



## FY2013–FY2015 Business Plan

### Executive Summary

February 2013

This summary describes the [Baldridge Performance Excellence Program](#)'s transition from funding via federal appropriations to a self-sustaining business model based on fee-based cost recovery. The model focuses on top-line income growth through an expansion of markets, strategic partners, and customers and a decreasing reliance on support from the Foundation for the Malcolm Baldrige National Quality Award.

#### History, Mission, Purpose, and Community

The Baldrige Program was created as a public-private partnership in response to the Malcolm Baldrige National Quality Improvement Act of 1987. Located in Gaithersburg, Maryland, within the [National Institute of Standards and Technology](#) (NIST), an agency of the U.S. Department of Commerce, the program falls under the associate director of NIST for innovation and industry services, who reports to the director of NIST.

In carrying out the Baldrige Program's mission to improve the competitiveness and performance of U.S. organizations, we provide three public benefits. (1) We author the [Baldridge Criteria for Performance Excellence](#), a flexible framework that empowers organizations of any size, in any industry or sector, and at any stage of development to improve their results and become more competitive. (2) We educate U.S. organizations and their leaders in all sectors of the U.S. economy (manufacturing, service, small business, education, health care, nonprofit, and government) on the Baldrige Criteria and the practices of best-in-class organizations. (3) We manage the [Malcolm Baldrige National Quality Award](#), the only Presidential award for performance excellence, with [99 awards received](#) and more than 1,500 applicants from its inception through 2012.

Over the Baldrige Program's history, these activities have developed an international network of Baldrige Criteria users and supporters. The program has strategic partners in the newly formed Baldrige Enterprise (the [Foundation for the Malcolm Baldrige National Quality Award](#), the [Alliance for Performance Excellence](#), and [ASQ](#)). In addition, each year, approximately 500 members of the Baldrige [Board of Examiners](#), our volunteer workforce, contribute the equivalent of more than \$7 million in services. An informal network of private consultants, many of them Baldrige examiners, use the Baldrige Criteria to help their client organizations improve. Importantly, 93 Baldrige-Award-winning organizations, including 6 two-time winners, share role-model practices and strategies nationally.

#### A New Business Model

As a result of the [loss of federal funding](#), the Baldrige Program developed a business model that capitalizes on our strategic advantages: (1) the demand for and reputation of the Baldrige Criteria; (2) the program's international standing and reputation; (3) our Baldrige Enterprise partners; (4) an engaged, trained staff; and an engaged community. Under the plan, we will expand our markets, strategic partners, and customer base and develop fee-based products and services formerly supported by federal funds.

To make the transition to the new business model while continuing to provide the three public benefits mandated by law, we will rely on fee income, Baldrige Foundation support, cost reduction, and Baldrige Enterprise development. Changes to our cost structure from FY2011 to FY2012 included a 40% reduction in staffing and a 50% decrease in our total budget.

## Products and Services

Based on research on market opportunities and benchmarking of successful approaches to meeting market needs associated with the Baldrige Program's legislative mandate, we will bring to market products and services with the greatest potential for cost recovery. Main product and service lines are the [Baldrige Criteria for Performance Excellence](#), conferences and [events](#), [sponsorships](#), [conference exhibits](#), [executive development](#), Baldrige examiner training, [Baldrige Award](#) assessments, and [Baldrige Collaborative Assessments](#).

## Customers

Our target market consists of U.S. private-sector organizations, U.S. federal agencies, and international organizations that are interested in performance improvement. The total market can be seen as three concentric circles: (1) users of Baldrige-based products and services (the primary market), (2) users of other organizational improvement products and services (the secondary market), and (3) users of management consulting (the tertiary market).

## Strategy

To increase cost recovery for the Baldrige Foundation, we will leverage our reputation and the Baldrige community, and build on awareness of the Baldrige brand to deepen our presence in the primary market. Via new product and service lines and strategic partnerships, we will expand our presence in the U.S. and international secondary and tertiary markets.

Many providers—particularly those within the primary market—are also our strategic or channel partners, including some Baldrige Enterprise members. Our interdependence means that any strategy will consider their interests and ensure the growth and sustainability of the whole Enterprise. The net effect of the market strategy on Enterprise members' market share or income is a vital consideration.

## Positioning

Of the competitors for our primary market, we are the only provider that can make all of the following claims. (1) As the author of the Baldrige Criteria, we are an internationally recognized leader in the field of organizational performance excellence; other providers in that field rely on the Criteria. (2) We offer a comprehensive and flexible framework for improving performance and competitiveness. (3) We are the sole point of access to the Presidential award for performance excellence, which has an established reputation. (4) Our assessments provide expert review and feedback from trained examiners who are the best in the country. (5) We provide access to a national base of Baldrige-using individuals and organizations. These include Baldrige Award recipients, who have demonstrated a high [return on their investment in using the Baldrige Criteria](#).

