has been using the Malcolm Baldrige National Quality Award criteria for nine years to improve. The award is an ongoing national quality program sponsored by the United States Department of Commerce. The Baldrige honors U.S. companies that demonstrate extraordinary commitment to quality and excellence in a wide variety of business functions: leadership, strategic planning, customer and market focus, information and analysis, human resources, process management and business results.

Throughout the following pages you will read about our journey . . . where we started, why we exist, and the people who are important to us. We want you to have a clearer understanding of BI's quality journey and the commitment we've made to it.

BI's Quality Pledge

It is BI's goal to achieve total customer satisfaction through continuous quality improvement . . . satisfaction as defined by each of our customers. Through the achievement of this goal, we will clearly be identified as the quality leader in our industry.

OVERVIEW

Basic Description of BI

Serving as a strategic partner, BI helps its customers achieve their business goals by improving the performance of the people who can impact those goals: generally a customer's distributors, employees, or consumers. BI's **Mission** *is to improve the performance of its customers' employees, distribution and consumers*. BI custom designs and delivers these performance improvement programs using any or all of its four core areas of expertise: Communications, Training, Measurement, and Rewards.

Approaches to improve performance in a customer's distribution channel include: certification programs, customer satisfaction research, new product introductions, sales incentive programs and training programs. Approaches to address employee performance issues include: culture or awareness campaigns, lead referral programs, quality programs, recognition programs, safety programs, and suggestion systems. Consumer issues are addressed through the use of such programs as: consumer sweepstakes, direct marketing, frequency marketing, rebates and fulfillment, research, and sales promotions.

Purpose: *to attract and retain delighted customers and Associates.*

Vision: *to be the defining leader in performance improvement, providing any service to customers which will help them improve performance; to be known as a responsive and innovative company with outstanding customer service and exceptional Associates.*

Beliefs:
- **Customers:** *We believe our customers are at the center of all we do and that we must stay in tune with their changing needs.*
- **Associates:** *We believe that BI's selectively chosen Associates are unquestionably our single greatest resource. We believe in teamwork, with shared objectives and accountabilities.*
- **Improvement:** *We believe in continuous improvement of our services, processes, and work environment; we expect all of our Associates to play an active role in continuous improvement.*
- **Leadership:** *We believe in leadership that stays in touch with reality, uses facts for decision-making, embraces change, and is sensitive to the needs of customers and Associates.*
- **Resource Management:** *We believe in a simple form of organization with minimal layers of management. We believe in a frugal use of time and money.*
- **Innovation:** *We believe in developing new product concepts, new services, and new applications for our services. We value creative and innovative thinking.*
- **Responsibility:** *We believe in being good corporate citizens in our community and in our environment. We believe in sharing our success.*
- **Mutual Respect:** *We believe in a positive work environment, which is respectful of each member of our diverse family.*

BI's **Corporate Objectives** *are revenue growth, productivity improvement, customer satisfaction, and Associate satisfaction*. These are the factors that will determine the continued success of BI in the future.

BI employs approximately 1,400 full-time, part-time and temporary people who are called Associates. About 75% of all Associates have direct customer contact. The average age of a BI Associate is 36 years. 10% of Associates hold masters degrees, 70% have bachelors degrees and 20% have high school diplomas. 19% of Associates telecommute or have flexible work schedules.

BI's headquarters are located in Edina, Minnesota, a suburb of Minneapolis. In Edina, there are about 1,000 Associates located in a five-building campus of 300,000 square feet. About 200 full-time, part-time, and temporary Associates are located at BI's Eden Valley facility. This facility is approximately 90 miles west of Edina and encompasses 70,000 square feet. Fourteen Associates, all computer programmers, work in Sioux Falls, South Dakota. The other 180 BI Associates, sales managers, account executives and sales administrators are located in 20 sales offices in major cities around the United States.

Competitive Situation

BI is one of three major full-service performance improvement companies in the United States who offer broad services and geographic coverage. These companies compete in many, but not all, of the same services. The two primary competitors are Maritz, Inc., headquartered in St. Louis, and Carlson Marketing, headquartered in Minneapolis.

What Makes BI Unique

Three major factors are the cornerstones of BI's success: pervasive customer focus, strong Associate focus, and the BI Way. More than 75% of BI's Associates are regularly involved in customer contact. With services custom designed to meet individual customer needs, and long term relationships with customers, there is intense customer focus throughout the organization.

The Associate focus reinforces the customer focus. BI Associates are advocates for the company and carry that motivation and pride into their dealings with all customers. Associate productivity is key to the company's financial success. BI has deployed a team-based, high performance work system supported by an integrated Associate development approach. Numerous programs are in place to support Associate well-being; communication vehicles are used to keep all Associates informed; compensation, rewards and recognition support the objectives and approaches of the company. BI's Mutual Respect Policy is a best practice and is fully deployed and culturally accepted. It works: BI customers rave about BI Associates, BI Associates love to work at BI, and company performance in a competitive and entrepreneurial market validates its effectiveness.

When BI adopted TQM as a way of life in 1984, the company used the same approach to solving its own business challenges as it would for customers. BI used performance improvement to bring TQM into the fabric of the company. The BI Way is an approach to process management driven by the goal of customer delight. It includes training, problem solving techniques, process improvement, incentives, and a results focus. The BI Way is used by nearly all Associates and is constantly being evaluated and improved.

In 1994, BI became the first service company to earn the Minnesota Quality Award. The Minnesota award has been recognized as one of the most prestigious state awards in the country. In 1998 and 1999, BI received a Malcolm Baldrige National Quality Award Site Visit.

CATEGORY 1 – LEADERSHIP

Organizational Leadership

BI's Leadership System is decentralized and based on a full commitment within BI to its Purpose, Vision, Mission and Beliefs. The Leadership System consists of several teams with overlapping membership, which facilitates communication among and between the teams.

Leadership System
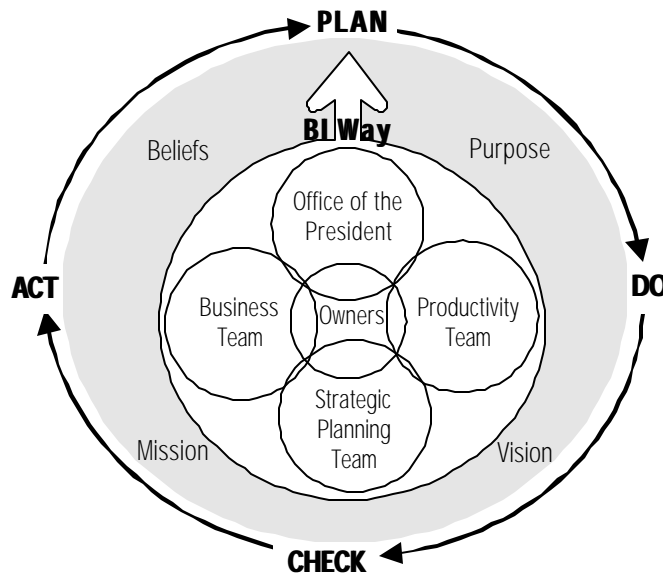
This decentralized Leadership System works effectively because of the extensive integration of Business Team members within the BI Way's Quality Improvement Teams (QITs) and Process Improvement Teams (PITs), President's Process Improvements, Action Plans, and Customer Satisfaction Teams. This participation and involvement provides opportunity for senior leadership to stay in touch with key stakeholders and to communicate company strategies, expectations, values and direction.

