2012 PERFORMANCE EXCELLENCE STUDY AWARDS

Application Document

BUSINESS EXCELLENCE
New Zealand Ltd

2012 Performance Excellence Study Awards (PESA) Application Document

Contents

Introduction

In 1992 a public/private sector sponsoring partnership began promoting the Baldrige Performance Excellence Criteria as a model for performance excellence in New Zealand by launching the New Zealand Performance Excellence Study Awards (PESA). Since that launch over 1700 New Zealand organisations have improved their performance by implementing the PESA criteria. Many have been through the PESA application process.

The Awards are endorsed and supported by a pool of public and private sector organisations and are managed by Business Excellence NZ. This active public/private sector partnership which supports the PESA programme remains fundamental to the enduring success of the programme.

Benefits of applying for the Performance Excellence Study Awards

Many New Zealand organisations use the PESA Criteria to assess and improve their performance. By applying for a Performance Excellence Study Award an organisation receives detailed written feedback from the highly experienced PESA Assessment Panel. All of the PESA Assessors have been formally trained by US Baldrige examiners or judges. The chair of the PESA Assessment Panel is an accredited Baldrige Examiner and all panel members have extensive experience, including international assessing experience, in evaluating against the Baldrige Criteria. In 2012 US Baldrige Examiners will again be working in partnership with the NZ based PESA Assessors to assess 2012 PESA Applications.

A unique feature of the Awards is the **PESA Study Visit** programme which provides the opportunity to study at first hand the experience of Baldrige and State Award recipients in the US. The PESA Study Visit programme has been offered for fourteen years and has become a well respected management training tool for NZ organisations. Over 80 CEO's, senior leaders and managers of NZ organisations have benefited from participation in PESA Study Visits and are now applying the knowledge gained from exposure to world class organisations in the US.

All PESA applicants are eligible to participate in the 2012 PESA Study Visit to the USA. For dates and programme details on the 2012 PESA Study Visit please contact Business Excellence NZ at study@businessexcellence.co.nz

Application Details and Conditions

Performance Excellence Study Awards are presented only to applicants deemed by the PESA Assessment Panel to have achieved the Award standard set annually by the Assessment Panel.

In 2012 Performance Excellence Study Awards are offered in four sectors

- business
- government
- health and
- education

First time PESA recipients in 2012 will be eligible for a $1500 discount on the cost of participating in this years PESA Study Visit programme to USA.

Applications are open to any New Zealand organisation. Previous Study Award winners are welcome to apply and to participate in the 2012 PESA Study Visit programme. All applicants receive detailed written feedback from the assessment panel.

PESA Criteria Briefings

As part of the sponsored PESA programme in 2012, in-house briefings are being offered in all sectors on a subsidised basis. Many organisations use these in-house briefings for their managers and workforce to learn the principles of performance excellence and how to implement them. **Organisations making use of the subsidised briefing are NOT obligated to apply for a PESA,** although many organisations do choose to apply for an Award after being briefed on the Criteria.

The in-house **briefings** are formatted as **interactive workshops.** The briefings take approximately 4 hours, depending on the number of people participating, and cover

- **an introduction to the 2012 PESA Criteria**
- **implementing the PESA criteria**
- **examples on how to use the criteria from previous PESA and Baldrige winners**
- **assessing your current performance and the lessons learnt by role model organisations**

Each briefing will cater for a limited number of participants. The subsidised cost of a briefing workshop is $2200+gst plus print material costs.

2012 Performance Excellence Study Award Cycle Calendar

The key dates for the 2012 PESA are:

Award process and Criteria to websites – applications invited	27 January
Subsidised briefing workshops	from February
PESA Assessment Panel Briefing	4/5 April
Applications close	15 June
Application assessments completed	20 July
US Study Visit	September

Application Preparation

The following notes are to assist Performance Excellence Study Award applicants, in particular first time applicants. For additional information on the Baldrige Criteria it is recommended that reference be made to the Baldrige Performance Excellence programme website – www.baldrige.nist.gov

The Baldrige Performance Excellence Criteria provide a framework for assessing how organisations address leadership, planning, deployment, performance measurement, and improvement. The assessment also considers the actual organisational performance results these activities deliver. The Criteria are split into **seven <u>Categories</u>** and **seventeen <u>Items</u>**.

Organisations considering applying should note that most applicants do not score highly in all Categories. The benefits of applying remain even if you are not strong in some Categories.

The application is designed to elicit information from applicants which will enable the Assessment Panel to independently assess **processes** and the **results** of those processes. For example your process for developing strategy, the key objectives resulting from that process, the process for implementing the strategy and the actual results of the implementation process will be assessed.

For the first six Categories you need to provide details of your approach. Assessors will look at how you design, implement, review and improve your processes.

You also need to define the actual objectives and targets you have set, and the measures you will use to gauge progress. This information provides the basis which allows the assessment of the quality of the results reported under Category seven. If, for instance, you do not provide some details of your KPI's or targets, assessors will have no way of knowing whether the results you report met, exceeded, or fell short of your expectations.

Developing an understanding of the framework and how each component relates to the others will help you to ensure that you submit a complete application.

Application Cover Sheet

Please ensure that the cover sheet at the end of this document is completed. The cover sheet must be included on the **electronic** version of your application and cover each of the **four hard copies** of your application.

Application Page Limit and Format

Applicants must submit an electronic - usb flashdrive/memory stick or disc - version of their 2012 PESA application plus four hard copies.

The organisational profile is limited to 5 A4 pages and the Application to 40 A4 pages with

- a font size of 10-12 and
- single line spacing

Preferred font styles are Times New Roman, Arial or Helvetica

Format

- margins of at least ¾"
- pages printed single side only
- pages should be numbered

Application Fee

The application fee for the 2012 Performance Excellence Study Award is $3100+gst.
A tax invoice for this fee is at the base of the Application cover sheet.

Applications – i.e. the electronic version and four hard copies in the prescribed format - should be addressed to:

> **Performance Excellence Study Awards**
> **P O Box 10-400**
> **WELLINGTON 6143**

and must be received by 5pm on 15 June 2012.

2012 PESA Criteria Goals

The Criteria are designed to help organisations with an integrated approach to organisational performance management that results in

- **delivery of ever-improving value to customers and stakeholders, contributing to organisational sustainability**
- **improvement of overall organisational effectiveness and capabilities**
- **organisational and personal learning**

Criteria Purposes

The Criteria are the basis for organisational self-assessment, for PESA applicant assessment by the PESA Assessment Panel, and for giving feedback to applicants. In addition, the Criteria -

- help improve organisational performance practices, capabilities, and results
- facilitate communication and sharing of information on best practices
- serve as a working tool for understanding and managing performance and for guiding organisational planning and opportunities for learning

The Criteria are designed to help organisations with an integrated approach to organisational performance management that results in

- delivery of ever-improving value to customers and stakeholders, contributing to organisational sustainability
- improvement of overall organisational effectiveness and capabilities
- organisational and personal learning

Core Values and Concepts

The Criteria are built upon the following set of interrelated Core Values and Concepts:

- visionary leadership
- customer-driven excellence
- organisational and personal learning
- valuing workforce members and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- societal responsibility
- focus on results and creating value
- systems perspective

These values and concepts, described in detail on Pages 40 to 46 below, are embedded beliefs and behaviours found in high-performing organisations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback.

KEY CHARACTERISTICS OF THE PESA CRITERIA

1. The Criteria focus on results

The Criteria focus on these key areas of organisational performance -

(1) **product and process outcomes**
(2) **customer-focused outcomes**
(3) **workforce focused outcomes**
(4) **leadership and governance outcomes**
(5) **financial and market outcomes**

The use of this composite of measures is intended to ensure that strategies are balanced – that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

2. The Criteria are non-prescriptive and adaptable

The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe

- how your organisation should be structured; or
- that your organisation should or should not have departments for planning, ethics quality, or other functions; or
- that different units in your organisation should be managed in the same way.

These factors differ among organisations, and they are likely to change as needs and strategies evolve.

