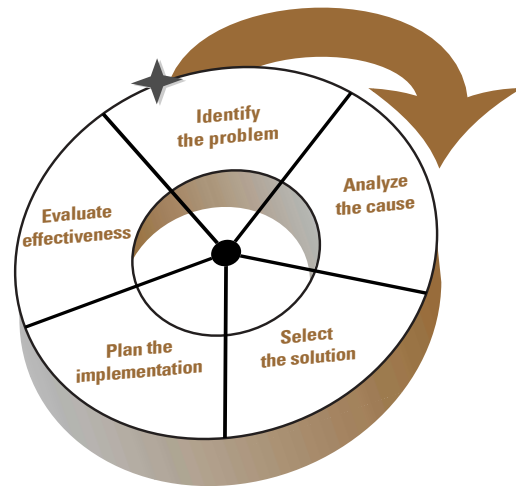
The company widened the gap between itself and its competitors after implementing its production management software.

and training, procedures and processes, teamwork and overall satisfaction. Employees rate their agreement with 50 statements in these categories; ratings of less than 60% agreement are focused on for improvement. Figure 4 illustrates the company's employee satisfaction ratings.

Branch-Smith supports high employee performance in a variety of ways. Its "Caught in the Act" award gives employees a chance to recognize their co-workers who go above and beyond their usual job duties. Special events, bulletin boards and the employee newsletter are other ways the company recognizes the accomplishments of employees and teams. It also has an employee suggestion program, which rewards employees who contribute ideas to reduce costs, increase customer or employee satisfaction, save money, or improve quality, reliability, customer service or processes.

Though these things are important to maintaining employee satisfaction, the employee survey

FIGURE 5 Quality Improvement Process



shows the most important and effective recognition approach is through informal pats on the back from leaders for jobs well-done.

Besides its strong commitment to employee recognition, Branch-Smith is also dedicated to employee education, training and development. Its training approach consists of seven elements:

1. New employee orientation, which includes a job specific introduction to safety and ISO 9000 work instructions.
2. Divisionwide annual safety training.
3. Specific career training with required training events.
4. Quality training for new employees.
5. Monthly departmental meetings that focus on the issues related to new or revised ISO 9000 work instructions, broad safety issues or new equipment or software training.
6. Indirect career training, including leadership training.
7. Educational assistance.

Process Management

As part of Branch-Smith's conversion to ISO 9000:2000, it created more than 40 process maps. All the company's production processes are conducted in accordance with these procedures, and all personnel are trained and audited



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according to the process documentation.

The company's production management software also plays a key role in facilitating the day-to-day operations of its production processes. Data are collected throughout the day for every production process to ascertain whether performance requirements are being met by individual job, process, material and cost center. The four main processes—design, prepress, press and bindery—have 21 different cost centers with more than 200 different subprocesses.

To help evaluate and improve these production processes, the data gathered through the software are shared with each functional area in the company. The PONC and complaints are tracked to help ascertain and prioritize opportunities for improvement.

Any employee may also initiate a quality improvement process (QIP), which follows the path illustrated in Figure 5 (p. 55). Employees use the tools learned in Branch-Smith Printing's quality training course to evaluate issues, determine root cause and design, plan, implement and track solutions.

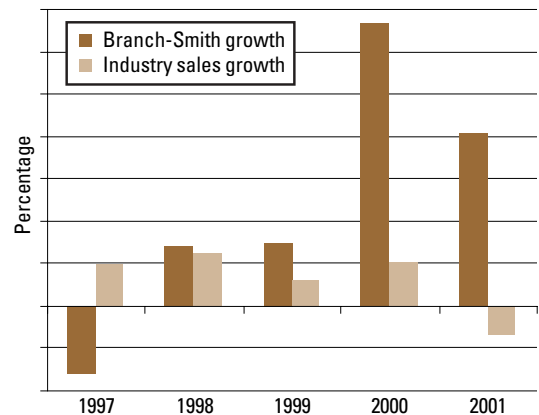
Branch-Smith Printing has three key business processes that go above and beyond its production processes and are critical to the company's growth and success. The management review process covers the progress of various processes, including the status of customer complaints, QIPs, and supplier and internal nonconformances; the sales and marketing process enables the company to locate, qualify and secure new customers, maintain accounts and grow business with its existing customers; and the supplier partnering process helps build strong relationships with key suppliers.

Business Results

In 1998, Branch-Smith set an aggressive goal to double its sales in three years. Though it suffered a setback in 2001 due to the Sept. 11 tragedy, the company was still able to grow 72% overall between 1998 and 2001 (see Figure 6). And despite the economic slowdown in 2001, Branch decided to continue with his expansion plan so the company will be in a position to capitalize on the market once the economy picks up.

Branch-Smith has also made significant strides in its environmental awareness. Since 1998, the

FIGURE 6 Value Added and Total Sales Growth



company has reduced its annual levels of volatile organic compounds from 13 tons to six tons. It has also made improvements in the amount of paper it recycles annually, from 441 tons in 1998 to 693 tons in 2001—an increase of nearly 46%.

With a focus on change and growth, not only has the company doubled its sales in the last four years, but sales were up another 15% last quarter. While many of its competitors are going out of business, Branch-Smith continues to grow. It is continuously improving its technology so it can provide better customer solutions, and it is determined to remain an employer of choice in the DFW area.

"Beautiful solutions for customers." That's what Branch says the future holds for his company. "The path of least resistance is for change," he says. "Change for the good of the company increases employee satisfaction and affords better solutions for customers."

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