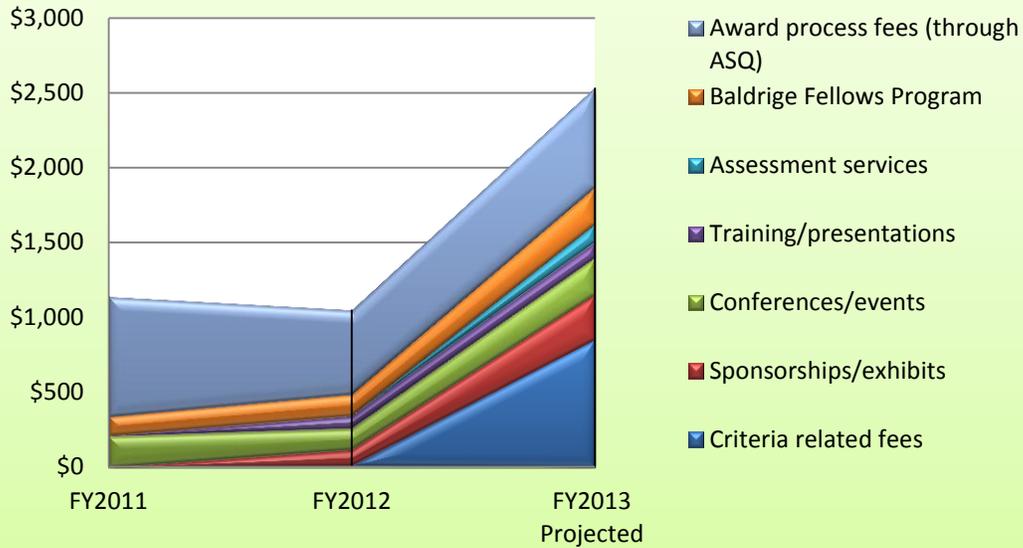
In the secondary and tertiary markets, strategic partnerships will give us credibility and reach.

## Finance

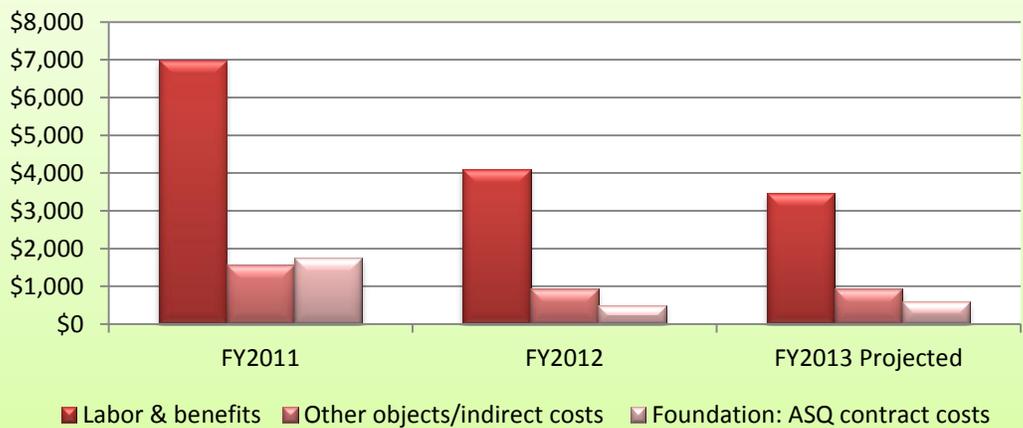
A gift from the Baldrige Foundation to the Department of Commerce provides for labor and benefits costs of Baldrige employees, requiring no additional cost to the federal government. Our goals are to reduce costs and recover enough costs to support operations, and, through this cost recovery, to cover increases in expenses from inflation and to fund future growth. Projections are that funding by the Baldrige Foundation will decline and operating income will increase from FY2012 to FY2015. The viability of the plan is supported by the fact that, in 2012, we exceeded our goals for fee income and cost reductions, thus reducing the Foundation funds needed by nearly \$1 million.

Besides revenue from discrete products and services, operating income may also include other-agency funds (received from federal agencies for the provision of products and services) and funds received from nonfederal entities via contracts or grants.

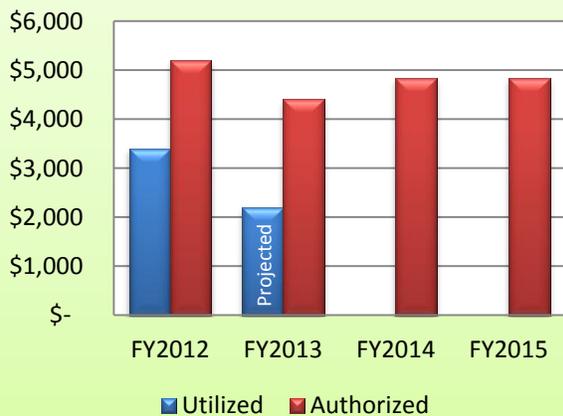
## Operating Income



## Expenses



## Foundation Gift Utilization



## Appropriated Funds

