



Baldridge Performance Excellence Program

How We Operate, Advantages and Challenges, Impacts

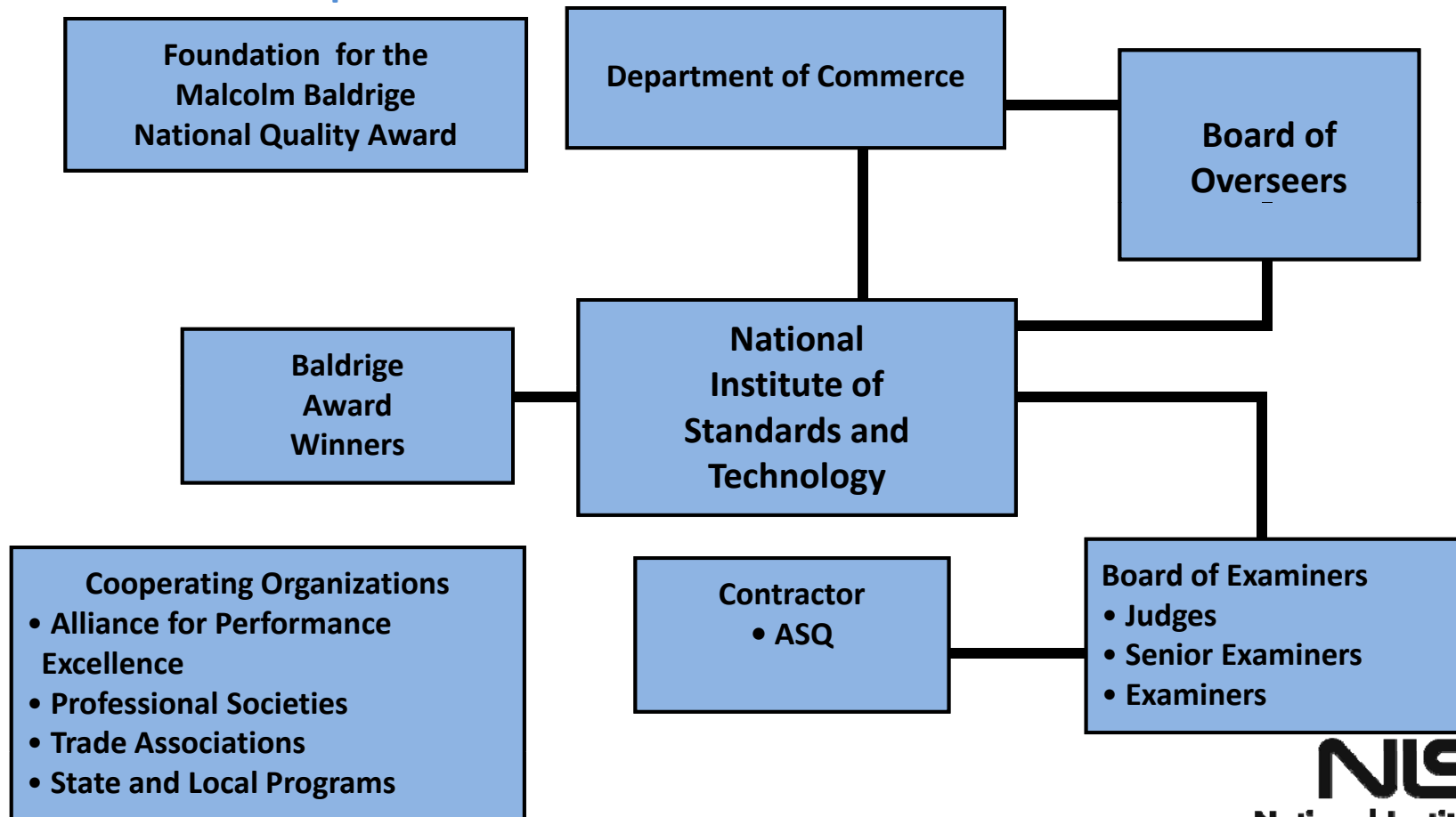
Harry S. Hertz

Presentation to the NIST Visiting Committee

June 2011



Baldrige Business Model: A Unique Public-Private Partnership





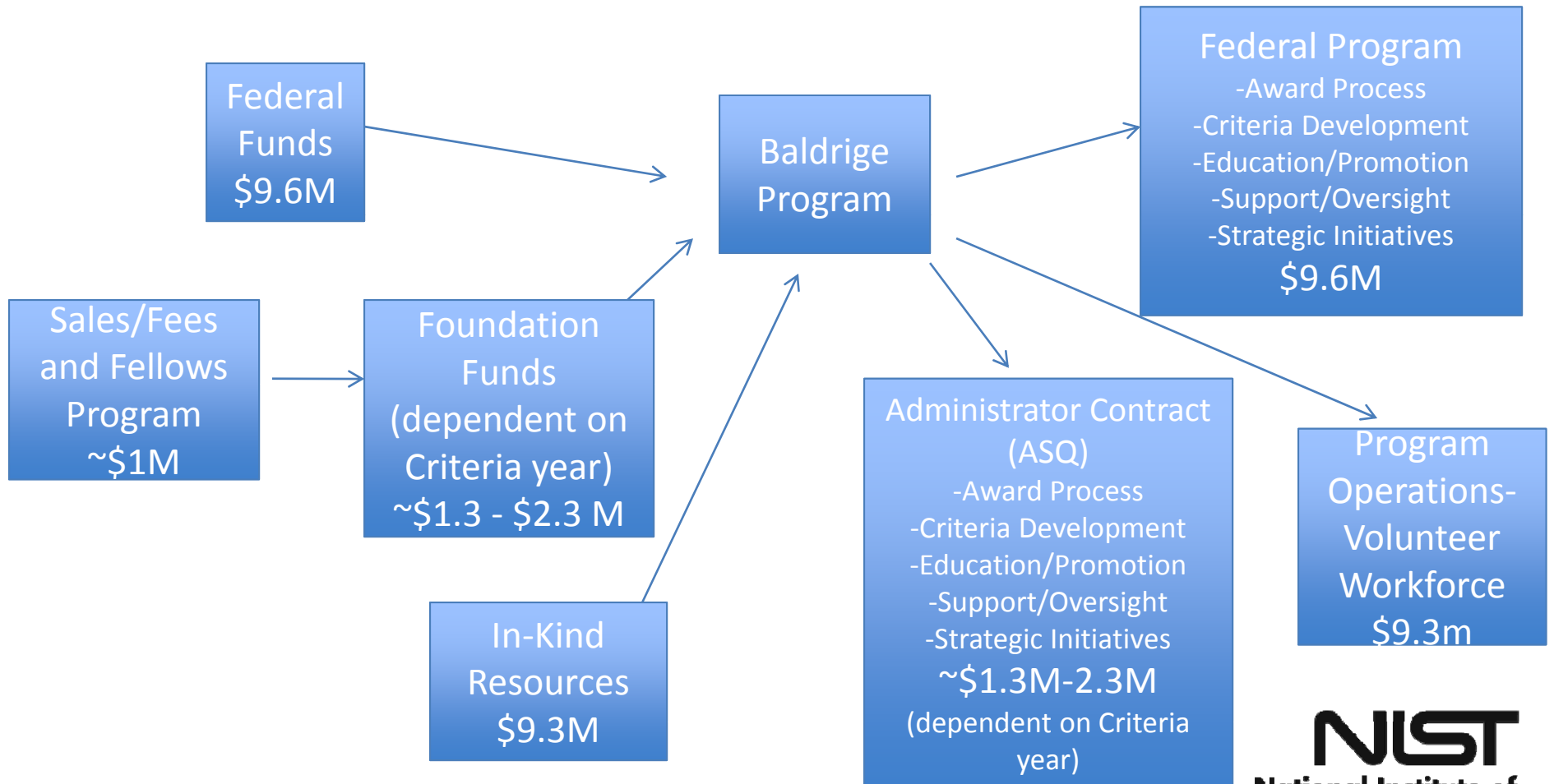
Leveraging Private Sector Leadership for NIST

- Senior leaders, Presidents and CEOs from multiple industries partner with us, including:





Baldrige Program Revenue Flow





FY 2012 Budget Proposal

- Baldrige Performance Excellence Program (BPEP) — \$7.7 million. This funding represents a decrease of \$2.2 million from the President’s FY 2011 request, and a decrease of \$1.9 million from FY 2010-enacted appropriations. At this proposed level, BPEP will **evaluate alternative sources of funding and alternative cost models consistent with the administration’s goal of transitioning the program out of federal funding.** Funding supports the continued development of the Baldrige Program Criteria, dissemination of best practices, and the annual awards process.