The Business Team reviews progress relative to performance goals and the changing needs of the organization through the Strategic Business and Quality Plan, bi-weekly Business and Productivity Team meetings, monthly Sales Review meetings, the Performance Management Process, Process Improvement audits, the Annual Budgeting Process, and the Capital Purchase Requisition Process. The Office of the President also reviews sales and margin, and performance by Functional Area. The owners review all financial measures.

The Vital Few Indicators of sales per Associate, Associate retention, revenue, and Transactional Customer Satisfaction Index are regularly reviewed by the Business Team through a Business Team Report Card.

Public Responsibility and Citizenship

BI touches large numbers of people through the delivery of customer programs. Sensitivity to product and travel destination safety, diversity in program materials, ethical work practices in BI's supplier chain, respect for the environment and high ethical standards, are all important issues for BI. A formal review of all areas of public responsibility occurs as part of BI's Strategic Planning Process in the Ownership Planning step where BI's Beliefs are reviewed.

There are many ways in which BI ensures ethical business practices in its stakeholder transactions and interactions, including:

Mutual Respect Policy and training	Supplier Selection Criteria
Customer Confidentiality Policy	Incident reporting and audits
Ethical Purchasing Policy and training	Zero Tolerance Theft Policy and training
Frequent Associate communications on these values	

BI's strategy for supporting its communities is to "make a difference" through personal involvement. BI's two areas of emphasis are education and direct volunteer opportunities. In addition, BI donates a consistent percentage of its profits to the community each year, and matches funds raised by Associates for numerous charitable causes.

Associates support many community initiatives through their personal involvement and financially. Examples include: Loaves and Fishes, Bridging, Hats and Mittens, and the Minneapolis Crisis Nursery. A survey of BI Associates at all locations by the Care QIT in January 1999, indicated that 73% of the survey respondents were involved with volunteerism.

CATEGORY 2 – STRATEGIC PLANNING

Strategy Development

BI's Strategic Planning Process is comprised of two overall components: an annual re-baselining of the Strategic Plan and an on-going review and fine-tuning throughout the year. The planning process provides two outcomes: the Strategic Business and Quality Plan (SBQP) and organizational and Associate alignment. The process allows for every voice to be heard and communicates company direction and Action Plans to all Associates.

The annual re-baselining begins with the Ownership Planning step, including a review of the Purpose, Vision, Mission, and Beliefs by the President and Chief Quality Officer, and the Business Team. The President and CQO also continually observes economic news and trends for opportunities and threats and reviews them regularly and in-depth with the Business Team. The team also reviews the company's previous years' performance and trends. After discussion with the Business Team and input on the ownership's direction, the Office of the President, which includes the President and CQO, and three senior vice presidents, sets specific, key Corporate Objectives: revenue growth, productivity improvement, customer satisfaction, and Associate satisfaction. These four objectives form the basis for the subsequent Strategic Planning activities.

Strategic Planning Process

Step	Ownership Planning	Cross-Functional Leadership Planning (Strategic Planning Team)	Functional Planning	Plan Implementation
Timing	April – May	May	May – June	June – July
Inputs	• Ownership Direction • Environmental Scan (STEEP) • Economic News and Threats • Purpose, Vision, Beliefs, and Mission	• Customer and Market Knowledge • HR and Technology Resource Capabilities • Leadership Direction • Competitors' Direction, Strengths and Weaknesses • BI Core Processes and Process Improvements • Supplier Capabilities and Cost • Revenue Results, Productivity Results, Customer Satisfaction Results, Associate Satisfaction Results	• Leadership Direction • Functional Leader Input • Team Input	• Linkage of Recognition, Rewards and Compensation • Compile and Review Plans • Resources Are Determined and Requested • Quarterly Review of Action Plans
Outputs	• BI Objectives	• BI Strategies, Action Plans and President's Process Improvements	• Divisional/ Departmental Objectives • Marketing Plans, Business Unit and Department Initiatives	• Measurement of Corporate Objectives and results • Ongoing review and fine-tuning throughout the year

The second step, Cross Functional Leadership Planning by the Strategic Planning Team, is done annually and includes a large group of leaders: 30 to 40 vice presidents and directors, from all Functional Areas and Business Units. This larger group develops Strategies and Action Plans, broadens input into the planning process, and increases the sense of ownership across the team. BI's Strategies are supported by the Action Plans, which ultimately support the achievement of BI's four Corporate Objectives. Progress on President's Process Improvements and Action Plans from the previous year are reviewed and refined as additional inputs into the upcoming year's plan.

Strategy Deployment

The Functional Planning step follows the Cross-Functional Leadership Planning Step beginning the following week. The Strategic Business and Quality Plan (SBQP) is communicated to all BI leaders

and then each vice president facilitates division planning with their teams. The result is a divisional SBQP with measurable Objectives and Action Plans. The division SBQP is then communicated to all Associates within the division. Each Director, regional sales manager and team leader then facilitates a planning session with their individual teams, which results in a department, region, or team plan with Objectives and Action Plans of its own.

Plan Implementation is the final step of BI's annual re-baselining of the Strategic Plan. Following the planning process, each department, region and team plan that supports the Corporate Strategies and goals, is submitted to be compiled and reviewed by the Office of the President.

The second overall component of BI's Strategic Planning Process is the on-going review and fine-tuning throughout the year. To do this, the Strategic Planning Team meets quarterly to report progress of each Action Plan against its timeline. In addition to a report to the team, progress is tracked and recorded as to whether the Action Plan is "on track," "behind timeline," or "eliminated." The Business Team also reviews measurement of results against Corporate Objectives.