The Criteria are non-prescriptive for the following reasons:

(1) the focus is on results, not on procedures, tools, or organisational structure. Organisations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Non-prescriptive requirements are intended to foster incremental and major ("breakthrough") improvements, as well as meaningful change through innovation.
(2) the selection of tools, techniques, systems, and organisational structure usually depends on factors such as organisation type and size, organisational relationships, your organisation's stage of development, and the capabilities and responsibilities of your workforce.
(3) a focus on common requirements, rather than on common procedures, fosters understanding, communication, sharing, alignment, and integration, while supporting innovation and diversity in approaches.

3. The Criteria support a systems perspective to maintaining organisation-wide goal alignment

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Organisational Profile, the Criteria, the Scoring Guidelines, and the results-oriented, cause-effect, cross-process linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organisation's processes and strategy. These measures tie directly to customer and stakeholder value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralised decision making, or overly complex process management. Measures thereby serve both as a communications tool and as a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralised decision making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four clearly defined stages:

(1) planning, including design of processes, selection of measures, and deployment of requirements (**approach**)

(2) executing plans (**deployment**)

(3) assessing progress and capturing new knowledge, including seeking opportunities for innovation (**learning**)

(4) revising plans based upon assessment findings, harmonising processes and work unit operations, and selecting better measures (**integration**).

4. The Criteria support goal-based diagnosis

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 17 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions—Process and Results—and the key factors used to assess each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 17 performance-oriented requirements and relative to process and performance maturity as determined by the Scoring Guidelines. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described under 1 above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies, management systems and types of organisations.

CRITERIA STRUCTURE

The seven Criteria categories shown in the figure are subdivided into items and areas to address.

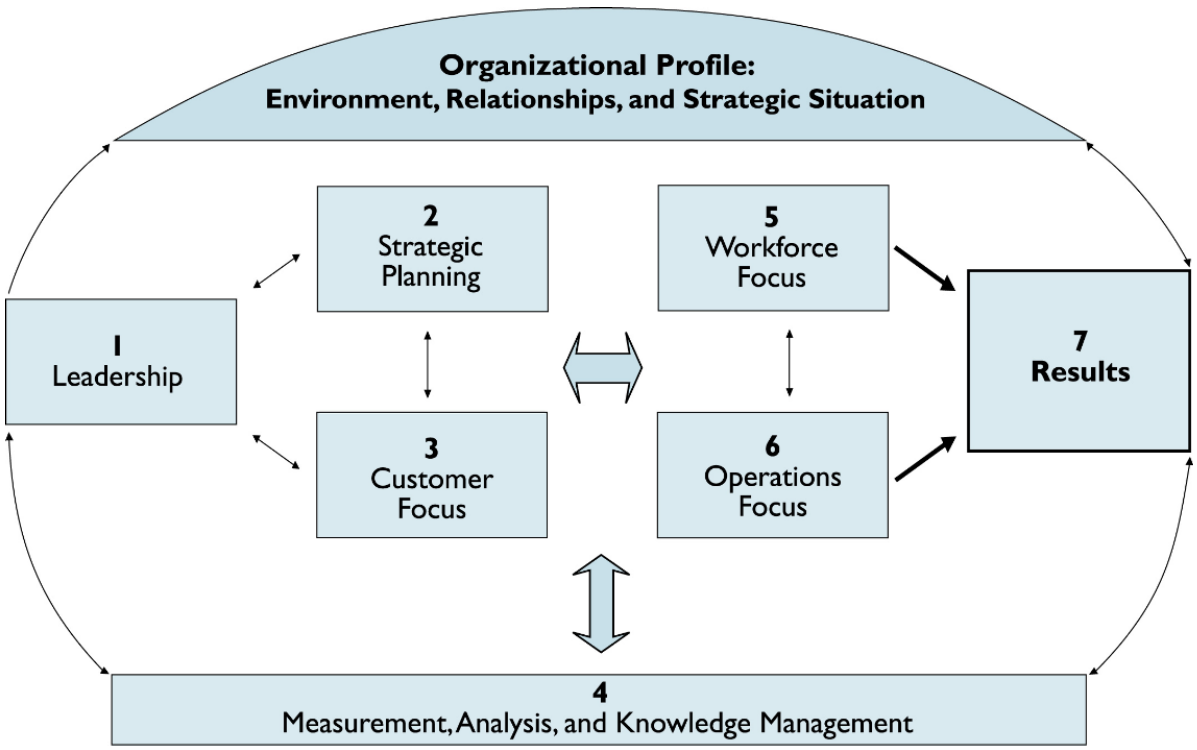
Items

There are 17 process and results items, each focusing on a major requirement. Item titles and point values are given on page 11.

Areas to Address

Items consist of one or more areas to address (areas). Organisations should address their responses to the specific requirements of these areas.

Criteria for Performance Excellence Framework
A Systems Perspective



Reference to the Malcolm Baldrige National Quality Award

Additional information on the 2012 Criteria and a Glossary defining key terms used in the Criteria are in the Performance Excellence Criteria for Business document at www.baldrige.nist.gov

Criteria for Performance Excellence Framework

The requirements of the Criteria for Performance Excellence are embodied in seven categories, as follows:

(1) Leadership
(2) Strategic Planning
(3) Customer Focus
(4) Measurement, Analysis, and Knowledge Management
(5) Workforce Focus
(6) Operations Focus
(7) Results

The figure above provides the framework connecting and integrating the categories.

From top to bottom, the framework has the following basic elements.

Organisational Profile

Your Organisational Profile (top of figure) sets the context for the way your organisation operates. Your organisation's environment, key working relationships, and strategic situation—including competitive environment, strategic challenges and advantages, and performance improvement system—serve as an overarching guide for your organisational performance management system.

Performance System

The performance system is composed of the six Baldrige categories in the centre of the figure that define your processes and the results you achieve.

Leadership (category 1), Strategic Planning (category 2), and Customer Focus (category 3) represent the leadership triad. These categories are placed together to emphasize the importance of a leadership focus on strategy and customers. Senior leaders set your organisational direction and seek future opportunities for your organisation.

Workforce Focus (category 5), Operations Focus (category 6), and Results (category 7) represent the results triad. Your organisation's workforce and key operational processes accomplish the work of the organisation that yields your overall performance results.

All actions point toward Results—a composite of product and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes.

The horizontal arrow in the centre of the framework links the leadership triad to the results triad, a linkage critical to organisational success. Furthermore, the arrow indicates the central relationship between Leadership (category 1) and Results (category 7). The two-headed arrows indicate the importance of feedback in an effective performance management system.

System Foundation

Measurement, Analysis, and Knowledge Management (category 4) are critical to the effective management of your organisation and to a fact-based, knowledge-driven system for improving performance and competitiveness. Measurement, analysis, and knowledge management serve as a foundation for the performance management system.

2012 PESA CRITERIA FOR PERFORMANCE EXCELLENCE – CATEGORIES & ITEMS

P Preface: Organisational Profile

P.1 Organisational Description
P.2 Organisational Situation

Categories and Items		Point Values	
1	**Leadership**		**120**
1.1	Senior Leadership	70	
1.2	Governance and Societal Responsibilities	50	
2	**Strategic Planning**		**85**
2.1	Strategy Development	40	
2.2	Strategy Implementation	45	
3	**Customer Focus**		**85**
3.1	Voice of the Customer	45	
3.2	Customer Engagement	40	
4	**Measurement, Analysis, and Knowledge Management**		**90**
4.1	Measurement, Analysis, and Improvement of Organisational Performance	45	
4.2	Management of Information, Knowledge and Information Technology	45	
5	**Workforce Focus**		**85**
5.1	Workforce Environment	40	
5.2	Workforce Engagement	45	
6	**Operations Focus**		**85**
6.1	Work Systems	45	
6.2	Work Processes	40	
7	**Results**		**450**
7.1	Product and Process Outcomes	120	
7.2	Customer-Focused Outcomes	90	
7.3	Workforce-Focused Outcomes	80	
7.4	Leadership and Governance Outcomes	80	
7.5	Financial and Market Outcomes	80	
	TOTAL POINTS		**1,000**

Note: The scoring system used with the Criteria items in a PESA assessment are on pages 50 to 52.