Consequences of Finding Other Funding

- Baldrige Foundation would need to raise its endowment from \$20M to \$200M
- Impact on the public good, which is inherently a government function
 - Health care and education organizations comprise 70% of applications for the 2011 Baldrige Award
- Impact on a widely used public resource, The Criteria for Performance Excellence (which has 2.5M page views per year on the NIST website), that is continuously referred to as reflecting the “leading edge of validated management practice.”
- Crippling the network of 38 state and local Baldrige-based programs that rely on BPEP
- Risking the goodwill of the 91 Baldrige winning organizations that have voluntarily, and at their own expense, made over 50,000 presentations sharing how Baldrige can contribute to US competitiveness and organizational success.



Funding Sources to Evaluate

- Foundation endowment
- Award applicant fees
- Appropriated Funds
- In-kind support
- “Workforce” fees
- Criteria and other improvement tools’ fees
- Outreach/education fees



Strategic Advantages

STRATEGIC ADVANTAGE

EVIDENCE, EXAMPLES, EFFECTS, ETC.

Reputation as premier quality program

- Presidential Award
- Worldwide emulation
- Program ethics and integrity
- High profile overseers and judges
- Association with NIST

Unique products and services

- Criteria define Performance Excellence
- Criteria in public domain
- Affordability of products and services
- Access to examiner training and development
- Access to Baldrige network

Volunteer network

- Ability to recruit volunteer workforce to operate award process (contribute up to 220 hours/year)
- Examiner training process seen as high quality professional development
- On-going alumni involvement

Public-Private Partnership

- Foundation support - financial endowment, etc
- Federal government resources
- Enterprise flexibility to overcome barriers
- State Programs



Strategic Challenges

STRATEGIC CHALLENGES

EVIDENCE, EXAMPLES, EFFECTS, ETC.

Initiatives to Address

Financial viability of Baldrige enterprise

- State and local programs at risk
- Baldrige relies on current high-leverage funding model

- Strategy mapping
- Study and dissemination of business model best practices
- Grants to develop education materials for states and for program evaluation and improvement

Declining participation in the Award Process by Manufacturing and Service sectors

- <5 large manufacturing applicants for each of last three cycles
- Growing interest in “easier” recognition programs (Shingo Prize, industry specific, etc.)
- Lack of a national face for award
- Increasing globalization

- Creation of the Baldrige Executive Fellows Program
- Development of *Baldrige 20/20*