CATEGORY 3 – CUSTOMER AND MARKET FOCUS

Customer and Market Knowledge

BI's business is derived from custom services, designed and delivered to meet individual customer needs. This custom service business is different from a standard service, product or manufacturing. The services BI delivers are unique for each customer so the concept of developing a standard offering with a fixed set of features to meet the needs and expectations of a group of customers does not apply. The needs and expectations of each customer must be discovered, designed, defined and delivered, one customer at a time.
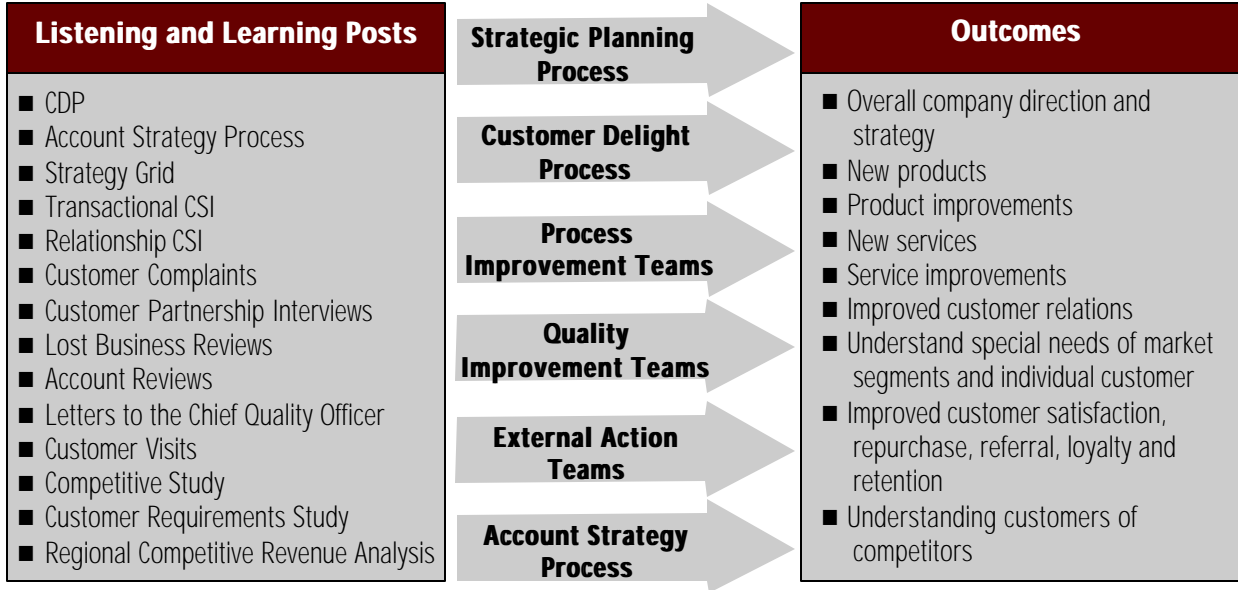
The process of gaining customer knowledge and trust is tightly integrated with BI's service design and delivery process, the Customer Delight Process (CDP). Relationships are a critical part of this process and are built to gain access to decision-makers, and to build trust and credibility. The CDP is used to discover specific needs and guide the design and delivery of custom designed service solutions.

BI's Customer and Market Listening Posts are designed to allow BI to listen and learn about its customers' requirements and their drivers of purchase decisions and of the program participants.

Each Business Unit manager is responsible for analyzing Customer and Market Listening Post data to better understand customer needs and changing customer requirements. This information is systematically reviewed by the External Customer Satisfaction Team, Business Team, CDP PIT, and Sales Management Team. These teams combine information gathered from all of the listening posts to form generalizations about service features, relative importance and value across BI's markets.

Another group that uses listening post data to identify service products and their features and values is BI's Innovative Resources group. This group is also dedicated to the development of new concepts and branded products. By utilizing information gained through BI's listening posts, as well as media and personal interviews with customers and technical experts, Innovative Resources obtains the information necessary to determine and project the needs and requirements for future products and services.

Customer and Market Listening Posts

Listening and Learning Posts		Outcomes
■ CDP ■ Account Strategy Process ■ Strategy Grid ■ Transactional CSI ■ Relationship CSI ■ Customer Complaints ■ Customer Partnership Interviews ■ Lost Business Reviews ■ Account Reviews ■ Letters to the Chief Quality Officer ■ Customer Visits ■ Competitive Study ■ Customer Requirements Study ■ Regional Competitive Revenue Analysis	Strategic Planning Process Customer Delight Process Process Improvement Teams Quality Improvement Teams External Action Teams Account Strategy Process	■ Overall company direction and strategy ■ New products ■ Product improvements ■ New services ■ Service improvements ■ Improved customer relations ■ Understand special needs of market segments and individual customer ■ Improved customer satisfaction, repurchase, referral, loyalty and retention ■ Understanding customers of competitors

Customer Satisfaction and Relationships

All customer complaints, regardless of where they came into BI, are forwarded directly to the Business Unit manager related to the complaint. The Business Unit manager, following the Service Recovery Process, contacts the customer directly for clarification of the issue and additional information. Findings are then communicated to the Account Executive, sales manager, account manager, and all involved Business Unit Associates via an e-mail communication.

Service Recovery Process

Apologize for customer inconvenience

↓

Listen, empathize, ask clarifying questions

↓

Solve problem quickly in partnership with customer

↓

Offer atonement

↓

Keep the promise

↓

Follow up

↓

RCA, prevent recurrence

1999 Malcolm Baldrige National Quality Award Recipient

This process enables the BI team to work in conjunction with the customer to address the failure and provide a solution that meets the customer's needs. A written follow-up of the resolution is shared with all BI team members working with the customer.

Customer complaints from BI's Transactional Customer Satisfaction Index (TCSI) survey are aggregated by the Business Team members. Any overall TCSI score of 7 or less is assigned to a Business Team member who personally contacts the customer and works with them to improve performance. The PIT and QIT process is used to deal with complaints as appropriate.

BI builds loyalty with its customers through open communications and strong relationships with BI's senior leaders, the Account Executive and the Account Team. This is evidenced in the high retention of BI's Top 50 customers – 70% have been with BI for more than five years and of that group, nearly half have been with BI for more than ten years.

BI uses the Transactional Customer Satisfaction Index (TCSI) process, Relationship Customer Satisfaction Index (RCSI), and Competitive Study to measure customer satisfaction.

The TCSI, instituted in 1994, is used to follow up on projects with customers to immediately determine the customers' perceptions of the engagement. The process links customer requirements to BI's performance. Results of individual surveys are forwarded immediately upon receipt to the Account Team. The results are also aggregated by Business Unit and/or Functional Area, and market segment, and communicated quarterly to the Business Units and Sales. The Business Team reviews results at its bi-weekly meetings.

The annual RCSI, first conducted in 1989, asks customers to rate specific attributes of BI. In addition to their satisfaction with BI overall, information is gathered as to what BI could do to improve and whether or not the customer would use BI again. Data tabulation and analysis are conducted by an unbiased outside supplier to ensure confidentiality for the customer and unbiased results for BI.

BI's Competitive Study compares customer satisfaction with BI and its two primary competitors, Maritz and Carlson. The Competitive Study is an indicator of customer loyalty for BI, as measured by customer intent to repurchase and refer. BI's results are substantially higher than its competitors in intent to repurchase and refer.

CATEGORY 4 – INFORMATION AND ANALYSIS

Measurement of Organizational Performance

The Strategic Measurement and Analysis Model shows how the performance measurement system aligns the elements of the BI Purpose, Vision, Mission, Beliefs, Business Philosophy, Corporate Objectives and Strategies that are vital to BI's success, with the selection and analysis of data to measure company performance. Objectives and Strategies with measures of success are cascaded to the Business Units and Functional Areas, augmented with operating measures and used to support planning and decision making at all levels.