The Importance of Beginning with Your Organisational Profile

Your Organisational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in key information and focus on key performance requirements and results;
- it is used by the examiners and judges in application review, including the site visit, to understand your organisation and what you consider important (you will be assessed using the Criteria requirements in relation to your organisation's environment, relationships, influences, and challenges, as presented in your Organisational Profile); and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that the Organisational Profile can serve as your complete assessment, and you can use these topics for action planning.

CRITERIA FOR PERFORMANCE EXCELLENCE

P PREFACE: ORGANISATIONAL PROFILE

The ***Organisational Profile*** is a snapshot of your organisation, the key influences on how you operate, and the key challenges you face.

P.1 Organisational Description: What are your key organisational characteristics?

Describe your organisation's operating environment and your key relationships with customers, suppliers, partners, and stakeholders.

Within your response, include answers to the following questions:

a. Organisational Environment

(1) **Product Offerings** -What are your organisation's main product offerings (see note 1 below)? What is the relative importance of each to your organisational success? What mechanisms do you use to deliver your products?

(2) **Vision and Mission -** What are the distinctive characteristics of your organisational culture? What are your stated purpose, vision, values, and mission? What are your organisation's core competencies and their relationship to your mission?

(3) **Workforce Profile -** What is your workforce profile? What are your workforce or employee groups and segments? What are their education levels? What are the key elements that engage them in accomplishing your mission and vision? What are your organisation's workforce and job diversity, organized bargaining units, key workforce benefits, and special health and safety requirements?

(4) **Assets -** What are your major facilities, technologies, and equipment?

(5) **Regulatory Requirements -** What is the regulatory environment under which your organisation operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; industry standards; and environmental, financial, and product regulations?

b.Organisational Relationships

(1) **Organisational Structure -** What are your organisational structure and governance system? What are the reporting relationships among your governance board, senior leaders, and parent organisation, as appropriate?

(2) **Customers and Stakeholders -** What are your key market segments, customer groups, and stakeholder groups, as appropriate? What are their key requirements and expectations for your products, customer support services, and operations? What are the differences in these requirements and expectations among market segments, customer groups, and stakeholder groups?

(3) **Suppliers and Partners -** What are your key types of suppliers, partners, and collaborators? What role do these suppliers, partners, and collaborators play in the production and delivery of your key products and customer support services? What are your key mechanisms for communicating with suppliers, partners, and collaborators? What role, if any, do these organisations play in implementing innovations in your organisation? What are your key supply-chain requirements?

Notes:

N1. "Product offerings" and "products" (P.1a[1]) refer to the goods and services that your organisation offers in the marketplace. Mechanisms for product delivery to your end-use customers might be direct or through dealers, distributors, collaborators, or channel partners. *Nonprofit organisations might refer to their product offerings as programs, projects, or services.*

N2. "Core competencies" (P.1a[2]) refers to your organisation's areas of greatest expertise. Your organisation's core competencies are those strategically important capabilities that are central to fulfilling your mission or provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate. Also, core competencies frequently preserve your competitive advantage.

N3. Workforce or employee groups and segments (including organized bargaining units; P.1a[3]) might be based on the type of employment or contract reporting relationship, location, tour of duty, work environment, family-friendly policies, or other factors.

N4. Customer groups (P.1b[2]) might be based on common expectations, behaviours, preferences, or profiles. Within a group there may be customer segments based on differences and commonalities. Your markets might be subdivided into market segments based on product lines or features, distribution channels, business volume, geography, or other factors that your organisation uses to define related market characteristics.

N5. Customer group and market segment requirements (P.1b[2]) might include on-time delivery, low defect levels, safety, security, ongoing price reductions, leveraging of technology, rapid response, after-sales service, and multilingual services. Stakeholder group requirements might include socially responsible behaviour and community service. *For some nonprofit organisations, requirements also might include administrative cost reductions, at-home services, and rapid response to emergencies.*

N6. Communication mechanisms (P.1b[3]) should be two-way and in understandable language, and they might be in person, via e-mail, Web-based, or by telephone. For many organisations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

N7. *Many nonprofit organisations rely heavily on volunteers to accomplish their work. These organisations should include volunteers in the discussion of their workforce (P.1a[3]).*

N8. *For nonprofit organisations, industry standards (P.1a[5]) might include industry wide codes of conduct and policy guidance. The term "industry" is used throughout the Criteria to refer to the sector in which you operate. For nonprofit organisations, this sector might be charitable organisations, professional associations and societies, religious organisations, or government entities—or a sub-sector of one of these.*

N9. *For some nonprofit organisations, governance and reporting relationships (P.1b[1]) might include relationships with major agency, foundation, or other funding sources.*

N10. *Customers (P.1b[2]) include the users and potential users of your products. In some nonprofit organisations, customers might include members, taxpayers, citizens, recipients, clients, and beneficiaries. Market segments might be referred to as constituencies.*

Information for Understanding All Criteria Items

The definitions of key terms presented throughout the Criteria and scoring guidelines are in the Glossary of Key Terms on the Baldrige web site – www.baldrige.nist.gov

Frequently, several questions are grouped under one number (e.g., P.1a[3]). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

The items in the Baldrige Criteria are divided into three groups: the *Preface*, which defines your organisational environment; categories 1–6, which define your organisation's *processes*; and category 7, which contains your *results* for your organisation's processes. Only responses to the last two groups are scored during a Baldrige Award evaluation of an organisation; the Organisational Profile items are used to provide context for the evaluation.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an item, (2) to give instructions and examples for responding to the item requirements, and (3) to indicate key linkages to other items. In all cases, the intent is to help you respond to the item requirements.

A number of item notes include guidance specifically for nonprofit organisations. This information appears in italics.

P.2 Organisational Situation: What is your organisation's strategic situation?

Describe your organisation's competitive environment, your key strategic challenges and advantages, and your system for performance improvement.
Within your response, include answers to the following questions:

a. Competitive Environment

(1) **Competitive Position -** What is your competitive position? What are your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organisation?

(2) **Competitiveness Changes -** What are any key changes taking place that affect your competitive situation, including opportunities for innovation and collaboration, as appropriate?

(3) **Comparative Data -**What are your key available sources of comparative and competitive data from within your industry? What are your key available sources of comparative data from outside your industry? What limitations, if any, affect your ability to obtain these data?

b. Strategic Context

What are your key business, operational, societal responsibility, and human resource strategic challenges and advantages?

c.Performance Improvement System

What are the key elements of your performance improvement system, including your evaluation, organisational learning, and innovation processes?

Notes:

N1. Strategic challenges and advantages (P.2b) might relate to technology, products, your operations, your customer support, your industry, globalization, your value chain, and people. Strategic advantages might include differentiators such as your price leadership, design services, innovation rate, geographic proximity, accessibility, and warranty and product options. *For some nonprofit organisations, differentiators also might include your relative influence with decision makers, ratio of administrative costs to programmatic contributions, reputation for program or service delivery, and wait times for service.*

N2. Performance improvement (P.2c) through learning and integration is an assessment dimension used in the scoring system to evaluate the maturity of organisational approaches and deployment. This question is intended to help you and the Baldrige examiners set an overall context for your approach to performance improvement. Approaches to performance improvement that are compatible with the systems approach provided by the Baldrige framework should be related to your organisation's needs and might include implementing a Lean Enterprise System, applying Six Sigma methodology, using ISO standards (e.g., 9000 or 14000), or employing other process improvement and innovation tools. A growing number of organisations have implemented specific processes for meeting goals in product and process innovation.

N3. *Nonprofit organisations frequently are in a highly competitive environment; they often must compete with other organisations and with alternative sources for similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.*

N4. *For nonprofit organisations, the term "business" (P.2b) is used throughout the Criteria to refer to your main mission area or enterprise activity.*

PAGE LIMIT

For PESA applicants, the Organisational Profile is limited to five pages. These pages are not counted in the overall application page limit. Typing and formatting instructions for the Organisational Profile are the same as for the application.

THE 2012 PESA CRITERIA
1 LEADERSHIP (120 POINTS)

The ***Leadership*** category examines how your organisation's senior leaders' personal actions guide and sustain your organisation. Also examined are your organisation's governance system and how your organisation fulfills its legal, ethical, and societal responsibilities and supports its key communities.