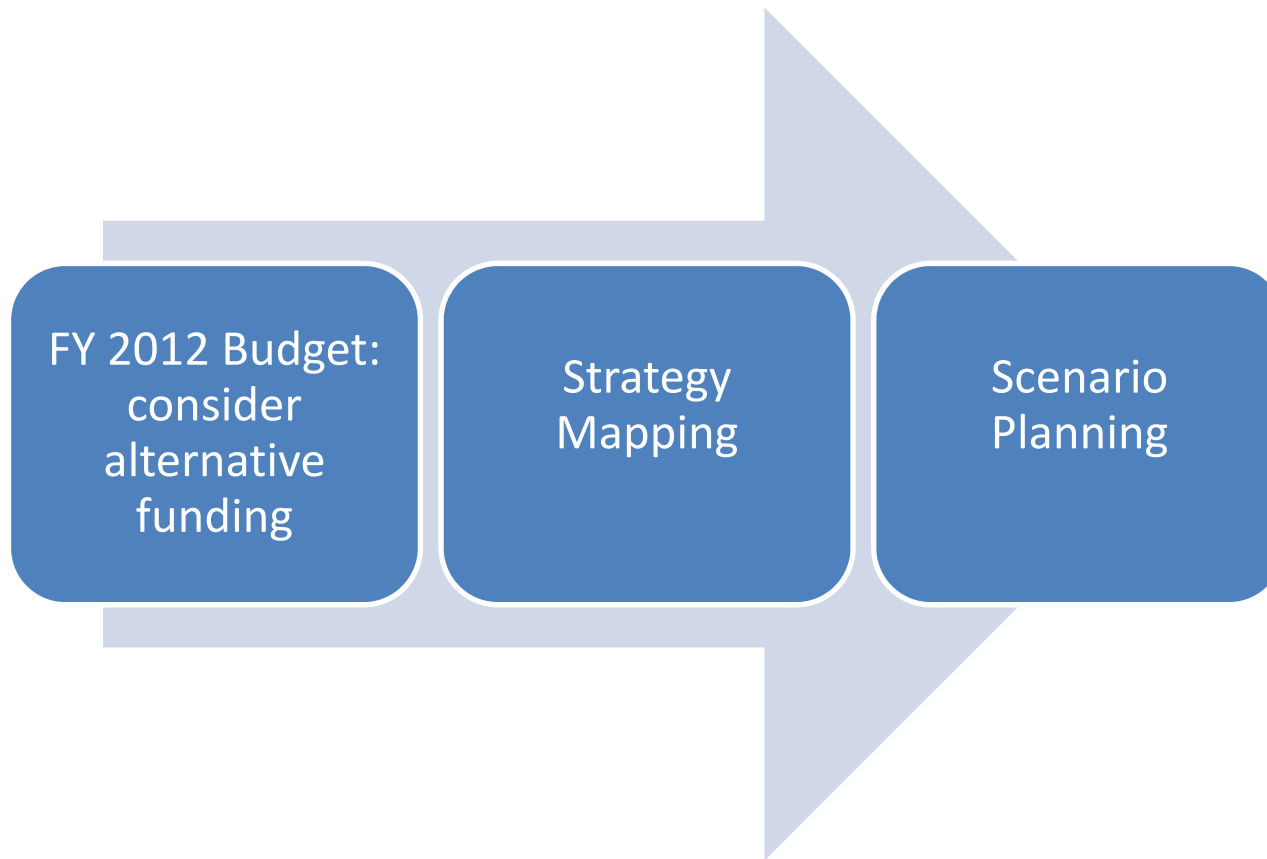
Baldrige is Constantly Evolving

- Strategy Mapping
- Creation of the Baldrige Executive Fellows Program
- Development of *Baldrige 20/20*
- Compilation of impact data
- Use of Lean Six-Sigma to improve processes and productivity
- Expanded use of social media and online development solutions such as Baldrige Online Scorebook Solutions (BOSS)
 - Baldrige site is second only to “standard time” on NIST website

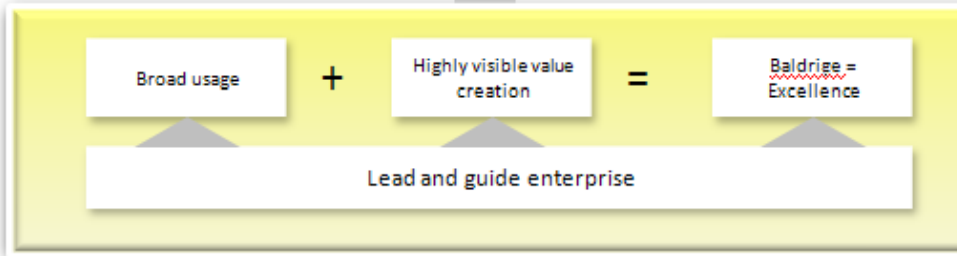


Program Challenges and Priorities

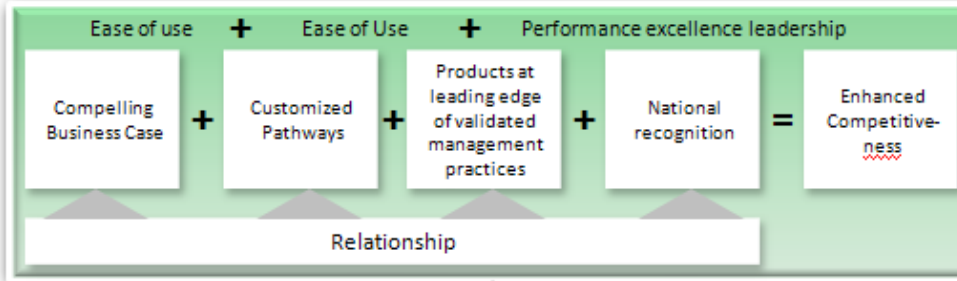
“Reinvent the business”