Measurement selection and analyses are primarily driven by the Strategic Business and Quality Plan (SBQP), with focus on the four Corporate Objectives: revenue, productivity, customer satisfaction

and Associate satisfaction. At every level of the company, focus is placed upon these four Objectives. The Office of the President looks at the Vital Few Indicators: sales, margin, sales per Associate, TCSI scores, and Associate retention. The other four Vital Few Indicators are reviewed regularly with the Business Team and, using the Leadership Scorecard are deployed throughout the organization to the Business Units and Functional Areas. In addition, Business Unit managers track revenue, margin, and expenses for their unit.

Strategic Measurement and Analysis Model
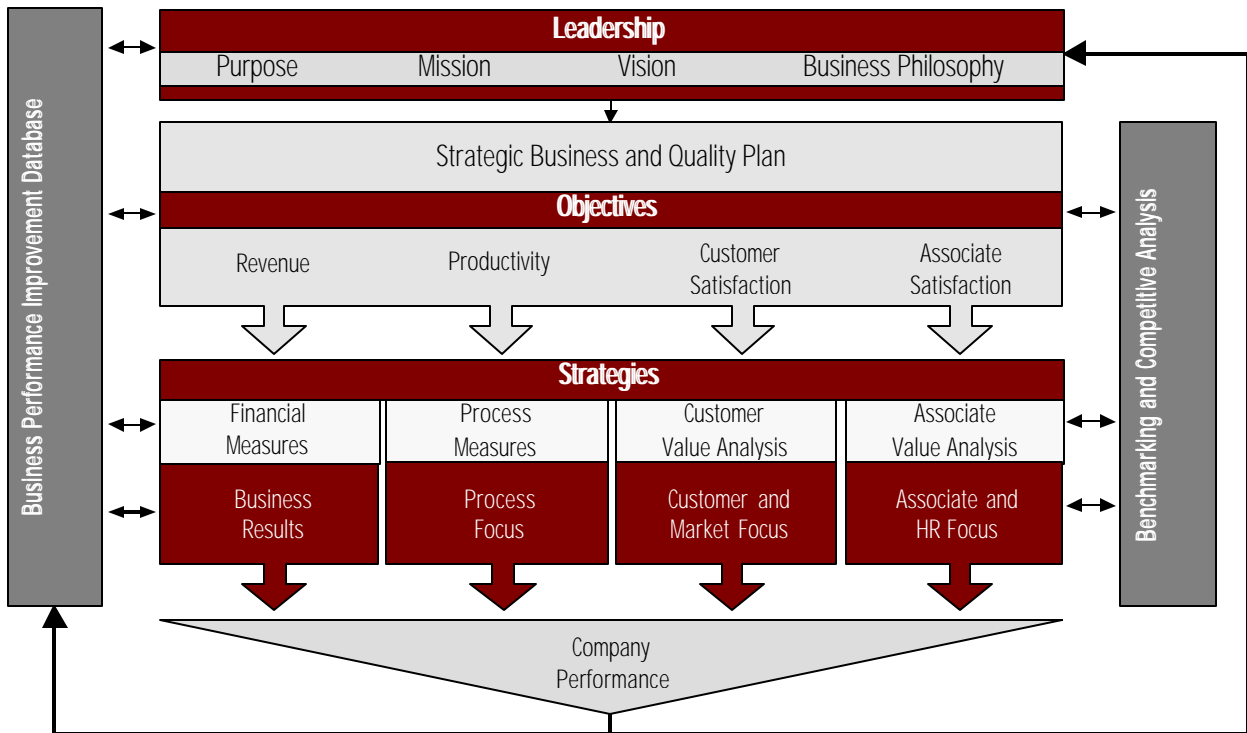
Analysis of Organizational Performance

The Leadership Teams understand and assess BI's organizational performance by analyzing the Strategic Measures which are tied to the SBQP. The teams perform analysis by aggregating data, reviewing trends, using appropriate comparative data, performing gap-analyses, studying correlation, and employing their diverse industry and business skills. Based on the results of the analysis, measurement owners take further responsibility and determine Action Plans and implementation strategies.

The Leadership Scorecard is a template for every department that standardizes the collection and reporting of measures that support the Corporate Objectives. The critical information can then be shared and analyzed in a consistent way using five years of data (where available). In addition, the format allows each department to include unique department-specific measures. The Leadership Scorecard was introduced as a refinement to the linkage of functional-level and organizational-level performance reporting and analysis.

The Leadership Scorecard measures ultimately roll into the Vital Few Indicators and support BI's assessment and progress against the SBQP. Business Team members align with all functions of the organization and they are responsible for deploying key findings from organizational-level analyses and other forms of business information.

Each BI department or group utilizes the Leadership Scorecard to define the measures they will use to assess their performance. The Leadership Scorecards are linked to key Strategic Measures that link to the SBQP and the Vital Few Indicators. Managing directors are responsible for the analysis and/or for establishing a management structure that is responsive to the data that affects their operations.

CATEGORY 5 – HUMAN RESOURCE FOCUS

Work Systems

Achievement of BI's Purpose to attract, retain, and delight its Associates is executed through the Associate Development PIT. This team is chaired by the senior vice president of human resources, a member of the Office of the President, and the vice president of measurement systems, BI's largest division. The team, which has members representing all divisions of the company, is accountable for the full spectrum of structure, policies, practices, and work environment that comprise an Associate's life at BI. Specifically, the Associate Development PIT drives initiatives related to:

Leadership Development	Compensation
Recruiting	Recognition
Diversity	Benefits
Career Development	Job Design
Flexible Work Arrangements	Mutual Respect
New Associate Orientation	Well-Being
Training	Safety/Health
Performance Management	

Improvement priorities are determined through a number of listening posts, both formal and informal. The outcome of the actions taken by the Associate Development PIT affect BI's business results of Associate satisfaction and retention. In 1999 these actions were validated by a 10% increase in Associate satisfaction as measured by the Culture Scan, and achievement of BI's retention goal for the third consecutive year, in spite of a very tight labor market in Minneapolis/St. Paul.

BI promotes cooperation, initiative, innovation, and flexibility through a cross-functional, team-based work design, the BI Way, comprehensive training, aligned rewards and recognition, and careful recruiting. BI and its stakeholders realize many benefits from a team-based work system. Team Skills training prepares all Associates to cooperate and collaborate as they work together, and Internal Customer Feedback (ICF), as described below, measures performance on team skills.

Process Improvement Teams and Quality Improvement Teams, PITs and QITs, are organized through the BI Way, which is BI's methodology for involving associates in process evaluation and improvement. Any Associate can identify improvement opportunities and is empowered to form teams to refine approaches, resolve issues, and improve processes. These teams may be functional or

cross-functional and are formed by the Associates identifying the issue for improvement. QITs are generally short-term in nature and PITs are longer-term due to the complexity and breadth of the improvement activities involved.

Customer Satisfaction Teams formed for internal and external customer groups are permanent teams in the BI Way system. These teams have responsibility for all initiatives relating to internal and external customers.

The BI Way rewards Associates for problem-solving and achieving process and cost-saving improvements. The BI Way also reinforces BI's culture of individual initiative. During the past five fiscal years the average dollar value of award credits earned by Associates through their participation in the BI Way is $151,462 per year or $162 per Associate. Each year, outstanding Quality Improvement Teams (QITs) and Process Improvement Team (PITs) are eligible to apply for the Guy Schoenecker Quality Award.