1.1 Senior Leadership: How do your senior leaders lead? (70 pts.) Process

Describe how senior leaders' actions guide and sustain your organisation. Describe how senior leaders communicate with your workforce and encourage high performance.

Within your response, include answers to the following questions:

a. Vision, Values, and Mission

(1) **Vision and Values -** How do senior leaders set your organisation's vision and values? How do senior leaders deploy your organisation's vision and values through your leadership system, to the workforce, to key suppliers and partners, and to customers and other stakeholders, as appropriate? How do senior leaders' actions reflect a commitment to the organisation's values?

(2) **Promoting Legal and Ethical Behaviour -** How do senior leaders' actions demonstrate their commitment to legal and ethical behaviour? How do they promote an organisational environment that requires it?

(3) **Creating a Sustainable Organisation -** How do senior leaders create a sustainable organisation? How do senior leaders achieve the following?

- create an environment for organisational performance improvement, the accomplishment of your mission and strategic objectives, innovation, performance leadership, and organisational agility
- create a workforce culture that delivers a consistently positive customer experience and fosters customer engagement
- create an environment for organisational and workforce learning
- develop and enhance their leadership skills
- participate in organisational learning, succession planning, and the development of future organisational leaders

b. Communication and Organisational Performance

(1) **Communication -** How do senior leaders communicate with and engage the entire workforce? How do senior leaders achieve the following?

- encourage frank, two-way communication throughout the organisation
- communicate key decisions
- take an active role in reward and recognition programs to reinforce high performance and a customer and business focus

(2) **Focus on Action -** How do senior leaders create a focus on action to accomplish the organisation's objectives, improve performance, and attain its vision? How do senior leaders identify needed actions? How do senior leaders include a focus on creating and balancing value for customers and other stakeholders in their organisational performance expectations?

Notes:

N1. Organisational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in items 2.1 and 2.2.

N2. A sustainable organisation (1.1a[3]) is capable of addressing current business needs and possesses the agility and strategic management to prepare successfully for its future business, market, and operating environment. Both external and internal factors are considered. In this context, the concept of innovation includes both technological and organisational innovation to help the organisation succeed in the future. A sustainable organisation also ensures a safe and secure environment for the workforce and other key stakeholders. An organisation's contributions to environmental, social, and economic systems beyond those of its workforce and immediate stakeholders are considered in its societal responsibilities (item 1.2).

N3. A focus on action (1.1b[2]) considers the strategy, the workforce, the work systems, and the assets of your organisation. It includes taking intelligent risks and implementing innovations and ongoing improvements in productivity that may be achieved through eliminating waste or reducing cycle time; it might use techniques such as Six Sigma and Lean. It also includes the actions to accomplish your organisation's strategic objectives (see 2.2a[1]).

N4. Your organisational performance results should be reported in items 7.1–7.5.

N5. *For nonprofit organisations that rely on volunteers to accomplish their work, responses to 1.1b(1) also should discuss your efforts to communicate with and engage the volunteer workforce.*

1.2 Governance and Societal Responsibilities: How do you govern and fulfill your societal responsibilities? (50 pts.) **Process**

Describe your organisation's governance system and approach to leadership improvement. Describe how your organisation ensures legal and ethical behaviour, fulfills its societal responsibilities, and supports its key communities.

Within your response, include answers to the following questions:

a. Organisational Governance

(1) **Governance System -** How does your organisation review and achieve the following key aspects of your governance system?
- accountability for the management's actions
- fiscal accountability
- transparency in operations and selection of and disclosure policies for governance board members, as appropriate
- independence in internal and external audits
- protection of stakeholder and stockholder interests, as appropriate

(2) **Performance Evaluation -** How do you evaluate the performance of your senior leaders, including the chief executive? How do you use these performance evaluations in determining executive compensation? How do you evaluate the performance of members of your governance board, as appropriate? How do senior leaders and your governance board use these performance reviews to advance their development and improve both their personal leadership effectiveness and that of your board and leadership system, as appropriate?

b. Legal and Ethical Behaviour

(1) **Legal and Regulatory Behaviour -** How do you address any adverse impacts on society of your products and operations? How do you anticipate public concerns with current and future products and operations? How do you prepare for these impacts and concerns in a proactive manner, including conserving natural resources and using effective supply-chain management processes, as appropriate? What are your key compliance processes, measures, and goals for achieving and surpassing regulatory and legal requirements, as appropriate? What are your key processes, measures, and goals for addressing risks associated with your products and operations?

(2) **Ethical Behaviour -** How does your organisation promote and ensure ethical behaviour in all interactions? What are your key processes and measures or indicators for enabling and monitoring ethical behaviour in your governance structure, throughout your organisation, and in interactions

c. Societal Responsibilities and Support of Key Communities

(1) **Societal Well-Being -** How do you consider societal well-being and benefit as part of your strategy and daily operations? How do you contribute to the well-being of your environmental, social, and economic systems?

(2) **Community Support -** How does your organisation actively support and strengthen your key communities? What are your key communities? How do you identify these communities and determine areas for organisational involvement, including areas related to your core competencies? How do your senior leaders, in concert with your workforce, contribute to improving these communities?

Notes:

N1. Societal responsibilities in areas critical to your organisation's ongoing marketplace success also should be addressed in Strategy Development (item 2.1) and in Operations Focus (category 6). Key results, such as results related to regulatory and legal requirements (including the results of mandated financial audits); reductions in environmental impacts through the use of "green" technology, resource-conserving activities, or other means; or improvements in social impacts, such as the global use of enlightened labor practices, should be reported as Leadership and Governance Outcomes (item 7.4).

N2. Transparency in operations of your governance system (1.2a[1]) should include your internal controls on governance processes. *For some nonprofit organisations, an external advisory board may provide some or all of the governance board functions. For those nonprofit organisations that serve as stewards of public funds, stewardship of those funds and transparency in operations are areas of emphasis.*

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance management reviews, and formal or informal workforce and other stakeholder feedback and surveys. *For some nonprofit and government organisations, external advisory boards might evaluate the performance of senior leaders and the governance board.*

N4. Measures or indicators of ethical behaviour (1.2b[2]) might include the percentage of independent board members, measures of relationships with stockholder and non-stockholder constituencies, instances of ethical conduct breaches and responses, survey results on workforce perceptions of organisational ethics, ethics hotline use, and results of ethics reviews and audits. They also might include evidence that policies, workforce training, and monitoring systems are in place with respect to conflicts of interest and proper use of funds.

N5. Areas of societal contributions and community support appropriate for 1.2c might include your efforts to improve the environment (e.g., collaboration to conserve the environment or natural resources); strengthen local community services, education, and health; and improve the practices of trade, business, or professional associations.

N6. The health and safety of your workforce are not addressed in item 1.2; you should address these workforce factors in item 5.1.

N7. *Nonprofit organisations should report in 1.2b(1), as appropriate, how they address the legal and regulatory requirements and standards that govern fundraising and lobbying activities.*

N8. *For some charitable organisations, societal contributions and support of key communities (1.2c) may occur totally through the mission-related activities of the organisation. In such cases, it is appropriate to respond with any "extra efforts" through which you support these communities.*

2 STRATEGIC PLANNING (85 PTS.)

The ***Strategic Planning*** category examines how your organisation develops strategic objectives and action plans. Also examined are how your chosen strategic objectives and action plans are implemented and changed if circumstances require, and how progress is measured.

2.1 Strategy Development: How do you develop your strategy? (40 pts.) Process

Describe how your organisation establishes its strategy to address its strategic challenges and leverage its strategic advantages. Summarize your organisation's key strategic objectives and their related goals.

Within your response, include answers to the following questions:

a. Strategy Development Process

(1) **Strategic Planning Process -** How does your organisation conduct its strategic planning? What are the key process steps? Who are the key participants? How does your process identify potential blind spots? How do you determine your core competencies, strategic challenges, and strategic advantages (identified in your Organisational Profile)? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning process address these time horizons?

(2) **Strategy Considerations -** How do you ensure that strategic planning addresses the key elements listed below? How do you collect and analyse relevant data and information pertaining to these factors as part of your strategic planning process?