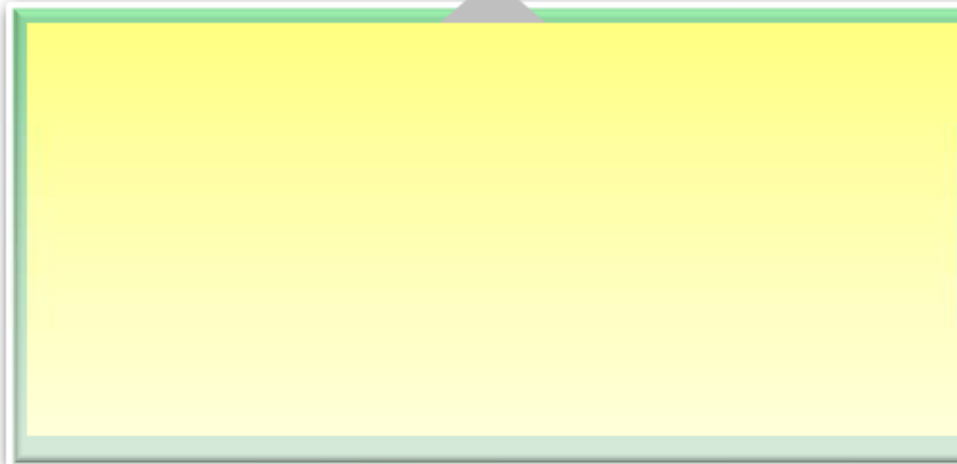
What measurable impacts must we achieve to satisfy our funders/stakeholders?



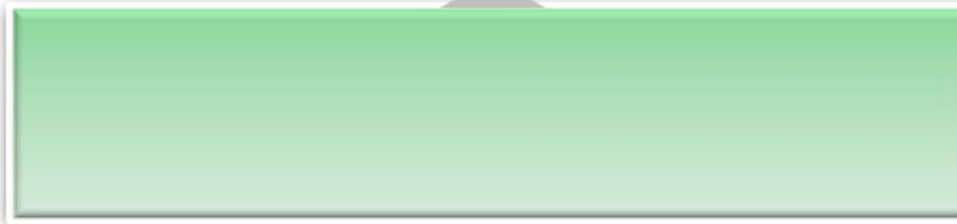
In order to achieve our funder/stakeholder objectives, what must we do for our customers?



In order to satisfy our customers, what business processes must we excel at and how?