Senior leaders, directors and team leaders encourage and motivate Associates through the empowerment afforded them in the BI way. Informal and formal mentoring also motivates and encourages Associates to perform to their full potential, as does the Performance Management Process.

BI's Performance Management Process is a 360-degree process that involves Associates in setting annual goals and objectives that link to division or department objectives, developing action plans and measuring their performance. The process includes internal customer feedback from peers, an Associate self-evaluation, and director feedback. The 1999 Culture Scan question "My job performance is evaluated fairly" was scored at 72% favorable by BI Associates as compared to 59% for the Business Services comparison.

The Internal Customer Feedback system (ICF) is an integrated, on-line database, which compiles and tracks feedback from Associates' internal customers. The feedback is gathered prior to every Associate's annual review and is required in order to qualify for a salary increase. The report given to an Associate shows their individual scores for the current year, the previous year, division, department and corporate averages.

The Recognition PIT at BI is focused on promoting and increasing a culture of recognition. It has offered numerous opportunities for leaders and Associates to reinforce each other's job performance. From BI's 1999 Culture Scan results: 73% of BI Associates responded favorably to "individuals are recognized for their contributions to improving how we work," and 79% of BI Associates responded favorably to "teams are recognized for their contributions to improving how we work."

Employee Education, Training, and Development

BI's Learning PIT's vision is to be recognized as a leader in providing on-target, performance-based, learning opportunities for BI Associates. The Learning PIT's strategy is to provide learning opportunities that align with BI's Strategic Business and Quality Plan, and that increase the capabilities of BI Associates. Each of the 299 training courses currently offered is aligned with at least one of BI's four Corporate Objectives.

The Learning PIT assesses short-term organizational needs through monthly meetings where all trainers report on their areas.

Training is also integrated as part of the Performance Management Process. Included in every Associate's self-evaluation for their performance review is a requirement to document training and certifications they have completed during that year and to explain how they are using their new skills.

Input from Associates, team leaders, directors and vice presidents is obtained through the annual needs assessment as well as through on-going course evaluations.

BI develops leaders through a leadership certification program. Prior to being promoted to a director or team leader position, candidates must meet 21 criteria. Twelve of these criteria are training courses that include post-tests. Leaders hired from outside of BI are required to achieve certification within their first six months of employment.

Employee Well-Being and Satisfaction

BI's overall approach to maintaining a supportive and safe work environment is achieved through the use of formal and informal Associate Listening Posts in understanding areas of importance to Associates and prioritizing needed improvements:

Culture Scan	Focus groups
Performance evaluations	Exit Interview data
Leadership Profile results	Retention/turnover data
BI Way participation	Workers' Compensation data
Incidents of Mutual Respect violations	Flexible Work Arrangement usage
Career Lattice TCSI	Recognition PIT surveys
Performance Evaluation TCSI	Internal Customer Feedback
Internal (department) CSI	Open Door Policy
Employee Assistance Program use	Safety surveys/audits
Balance Work & Life QIT surveys	

The needs of BI's diverse work force are considered and supported through two main avenues: BI's Mutual Respect Policy and the Diversity PIT. BI's Mutual Respect Policy was established in 1992 through the BI Way PIT process. Mutual Respect at BI is defined as: "Each Associate has the responsibility to maintain acceptable standards of personal behavior to ensure that all Associates have the opportunity to carry out their work assignments in a business-like atmosphere, which promotes respect for each team member of the BI Family."

CATEGORY 6 – PROCESS MANAGEMENT

Product and Service Processes

BI uses a custom approach to meet customer needs for the vast majority of product and service designs. This approach is very different from a standard product or manufacturing business that is not custom. However, BI also employs a reuse strategy to improve Associate productivity, quality,

and reduce cycle-time where elements of approaches or services can be reused with some modification or customization to meet the needs of multiple customers.

BI's Customer Delight Process (CDP) is the design and implementation process used for products and services, and production and delivery processes. This process is a comprehensive, documented and detailed approach that provides a framework for aligning with customers and internal partners to build custom performance solutions.

Customer Delight Process

	Discovery	Design	Definition	Delivery
Owner	Account executive	Marketing director	Account manager	Account manager
Technical and Subject Matter Experts	Marketing Business Unit Associates Suppliers	Account executive Business Unit Associates Account manager Suppliers	Account executive Business Unit Associates Marketing director Suppliers	Account executive Business Unit Associates Marketing director Suppliers
Customer	Defines needs Provides feedback regarding concept	Provides feedback regarding solution and budget Selects BI to implement solution	Confirm requirements and expectations	Approves deliverables Communicates changes Provides feedback
Key Steps Performed	Market requirements determined Specific customer requirements determined Technology incorporated Concept pre-tested	Detail proposed approach Present detailed approach to customer Reach consensus	Confirms customer requirements and expectations, including customer contact Conduct Delivery Meeting Complete Delivery Readiness Survey Develop Delivery Plan Design reviews to validate Delivery Plan Gain customer agreement	Deliver to plan Refine as necessary Conduct program/Account Review Implement TCSI Lead complaint management/Service Recovery Process, if necessary Conclude services/Post mortem analysis
In Process Measures	Completion of targeting criteria screen Completion of Strategy Grid	% Strategy Guide/SDR completed % critical team member attendance at SDM Average days to complete recap % proposals within agreed upon budget	Delivery Meeting Customer Expectations Discussion Delivery Readiness	% TCSI surveys sent % TCSI Action Plans complete
End Process Measures	% of programs that move to an SDM	Consensus Ratio	Delivery Plans Contractual agreement/ purchase order from customer	TCSI scores Customer retention Business growth

The CDP provides the specific steps that Sales and Marketing follow to design and deliver a customized solution for customers. In addition, it also provides the approach that the Business Units and Functional Areas use to align their individual CDP. A primary strength of the CDP is its ability to be used across the entire organization, supporting the internalization of customer requirements and translating them into solutions to meet their needs.

The two components of the BI Way used to improve processes are Quality Improvement Teams (QITs) and Process Improvement Teams (PITs). QITs are initiated by Associates who recognize needs and are formed through bottom-up teams. PITs are generally longer-term, top-down teams formed to improve customer satisfaction and/or operational performance.

BI Way QIT/PIT Process

	Step	Helpful Tools & Techniques
Plan	Identify the problem, scope of process Register QIT Assemble team Document & understand situation Collect & analyze data Describe possible causes Agree on root cause Comparisons or benchmarks Set targets Generate potential solutions Select solution Create improvement plans	Purpose, Mission Brainstorming Affinity Diagrams Cause and Effect Diagrams Interrelationship Diagrams Interviews; Process Maps Run Chart; Pareto Chart Check sheets; Surveys Matrix Diagram; Tree Diagram Multi-voting; Nominal Group Technique Gantt Chart
Do	Implement plans Communication of change Training	Process Map Activity Network Diagram Gantt Chart Training, Demonstration
Check	Measure improvement & evaluate n outcome Postmortem analysis	Check Sheet Control Chart, Run Chart, Pareto Chart Process Map
Act	Consider & act on learnings Refine and improve Measure in 3-6 months	Brainstorming Affinity Diagram Improvement Storyboard Radar Chart

Support Processes

BI has identified six key support processes that serve all areas of the company, including Business Units, in their production and delivery of programs, products, and services. They are: Telecommunications, Physical Plant and Facilities, Finance, MIS, Human Resources, and Merchandise Fulfillment.