- your organisation's strengths, weaknesses, opportunities, and threats
- early indications of major shifts in technology, markets, products, customer preferences, competition, the economy, and the regulatory environment
- long-term organisational sustainability, including needed core competencies, and projections of your future performance and your competitors' or comparable organisations' future performance
- your ability to execute the strategic plan

b. Strategic Objectives

(1) **Key Strategic Objectives -** What are your key strategic objectives and your timetable for accomplishing them? What are your most important goals for these strategic objectives?

(2) **Strategic Objective Considerations -** How do your strategic objectives achieve the following?

- address your strategic challenges and strategic advantages
- address your opportunities for innovation in products, operations, and your business model
- capitalize on your current core competencies and address the potential need for new core competencies
- balance short- and longer-term challenges and opportunities
- consider and balance the needs of all key stakeholders
- enhance your ability to adapt to sudden shifts in your market conditions

Notes:

N1. "Strategy development" refers to your organisation's approach to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, knowledge (see 4.2a for relevant organisational knowledge), or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve participation by key suppliers, distributors, partners, and customers. *For some nonprofit organisations, strategy development might involve participation by organisations providing similar services or drawing from the same donor population or volunteer workforce.*

N2. The term “strategy” should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products; redefinition of key customer groups or market segments; intelligent risks; new core competencies; revenue growth via various approaches, including acquisitions, grants, and endowments; divestitures; new partnerships and alliances; and new employee or volunteer relationships. Strategy might be directed toward becoming a preferred supplier, a local supplier in each of your major customers’ or partners’ markets, a low-cost producer, a market innovator, or a provider of a high-end or customized product or service. It also might be directed toward meeting a community or public need.

N3. Your organisation’s strengths, weaknesses, opportunities, and threats (2.1a[2]) should address all factors that are key to your organisation’s future success, including the following, as appropriate: your customer and market requirements, expectations, and opportunities; your opportunities for innovation and role-model performance; your core competencies; your competitive environment and your performance now and in the future relative to competitors and comparable organisations; your product life cycle; technological and other key innovations or changes that might affect your products and services and how you operate, as well as the rate of innovation; your workforce and other resource needs; your ability to capitalize on diversity; your opportunities to redirect resources to higher-priority products, services, or areas; financial, societal, ethical, regulatory, technological, security, and other potential risks and opportunities; your ability to prevent and respond to emergencies, including natural or other disasters; changes in the national or global economy; requirements for and strengths and weaknesses of your partners and supply chain; changes in your parent organisation; and other factors unique to your organisation.

N4. Your ability to execute the strategic plan (2.1a[2]) should address your ability to mobilize the necessary resources and knowledge. It also should address your organisational agility based on contingency plans or, if circumstances require, a shift in plans and rapid execution of new or changed plans.

N5. Strategic objectives that address key challenges and advantages (2.1b[2]) might include rapid response, customization, co-location with major customers or partners, workforce capability and capacity, specific joint ventures, virtual manufacturing, rapid innovation, ISO quality or environmental systems registration, societal responsibility actions or leadership, Web-based supplier and customer relationship management, and product and service quality enhancements. Responses to item 2.1 should focus on your specific challenges and advantages—those most important to your ongoing success and to strengthening your organisation’s overall performance.

N6. Item 2.1 addresses your overall organisational strategy, which might include changes in product offerings and customer engagement processes. However, the item does not address product design or customer engagement strategies; you should address these factors in items 3.2 and 6.1, as appropriate.

2.2 Strategy Implementation: How do you implement your strategy? (45 pts.)

Process

Describe how your organisation converts its strategic objectives into action plans. Summarize your organisation’s action plans, how they are deployed, and key action plan performance measures or indicators. Project your organisation’s future performance relative to key comparisons on these performance measures or indicators.

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment

(1) **Action Plan Development -** How do you develop your action plans? What are your key short- and longer-term action plans and their relationship to your strategic objectives? What are the key planned changes, if any, in your products, your customers and markets, your suppliers and partners, and how you will operate?

(2) **Action Plan Implementation -** How do you deploy action plans throughout the organisation to your workforce and to key suppliers and partners, as appropriate, to achieve your key strategic objectives? How do you ensure that the key outcomes of your action plans can be sustained?

(3) **Resource Allocation -**how do you ensure that financial and other resources are available to support the accomplishment of your action plans, while meeting current obligations? How do you allocate

these resources to support the accomplishment of the plans? How do you manage the financial and other risks associated with the plans to ensure the financial viability of your organisation?

(4) **Workforce Plans -** What are your key human resource or workforce plans to accomplish your short- and longer-term strategic objectives and action plans? How do the plans address potential impacts on your workforce members and any potential changes to workforce capability and capacity needs?

(5) **Performance Measures -** What are your key performance measures or indicators for tracking the achievement and effectiveness of your action plans? How do you ensure that your overall action plan measurement system reinforces organisational alignment? How do you ensure that the measurement system covers all key deployment areas and stakeholders?

(6) **Action Plan Modification -** How do you establish and implement modified action plans if circumstances require a shift in plans and rapid execution of new plans?

b.Performance Projections

For the key performance measures or indicators identified in 2.2a(5), what are your performance projections for both your short- and longer-term planning time horizons? How does your projected performance on these measures or indicators compare with the projected performance of your competitors or comparable organisations? How does it compare with key benchmarks, goals, and past performance, as appropriate? If there are current or projected gaps in performance against your competitors or comparable organisations, how will you address them?

Notes:

N1. Strategy and action plan development and deployment are closely linked to other items in the Criteria. The following are examples of key linkages:

item 1.1 for how your senior leaders set and communicate organisational direction

category 3 for gathering customer and market knowledge as input to your strategy and action plans and for deploying action plans

category 4 for measurement, analysis, and knowledge management to support your key information needs, support your development of strategy, provide an effective basis for your performance measurements, and track progress relative to your strategic objectives and action plans

category 5 for meeting your workforce capability and capacity needs, for workforce development and learning system design and needs, and for implementing workforce-related changes resulting from action plans

category 6 for changes to core competencies, work systems, and work process requirements resulting from your action plans

item 7.1 for specific accomplishments relative to your organisational strategy and action plans

N2. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organisational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations in products and technology.

3 CUSTOMER FOCUS (85 PTS.)

The ***Customer Focus*** category examines how your organisation engages its customers for long-term marketplace success. This engagement strategy includes how your organisation listens to the voice of its customers, builds customer relationships, and uses customer information to improve and identify opportunities for innovation.

3.1 Voice of the Customer: How do you obtain information from your customers? (45 pts.) **Process**

Describe how your organisation listens to your customers and gains satisfaction and dissatisfaction information.

Within your response, include answers to the following questions:

a. Customer Listening

(1) **Listening to Current Customers -** How do you listen to customers to obtain actionable information? How do your listening methods vary for different customers, customer groups, or market segments? How do you use social media and Web-based technologies to listen to customers, as appropriate? How do your listening methods vary across the customer life cycle? How do you follow up with customers on the quality of products, customer support, and transactions to receive immediate and actionable feedback?

(2) **Listening to Potential Customers -** How do you listen to former customers, potential customers, and customers of competitors to obtain actionable information and to obtain feedback on your products, customer support, and transactions, as appropriate?

b. Determination of Customer Satisfaction and Engagement

(1) **Satisfaction and Engagement -** How do you determine customer satisfaction and engagement? How do these determination methods differ among customer groups and market segments, as appropriate? How do your measurements capture actionable information for use in exceeding your customers' expectations and securing your customers' engagement?

(2) **Satisfaction Relative to Competitors -** How do you obtain information on your customers' satisfaction relative to their satisfaction with your competitors? How do you obtain information on your customers' satisfaction relative to the satisfaction levels of customers of other organisations providing similar products or to industry benchmarks, as appropriate?

(3) **Dissatisfaction -** How do you determine customer dissatisfaction? How do your measurements capture actionable information for use in meeting your customers' requirements and exceeding their expectations in the future?

Notes:

N1. The "voice of the customer" refers to your process for capturing customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, blog comments and other social media data, warranty data, marketing and sales information, and complaint data that affect customers' purchasing and engagement decisions.

N2. Use of social media and Web-based technologies to listen to customers (3.1a[1]) provides a newer mode of gathering insight into customer perceptions of all aspects of your involvement with them. Use of social media may include blogs moderated by your organisation and unsolicited opportunities to learn based on social media outlets your organisation does not control, such as wikis, online forums, and blogs not moderated by your organisation.