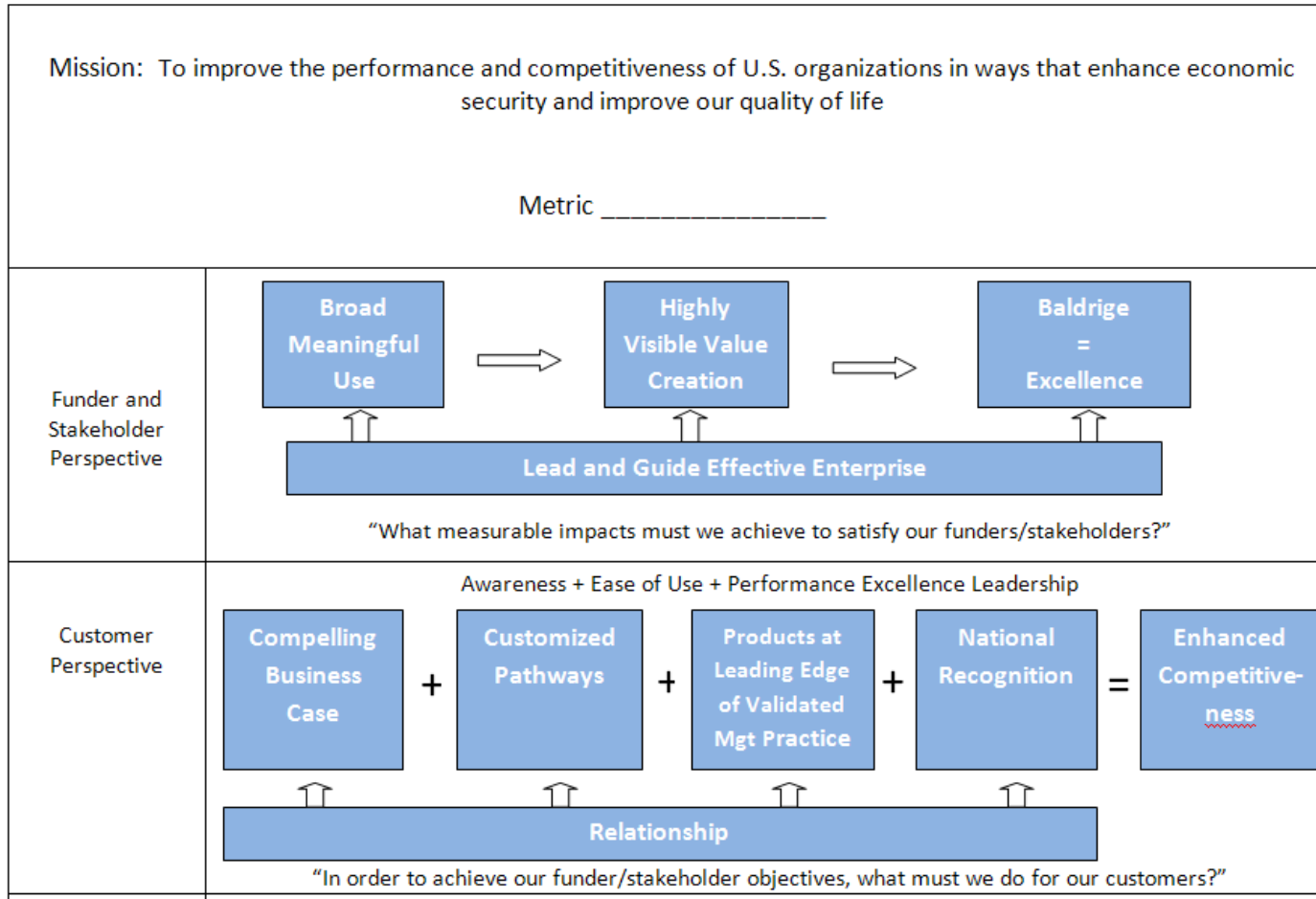


What skills and infrastructure do our people need to achieve our desired business process





Baldrige Performance Excellence Program Strategy Map





Impacts Appendix



Baldrige Impacts



applied for the Baldrige Award between 2005 and 2010

83 applicants in 2010 represent

277,700 jobs,

1,500 work locations, over \$38.5 billion

in revenues/budgets, an estimated

80 million customers served

91 Baldrige Award winners

serve as national role models

578 Baldrige examiners volunteered

roughly **\$8.8 million** in services in 2010

2,270 State Baldrige-based examiners volunteered around **\$29.5 million**

in services to evaluate 1,350 organizations at the state level in 2010



- 91 Baldrige Awards given to 86 organizations since 1988
- Winners have made an estimated 50,000 presentations
- 35 state Baldrige-based programs
- 100 international programs
- Criteria used for Government programs, Accrediting bodies, and internal company programs such as:



INNOVATION AND INDUSTRY SERVICES

Sample Baldrige Winners:



NIST
National Institute of
Standards and Technology
U.S. Department of Commerce



Health Care Study (20% of GDP)

- Patient Satisfaction Measures - 2010 Data
- Preliminary Press Ganey study reveals statistically better performance by Baldrige users

Inpatient Measures	Baldrige Winner		Mean Difference
	No	Yes	
admission	86.97	88.66	1.68
room	82.56	84.80	2.24
meals	81.87	83.92	2.05
nurses	88.68	90.74	2.06
tests and treatments	86.65	88.12	1.47
visitors and family	86.77	88.59	1.82
physician	86.85	88.11	1.26
discharge	84.53	86.29	1.76
personal issues	85.78	87.92	2.14
overall assessment	88.95	91.40	2.45
overall satisfaction	85.85	87.78	1.93
likelihood to recommend	88.19	90.96	2.77