All of BI's support processes have been in place for many years. Consequently, these processes are well-established and are either being modified and improved or are functioning within established performance parameters.

Support Process CDP

Discovery	Design	Definition	Delivery
Understand current process flowcharts Solicit feedback from process customers: internal, suppliers, & external customers Compare/benchmark similar processes Develop concepts & alternatives for customer approvals	Finalize new process Develop budget, costs, resources needed Present to management for approvals Set requirements	Implementation team is formed Define implementation timeline Define key measures and targets	Process implemented Process tracked and measured for improvement Post mortem on improvement process

Each support process team has identified its customers, customer requirements, and strategies that will positively impact those requirements, in-process measures for predictability, and key end-process results.

Supplier and Partnering Processes

Besides the products and services that BI purchases for internal operations, BI purchases a variety of products and services to implement custom solutions for its customers. Suppliers are segmented by the type of products and services provided and by the Business Unit or Functional Area that manages the supplier. Approximately 80% of BI's total supplier purchases are represented in the four categories of: Travel, Merchandise, Creative, and Operations.

Supplier Performance Management Process
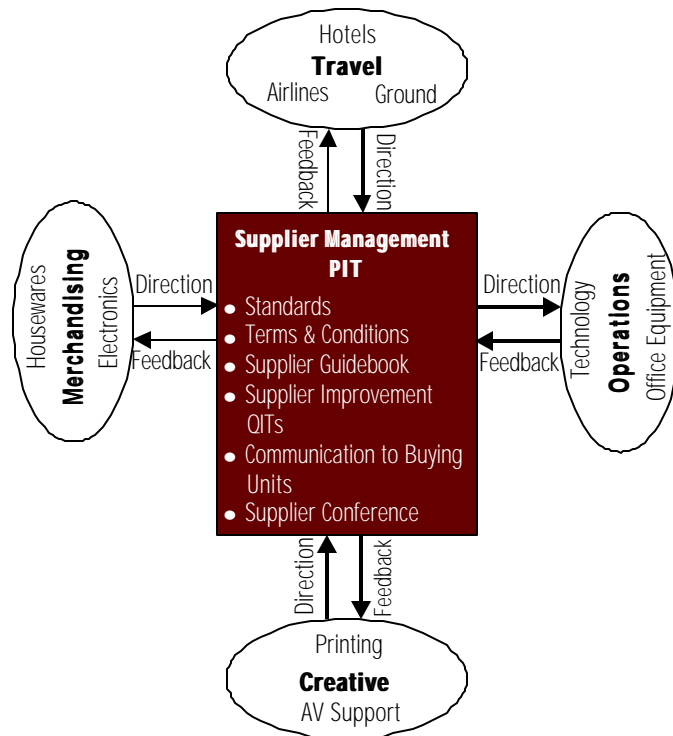
The Supplier Management PIT drives supplier management at BI. The purpose of the team is to improve both BI suppliers' performance and BI's purchasing productivity. This team establishes the framework for managing supplier performance, designs and coordinates the Supplier Quality Conference, and initiates and communicates improvements to the supplier management process. Each buying unit has determined measures of performance for their suppliers. Performance criteria are established within individual buying units and are appropriate to the types of goods and services delivered. A feedback process is designed by each buying unit, including feedback to the supplier on their performance and feedback on BI's relationship with that supplier.

As a service organization, BI's goal is that all goods and services meet BI's quality standards. A Customized Supplier Performance Management Approach Model allows buying units to determine which suppliers consistently deliver to requirements.

 BI has developed a *Supplier Guidebook* that may be customized by individual buying unit. The *Guidebook* gives new suppliers information on individual buying unit requirements and expectations. In addition, BI's Supplier Performance Management Process includes measures and feedback to help suppliers understand what they need to do to perform well and earn more business. Finally, BI's Supplier Quality Conference communicates and trains suppliers on BI's business expectations and rewards top achievers.

CATEGORY 7 – BUSINESS RESULTS

7.1 – Customer Focused Results

Figure 1 shows that customer satisfaction results are sustained at high levels as compared to several Baldrige winners and when compared to BI's primary competitors.
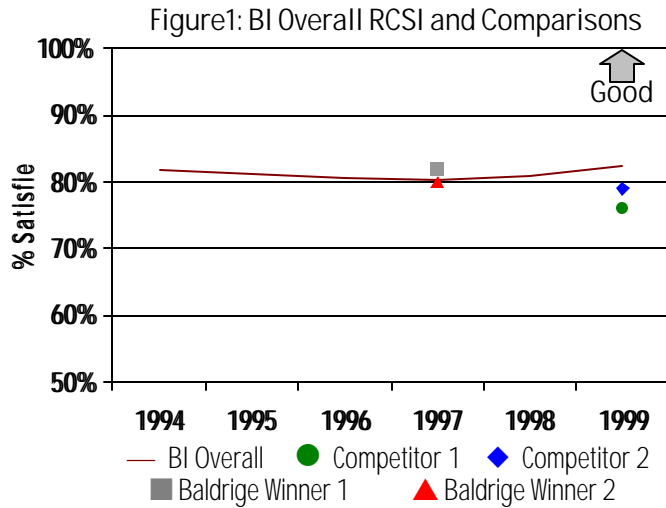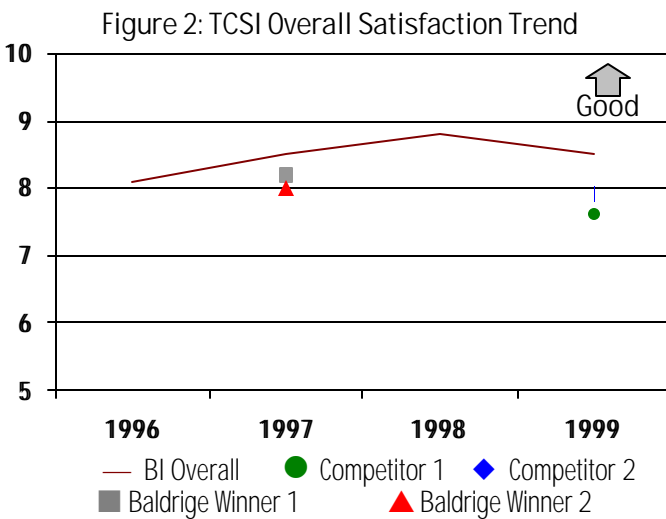
Figure1: BI Overall RCSI and Comparisons

Figure 2 also shows that BI is sustaining high levels of customer satisfaction when evaluated on transactions through the TCSI as compared to Baldrige winners and BI's primary competitors.