N3. The customer life cycle (3.1a[1]) begins in the product concept or pre-sale period and should include all stages of your involvement with the customer. This might include relationship building, the active business relationship, and an exit strategy, as appropriate.

N4. Determining customer satisfaction and dissatisfaction (3.1b) might include the use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, field reports, win/loss analysis, customer referral rates, and transaction completion rates. Information might be gathered on the Web, through personal contact or a third party, or by mail. Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. Dissatisfaction should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

N5. Determining relative customer satisfaction (3.1b[2]) may involve comparisons with competitors, comparisons with other organisations that deliver similar products in a noncompetitive marketplace, or comparisons achieved through trade or other organisations. Determining relative customer satisfaction also may involve determining why customers chose your competitors over you.

N6. *For additional considerations on products and the business of nonprofit organisations, see item P.1, note 1, and item P.2, note 4.*

3.2 Customer Engagement: How do you engage customers to serve their needs and build relationships? (40 pts.) **Process**

Describe how your organisation determines product offerings and communication mechanisms to support customers. Describe how your organisation builds customer relationships.

Within your response, include answers to the following questions:

a. Product Offerings and Customer Support

(1) **Product Offerings -** How do you identify customer and market requirements for product offerings and services? How do you identify and innovate product offerings to meet the requirements and exceed the expectations of your customer groups and market segments (identified in your Organisational Profile)? How do you identify and innovate product offerings to enter new markets, to attract new customers, and to provide opportunities for expanding relationships with existing customers, as appropriate?

(2) **Customer Support -** How do you enable customers to seek information and customer support? How do you enable them to conduct their business with you and provide feedback on your products and your customer support? What are your key means of customer support, including your key communication mechanisms? How do they vary for different customers, customer groups, or market segments? How do you determine your customers' key support requirements? How do you ensure that customer support requirements are deployed to all people and processes involved in customer support?

(3) **Customer Segmentation -** How do you use customer, market, and product offering information to identify current and anticipate future customer groups and market segments? How do you consider customers of competitors and other potential customers and markets in this segmentation? How do you determine which customers, customer groups, and market segments to pursue for current and future products?

(4) **Customer Data Use -** How do you use customer, market, and product offering information to improve marketing, build a more customer-focused culture, and identify opportunities for innovation?

b. Building Customer Relationships

(1) **Relationship Management -** How do you market, build, and manage relationships with customers to achieve the following?

- acquire customers and build market share

- retain customers, meet their requirements, and exceed their expectations in each stage of the customer life cycle
- increase their engagement with you

(2) **Complaint Management** How do you manage customer complaints? How does your customer complaint management process ensure that complaints are resolved promptly and effectively? How does your customer complaint management process enable you to recover your customers' confidence and enhance their satisfaction and engagement?

Notes:
N1. "Customer engagement" refers to your customers' investment in your brand and product offerings. Characteristics of engagement include customer retention and loyalty, customers' willingness to make an effort to do business—and increase their business—with your organisation, and customers' willingness to actively advocate for and recommend your brand and product offerings.

N2. "Product offerings" and "products" refer to the goods and services that you offer in the marketplace. Product offerings (3.2a) should consider all the important characteristics of products and services and their performance throughout their full life cycle and the full "consumption chain." The focus should be on features that affect customer preference and loyalty—for example, those features that differentiate your products from competing offerings or other organisations' services. Those features might include price, reliability, value, delivery, timeliness, ease of use, requirements for the use and disposal of hazardous materials, customer or technical support, and the sales relationship. Key product features also might take into account how transactions occur and factors such as the privacy and security of customer data. Your results on performance relative to key product features should be reported in item 7.1, and those concerning customer perceptions and actions (outcomes) should be reported in item 7.2.

N3. The goal of customer support (3.2a[2]) is to make your organisation easy to do business with and responsive to your customers' expectations.

N4. Building customer relationships (3.2b) might include the development of partnerships or alliances with customers.

4 MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT (90 PTS.)

The ***Measurement, Analysis, and Knowledge Management*** category examines how your organisation selects, gathers, analyses, manages, and improves its data, information, and knowledge assets and how it manages its information technology. The category also examines how your organisation uses review findings to improve its performance.

4.1 Measurement, Analysis, and Improvement of Organisational Performance: How do you measure, analyse, and then improve organisational performance? (45 pts.) Process

Describe how your organisation measures, analyses, reviews, and improves its performance through the use of data and information at all levels and in all parts of your organisation.

Within your response, include answers to the following questions:

a. Performance Measurement

(1) **Performance Measures -** How do you select, collect, align, and integrate data and information for tracking daily operations and overall organisational performance, including progress relative to strategic objectives and action plans? What are your key organisational performance measures, including key short-term and longer-term financial measures? How frequently do you track these measures? How do you use these data and information to support organisational decision making and innovation?

(2) **Comparative Data -** How do you select and ensure the effective use of key comparative data and information to support operational and strategic decision making and innovation?

(3) **Customer Data -** How do you select and ensure the effective use of voice-of-the-customer data and information (including complaints) to support operational and strategic decision making and innovation?

(4) **Measurement Agility -** How do you ensure that your performance measurement system is able to respond to rapid or unexpected organisational or external changes?

b. Performance Analysis and Review

How do you review organisational performance and capabilities? How do you use your key organisational performance measures in these reviews? What analyses do you perform to support these reviews and ensure that conclusions are valid? How do you use these reviews to assess organisational success, competitive performance, financial health, and progress relative to strategic objectives and action plans? How do you use these reviews to assess your organisation's ability to respond rapidly to changing organisational needs and challenges in your operating environment?

c. Performance Improvement

(1) **Best-Practice Sharing -** How do you use performance review findings to share lessons learned and best practices across organisational units and work processes?

(2) **Future Performance -** How do you use performance review findings and key comparative and competitive data to project future performance?

(3) **Continuous Improvement and Innovation -** How do you use organisational performance review findings to develop priorities for continuous improvement and opportunities for innovation? How are these priorities and opportunities deployed to work group and functional-level operations throughout your organisation? When appropriate, how are the priorities and opportunities deployed to your suppliers, partners, and collaborators to ensure organisational alignment?

Notes:

N1. Performance measurement (4.1a) is used in fact-based decision making for setting and aligning organisational directions and resource use at the work unit, key process, departmental, and organisational levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organisation's industry. Competitive comparisons relate your organisation's performance to that of competitors and other organisations providing similar products and services.

N3. Organisational performance reviews (4.1b) should be informed by organisational performance measurement and by performance measures reported throughout your Criteria item responses, and they should be guided by the strategic objectives and action plans described in items 2.1 and 2.2. The reviews also might be informed by internal or external Baldrige assessments.

N4. Performance analysis (4.1b) includes examining performance trends; organisational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations. Performance analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, such analysis draws on all types of data: customer-related, financial and market, operational, and competitive.

N5. The results of organisational performance analysis and review should contribute to your organisational strategic planning in category 2.

N6. Your organisational performance results should be reported in items 7.1–7.5.

4.2 Management of Information, Knowledge, and Information Technology: How do you manage your information, organisational knowledge, and information technology? (45 pts.) Process

Describe how your organisation builds and manages its knowledge assets. Describe how your organisation ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers, partners, collaborators, and customers.

Within your response, include answers to the following questions:

a. Data, Information, and Knowledge Management

(1) **Properties -** How do you manage your organisational data, information, and knowledge to ensure the following properties?
- accuracy
- integrity and reliability
- timeliness
- security and confidentiality

(2) **Data and Information Availability -** How do you make needed data and information available to your workforce, suppliers, partners, collaborators, and customers, as appropriate?

(3) **Knowledge Management -** How do you manage organisational knowledge to accomplish the following?
- the collection and transfer of workforce knowledge
- the transfer of relevant knowledge from and to customers, suppliers, partners, and collaborators
- the rapid identification, sharing, and implementation of best practices
- the assembly and transfer of relevant knowledge for use in your innovation and strategic planning processes

b.Management of Information Resources and Technology

(1) **Hardware and Software Properties -** How do you ensure that hardware and software are reliable, secure, and user-friendly?