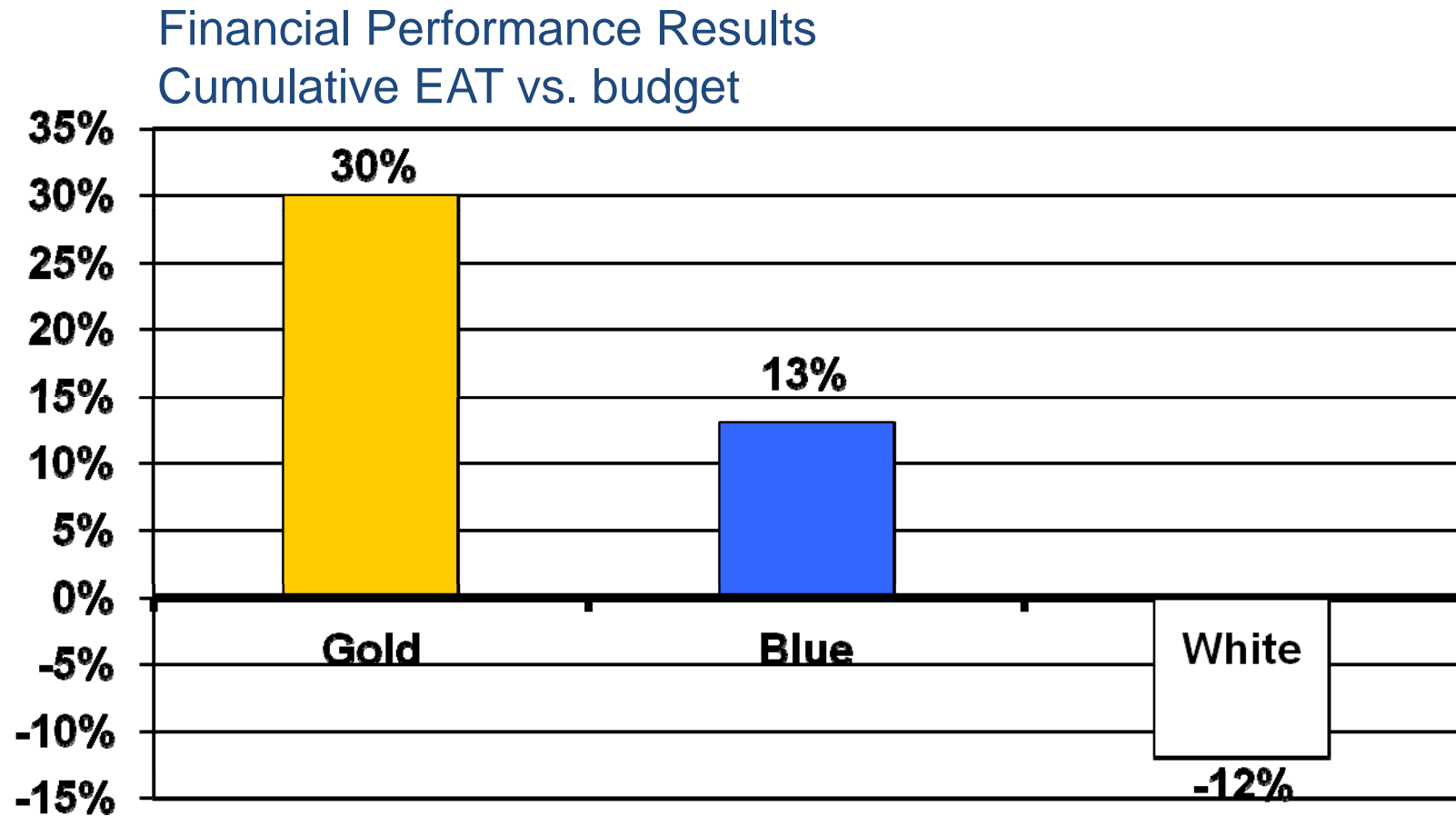
ER Measures	Baldrige Winner		Mean Difference
	No	Yes	
arrival	82.93	84.12	1.19
nurses	86.97	88.46	1.49
physicians	85.06	85.81	0.75
tests and treatments	87.79	89.10	1.31
family	86.82	88.27	1.45
insurance	87.91	89.32	1.41
personal issues	80.57	82.05	1.49
overall assessments	83.45	85.07	1.62
overall satisfaction	84.80	86.17	1.37
likelihood to recommend	83.03	84.82	1.79

Cargill, Inc.

What We Have Learned

Measure Business Impact

Why Baldrige?



Deployment of Baldrige: **Gold** = high degree

Blue=partial deployment; **White**=beginning with Baldrige



Net Promoter Score Metric

$NPS = \% \text{ Promoter} - \% \text{ Detractor}$

Examples of NPS “Stars”

Harley Davidson	81%
Costco	79%
SAS	66%
Intuit	58%
Southwest Air.	51%

Baldrige NPS = 67%



Likely to Recommend

How likely, or unlikely, is it that you would recommend the use of the Baldrige Criteria to a professional colleague, or key customer, partner or supplier?