Figure 2: TCSI Overall Satisfaction Trend

BI's relationship with customers is critically important to success, as witnessed by the longevity of BI's top 50 customers, ranked by revenue, shown in Figure 3.

Figure 3: Retention of Top 50 Customers

- 1-5 Years
- 6-10 Years
- 11-15 Years
- Over 15 Years
- No Longer With BI
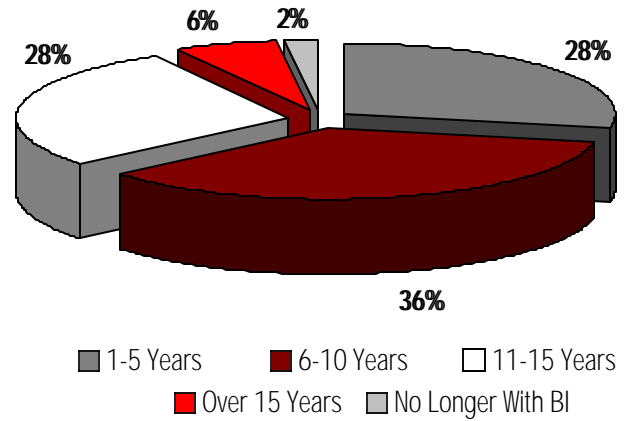
7.2 – Financial and Market Results

Figure 4 shows BI's key productivity measure of revenue per Associate. The productivity trend is positive when compared to the goal of 5% and a Baldrige winner and to one of BI's primary competitors. Productivity information was not available for BI's other primary competitor.

Figure 4: Productivity - Rate of Revenue Growth per Associate
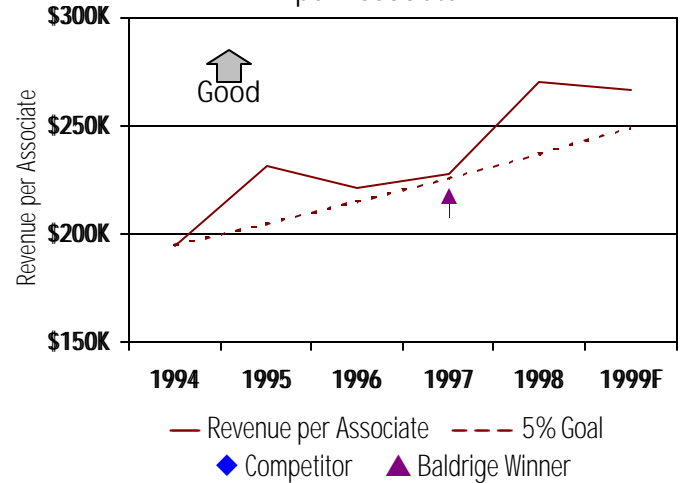
7.3 – Human Resource Results

The Culture Scan compares BI to other Business Services companies in 53 items. Overall BI rated 13% higher than average. In order to establish goals for top performing companies, Gantz Wiley prepared a measure of Top Performing norms, consisting of the top 25% of companies in their database.

As shown in Figure 5, BI's overall Associate satisfaction rated 73%, as compared to 60% for Gantz Wiley's Business Services Norms. This 73% rating is very favorable when compared to the same score as Gantz Wiley's Top Performing norms and a Baldrige winner.
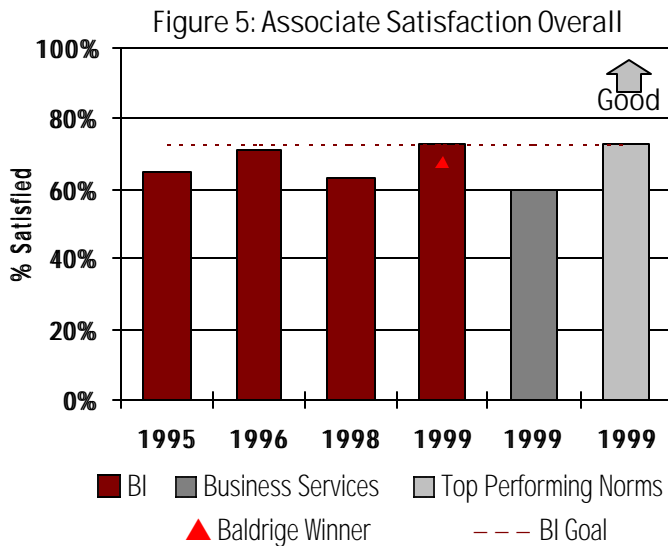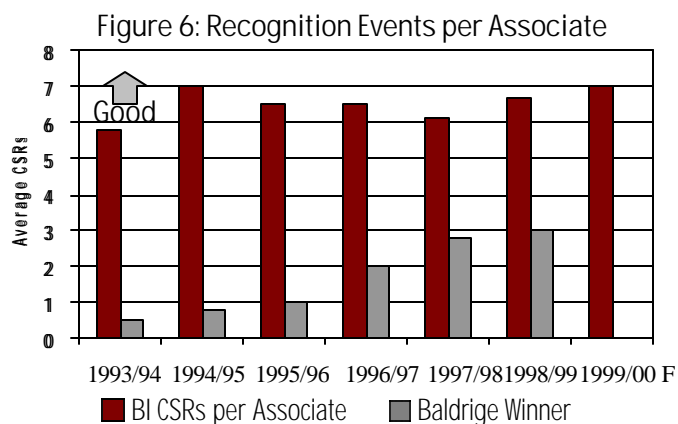
Figure 5: Associate Satisfaction Overall

Figure 6 shows the average number of Customer Satisfaction Recognition (CSRs) per Associate per year. BI recognition occasions per Associate reflect very positively when compared to a Baldrige winner.

Figure 6: Recognition Events per Associate

One of the Culture Scan themes focuses specifically on Associates' attitudes about their Director's leadership skills. Figure 7 shows a slight decline in Leadership Profile results in 1998, which prompted further analysis and action. As a result of those efforts, the 1999 Leadership Profile shows improvement.
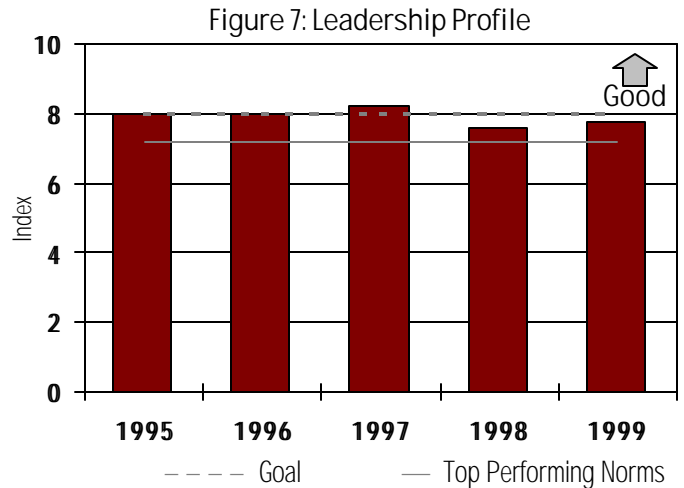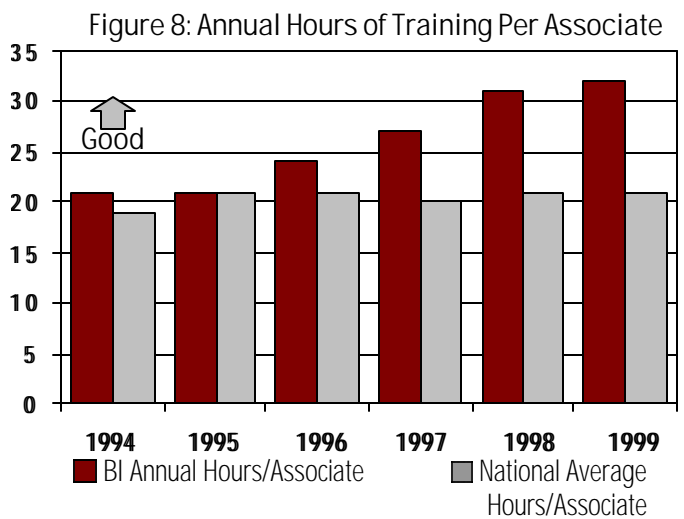
Figure 7: Leadership Profile