(2) **Emergency Availability -** In the event of an emergency, how do you ensure the continued availability of hardware and software systems and the continued availability of data and information to effectively serve customers and business needs?

Note:
N1. Data and information access (4.2a[2]) might be via electronic or other means.

5 WORKFORCE FOCUS (85 PTS.)

The ***Workforce Focus*** category examines your ability to assess workforce capability and capacity needs and build a workforce environment conducive to high performance. The category also examines how your organisation engages, manages, and develops your workforce to utilize its full potential in alignment with your organisation's overall mission, strategy, and action plans.

5.1 Workforce Environment: How do you build an effective and supportive workforce environment? (40 pts.) Process

Describe how your organisation manages workforce capability and capacity to accomplish the work of the organisation. Describe how your organisation maintains a safe, secure, and supportive work climate.

Within your response, include answers to the following questions:

a. Workforce Capability and Capacity

(1) **Capability and Capacity -** How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

(2) **New Workforce Members -** How do you recruit, hire, place, and retain new members of your workforce? How do you ensure that your workforce represents the diverse ideas, cultures, and thinking of your hiring and customer community?

(3) **Work Accomplishment -** How do you organize and manage your workforce to achieve the following?

- accomplish the work of your organisation
- capitalize on the organisation's core competencies
- reinforce a customer and business focus
- exceed performance expectations
- address your strategic challenges and action plans

(4) **Workforce Change Management -** How do you prepare your workforce for changing capability and capacity needs? How do you manage your workforce, its needs, and your needs to ensure continuity, prevent workforce reductions, and minimize the impact of workforce reductions, if they do become necessary? How do you prepare for and manage periods of workforce growth?

b. Workforce Climate

(1) **Workplace Environment -** How do you address workplace environmental factors, including accessibility, to ensure and improve workforce health, safety, and security? What are your performance measures and improvement goals for each of these workforce needs? What are any significant differences in these factors and performance measures or targets for different workplace environments?

(2) **Workforce Policies and Benefits -** How do you support your workforce via policies, services, and benefits? How are these tailored to the needs of a diverse workforce and different workforce groups and segments?

Notes:

N1. "Workforce" refers to the people actively involved in accomplishing the work of your organisation. It includes your organisation's permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organisation. It includes team leaders, supervisors, and managers at all levels. People supervised by a contractor should be addressed in category 6 as part of your larger work systems. *For nonprofit organisations that also rely on volunteers, "workforce" includes these volunteers.*

N2. “Workforce capability” (5.1a) refers to your organisation’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people. Capability may include the ability to build and sustain relationships with your customers; innovate and transition to new technologies; develop new products, services, and work processes; and meet changing business, market, and regulatory demands.
“Workforce capacity” (5.1a) refers to your organisation’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products to your customers, including the ability to meet seasonal or varying demand levels.

N3. Workforce capability and capacity should consider not only current needs but also future requirements based on your strategic objectives and action plans reported in category 2.

N4. 5.1a(2) addresses only new workforce members. The retention of existing workforce members is considered in item 5.2, Workforce Engagement.

N5. Preparing your workforce for changing capability and capacity needs (5.1a[4]) might include training, education, frequent communication, considerations of workforce employment and employability, career counseling, and outplacement and other services.

5.2 Workforce Engagement: How do you engage your workforce to achieve organisational and personal success? (45 pts.) Process

Describe how your organisation engages, compensates, and rewards your workforce to achieve high performance. Describe how you assess workforce engagement and use the results to achieve higher performance. Describe how members of your workforce, including leaders, are developed to achieve high performance.

Within your response, include answers to the following questions:

a.Workforce Performance

(1) **Elements of Engagement -** How do you determine the key elements that affect workforce engagement? How do you determine the key elements that affect workforce satisfaction? How are these elements determined for different workforce groups and segments?

(2) **Organisational Culture -** How do you foster an organisational culture that is characterized by open communication, high-performance work, and an engaged workforce? How do you ensure that your organisational culture benefits from the diverse ideas, cultures, and thinking of your workforce?

(3) **Performance Management -** How does your workforce performance management system achieve the following?

- support high-performance work and workforce engagement
- consider workforce compensation, reward, recognition, and incentive practices
- reinforce a customer and business focus and achievement of your action plans

b.Assessment of Workforce Engagement

(1) **Assessment of Engagement -** How do you assess workforce engagement? What formal and informal assessment methods and measures do you use to determine workforce engagement and workforce satisfaction? How do these methods and measures differ across workforce groups and segments? How do you use other indicators, such as workforce retention, absenteeism, grievances, safety, and productivity, to assess and improve workforce engagement?

(2) **Correlation with Business Results -** How do you relate your workforce engagement assessment findings to key business results reported in category 7 to identify opportunities for improvement in both workforce engagement and business results?

c.Workforce and Leader Development

(1) **Learning and Development System -** How does your learning and development system address the following factors for your workforce members and leaders?

- your organisation's core competencies, strategic challenges, and accomplishment of its action plans, both short-term and long-term
- organisational performance improvement and innovation
- ethics and ethical business practices
- customer focus
- their learning and development needs, including those that are self-identified and those identified by supervisors, managers, and senior leaders
- the transfer of knowledge from departing or retiring workforce members
- the reinforcement of new knowledge and skills on the job

(2) **Learning and Development Effectiveness -** How do you evaluate the effectiveness and efficiency of your learning and development system?

(3) **Career Progression -** How do you manage effective career progression for your entire workforce? how do you accomplish effective succession planning for management and leadership positions?

Notes:
N1. "Workforce engagement" refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organisation.

N2. The characteristics of "high-performance work" environments (5.2a[2] and 5.2a[3]), in which people do their utmost for the benefit of their customers and for the success of the organisation, are key to understanding an engaged workforce.

N3. Compensation, recognition, and related reward and incentive practices (5.2a[3]) include promotions and bonuses that might be based on performance, skills acquired, and other factors. *In some government organisations, compensation systems are set by law or regulation. However, since recognition can include monetary and non-monetary, formal and informal, and individual and group mechanisms, reward and recognition systems do permit flexibility.*

N4. Identifying improvement opportunities (5.2b[2]) might draw on your workforce-focused results presented in item 7.3 and might involve addressing workforce-related problems based on their impact on your organisational results reported in response to other category 7 items.

N5. Your organisation may have unique considerations relative to workforce development, learning, and career progression. If this is the case, your response to 5.2c should include how you address these considerations. Your response should also consider the breadth of development opportunities your organisation might use, including education, training, coaching, mentoring, and work-related experiences.

6 OPERATIONS FOCUS (85 PTS.)

The ***Operations Focus*** category examines how your organisation designs, manages, and improves its work systems and work processes to deliver customer value and achieve organisational success and sustainability. Also examined is your readiness for emergencies.

6.1 Work Systems: How do you design, manage, and improve your work systems? (45 pts.) Process

Describe how your organisation designs, manages, and improves its work systems to deliver customer value, prepare for potential emergencies, and achieve organisational success and sustainability.

Within your response, include answers to the following questions:

a.Work System Design

(1) **Design Concepts -** How do you design and innovate your overall work systems? How do you capitalize on your core competencies? How do you decide which processes within your overall work systems will be internal to your organisation (your key work processes) and which will use external resources?

(2) **Work System Requirements -** How do you determine key work system requirements, incorporating input from customers, suppliers, partners, and collaborators, as appropriate? What are the key requirements for these work systems?

b.Work System Management

(1) **Work System Implementation -** What are your organisation's work systems? How do you manage and improve your work systems to deliver customer value and achieve organisational success and sustainability?

(2) **Cost Control -** How do you control the overall costs of your work systems? How do you prevent defects, service errors, and rework and minimize warranty costs or customers' productivity losses, as appropriate? How do you minimize the costs of inspections, tests, and process or performance audits, as appropriate?

c.Emergency Readiness

How do you ensure work system and workplace preparedness for disasters or emergencies? How does your disaster and emergency preparedness system consider prevention, management, continuity of operations, and recovery?

Notes:

N1. "Work systems" refers to how the work of your organisation is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your products and business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products to your customers and to succeed in your marketplace.