Figure 8 shows the increase in annual training hours per Associate and a comparison to the national average of training hours per employee since 1994. Source: Bureau of Labor Statistics.

Figure 8: Annual Hours of Training Per Associate

BI's Associate retention rate, shown in Figure 9 compares positively to a Baldrige award winner, as well as to the Minnesota Employer's Association and the Manchester Staffing Report. This performance is especially strong when considering the Twin Cities unemployment rate has averaged 2.9% during the 1998/1999 fiscal year, creating a very tight labor market.
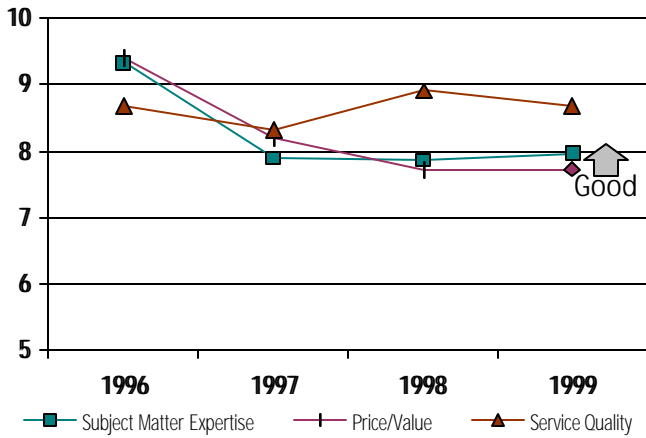
Figure 9: Associate Retention

Figure 9: Associate Retention

Legend: ■ BI –•– BI Goal ◆ MN Employers Assoc. ▲ Manchester Staffing Report ■ Baldrige Winner
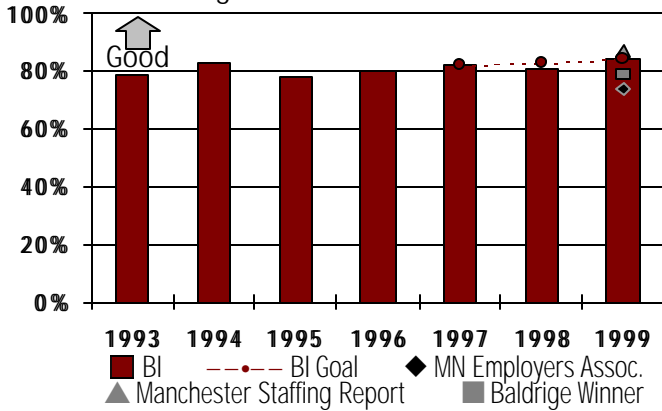
7.4 – Supplier and Partner Results

Figure 10 shows BI's overall satisfaction with supplier performance.

Figure 10: Supplier Ratings - Overall Satisfaction

Legend: ■ Subject Matter Expertise + Price/Value ▲ Service Quality

7.5 – Organizational Effectiveness Results

Figure 11: Tele Services: % Calls Answered in Less Than 30 Seconds

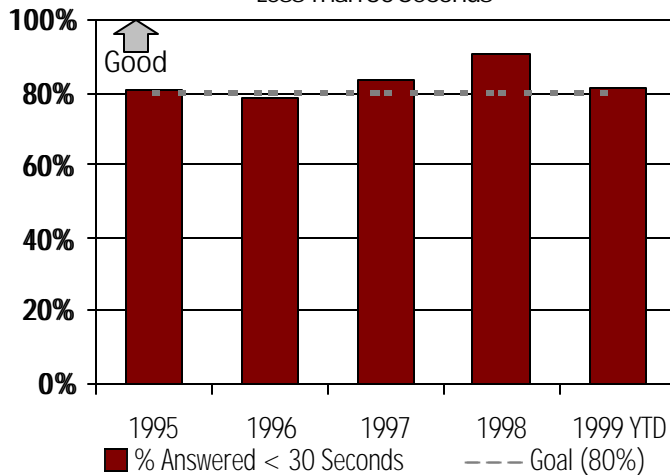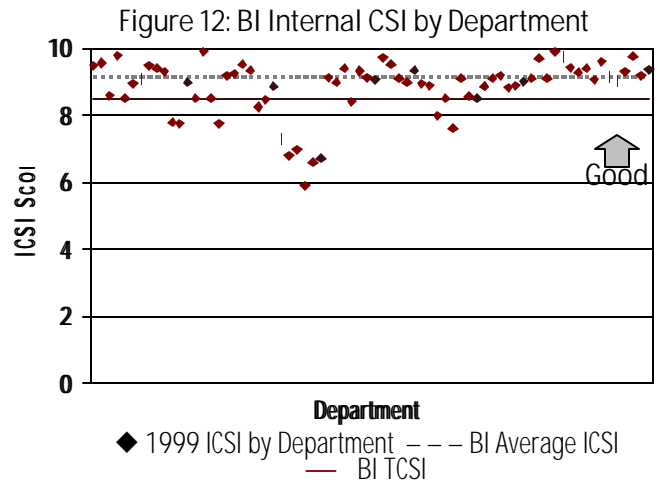Legend: ■ % Answered < 30 Seconds – – – Goal (80%)

Figure 11 illustrates that the TeleServices area is achieving their goal of 80% of calls answered in less than 30 seconds.

Figure 12 displays BI's Internal Customer Satisfaction scores by individual department for 1999.

Figure 12: BI Internal CSI by Department

Legend: ◆ 1999 ICSI by Department – – – BI Average ICSI —— BI TCSI

The key end-result measure of BI's design process is the Consensus Ratio, tracking the percentage of times the designed solution results in a sale. Figure 13 shows BI has achieved the goal of 55% for the past two years. The goal is currently being reviewed.

Figure 13: Consensus Ratio

Legend: ■ Consensus Ratio – – – BI Goal ▲ Baldrige Winner

1999 Malcolm Baldrige National Quality Award Recipient