N2. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or due to a local or national emergency, including potential pandemics. Emergency considerations related to information technology should be addressed in item 4.2.

6.2 Work Processes: How do you design, manage, and improve your key work processes? (40 pts.)

Process

Describe how your organisation designs, manages, and improves its key work processes to deliver customer value and achieve organisational success and sustainability.

Within your response, include answers to the following questions:

a.Work Process Design

(1) **Design Concepts -** How do you design and innovate your work processes to meet all the key requirements? How do you incorporate new technology, organisational knowledge, product excellence, and the potential need for agility into these processes? How do you incorporate cycle time, productivity, cost control, and other efficiency and effectiveness factors into these processes?

(2) **Work Process Requirements -** How do you determine key work process requirements? What are your organisation's key work processes? What are the key requirements for these work processes?

b.Work Process Management

(1) **Key Work Process Implementation -** How do your key work processes relate to your work systems? How does your day-to-day operation of these processes ensure that they meet key process requirements? What are your key performance measures or indicators and in-process measures for the control and improvement of your work processes?

(2) **Supply-Chain Management -** How do you manage your supply chain? How do you ensure that suppliers you select are qualified and positioned to enhance your performance and customer satisfaction? How do you evaluate supplier performance? How do you deal with poorly performing suppliers?

(3) **Process Improvement -** How do you improve your work processes to achieve better performance, reduce variability, and improve products?

Notes:

N1. Your key work processes (6.2a[2]) are your most important internal value creation processes and might include product design and delivery, customer support, supply-chain management, business, and support processes. Your key work processes are those that involve the majority of your organisation's workforce members and produce customer, stakeholder, and stockholder value. "Projects" are unique work processes intended to produce an outcome and then go out of existence. Project management also may be applied to a work system challenge or opportunity.

N2. To improve process performance (6.2b[3]) and reduce variability, your organisation might implement approaches such as a Lean Enterprise System, the Six Sigma methodology, ISO quality system standards, the Plan-Do-Check-Act methodology, or other process improvement tools. These approaches might be part of your performance improvement system described in response to P.2c in the Organisational Profile.

N3. The results of improvements in product and process performance should be reported in item 7.1.

7 RESULTS (450 PTS.)

The ***Results*** category examines your organisation's performance and improvement in all key areas—product and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes. Performance levels are examined relative to those of competitors and other organisations with similar product offerings.

7.1 Product and Process Outcomes: What are your product performance and process effectiveness results? (120 pts.) Results

Summarize your organisation's key product performance and process effectiveness and efficiency results. Include processes that directly serve customers, strategy, and operations. Segment your results by product offerings, by customer groups and market segments, and by process types and locations, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a.Customer-Focused Product and Process Results

What are your current levels and trends in key measures or indicators of product and process performance that are important to and directly serve your customers? How do these results compare with the performance of your competitors and other organisations with similar offerings?

b.Operational Process Effectiveness Results

(1) **Operational Effectiveness -** What are your current levels and trends in key measures or indicators of the operational performance of your key work systems and processes, including productivity, cycle time, and other appropriate measures of process effectiveness, efficiency, and innovation?

(2) **Emergency Preparedness -** What are your current levels and trends in key measures or indicators of the effectiveness of your work system and workplace preparedness for disasters or emergencies?

c.Strategy Implementation Results

What are your results for key measures or indicators of the accomplishment of your organisational strategy and action plans, including building and strengthening core competencies?

Notes:

N1. Results reported in item 7.1 should provide key information for analysis and review of your organisational performance (item 4.1); demonstrate use of organisational knowledge (item 4.2); and provide the operational basis for customer-focused outcomes (item 7.2) and financial and market outcomes (item 7.5).

N2. Product and process results reported in 7.1a should relate to the key customer requirements and expectations identified in P.1b(2), based on information gathered in items 3.1 and 3.2. The measures or indicators should address factors that affect customer preference, such as those included in item P.1, note 5, and item 3.2, note 2.

N3. Results reported in 7.1b should address your key operational requirements as presented in the Organisational Profile and in items 6.1 and 6.2.

N4. Appropriate measures and indicators of operational process effectiveness (7.1b) might include audit, just-in-time delivery, and acceptance results for externally provided products, services, and processes; supplier and partner performance; product, service, and work system innovation rates and results; simplification of internal jobs and job classifications; work layout improvements; changes in supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.

N5. Measures or indicators of strategy and action plan accomplishment (7.1c) should address your strategic objectives and goals identified in 2.1b(1) and your action plan performance measures and projected performance identified in 2.2a(5) and 2.2b, respectively.

N6. *For some nonprofit organisations, product or service performance measures might be mandated by your funding sources. These measures should be identified and reported in your response to this item..*

7.2 Customer-Focused Outcomes: What are your customer-focused performance results? (90 pts.) Results

Summarize your organisation's key customer-focused results for customer satisfaction, dissatisfaction, and engagement. Segment your results by product offerings, customer groups, and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a.Customer-Focused Results

(1) **Customer Satisfaction -** What are your current levels and trends in key measures or indicators of customer satisfaction and dissatisfaction? How do these results compare with the customer satisfaction levels of your competitors and other organisations providing similar products?

(2) **Customer Engagement -** What are your current levels and trends in key measures or indicators of customer engagement, including relationship building? How do these results compare over the course of your customer life cycle, as appropriate?

Notes:

N1. Customer satisfaction, dissatisfaction, engagement, and relationship-building results reported in this item should relate to the customer groups and market segments discussed in P.1b(2) and category 3 and to the listening and determination methods and data described in item 3.1.

N2. Measures and indicators of customers' satisfaction with your products relative to customers' satisfaction with competitors and comparable organisations (7.2a[1]) might include information and data from your customers and from independent organisations..

7.3 Workforce-Focused Outcomes: What are your workforce-focused performance results? (80 pts.) Results

Summarize your organisation's key workforce-focused results for your workforce environment and for workforce engagement. Segment your results to address the diversity of your workforce and to address your workforce groups and segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a.Workforce Results

(1) **Workforce Capability and Capacity -** What are your current levels and trends in key measures of workforce capability and capacity, including staffing levels and appropriate skills?

(2) **Workforce Climate -** What are your current levels and trends in key measures or indicators of your workforce climate, including workforce health, safety, and security and workforce services and benefits, as appropriate?

(3) **Workforce Engagement -** What are your current levels and trends in key measures or indicators of workforce engagement and workforce satisfaction?

(4) **Workforce Development -** What are your current levels and trends in key measures or indicators of workforce and leader development?

Notes:
N1. Results reported in this item should relate to processes described in category 5. Your results should be responsive to key work process needs described in category 6 and to your organisation's action plans and human resource or workforce plans described in item 2.2.

N2. Responses to 7.3a(3) should include measures and indicators identified in response to 5.2b(1).

N3. *Nonprofit organisations that rely on volunteers should include results for their volunteer workforce, as appropriate.*

7.4 Leadership and Governance Outcomes: What are your senior leadership and governance results? (80 pts.) Results

Summarize your organisation's key senior leadership and governance results, including those for fiscal accountability, legal compliance, ethical behaviour, societal responsibility, and support of key communities. Segment your results by organisational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a.Leadership, Governance, and Societal Responsibility Results

(1) **Leadership** - What are your results for key measures or indicators of senior leaders' communication and engagement with the workforce to deploy vision and values, encourage two-way communication, and create a focus on action?

(2) **Governance** - What are your key current findings and trends in key measures or indicators of governance and fiscal accountability, internal and external, as appropriate?

(3) **Law and Regulation** - What are your results for key measures or indicators of achieving and surpassing regulatory and legal requirements?

(4) **Ethics** - What are your results for key measures or indicators of ethical behaviour and of stakeholder trust in your organisation's senior leaders and governance? What are your results for key measures or indicators of breaches of ethical behaviour?

(5) **Society** - What are your results for key measures or indicators of your organisation's fulfillment of its societal responsibilities and your organisation's support of its key communities?

Notes:
N1. Responses to 7.4a(1) should address communication processes identified in item 1.1.

N2. Responses to 7.4a(2) might include financial statement issues and risks, important internal and external auditor recommendations, and the management's responses to these matters. *For some nonprofit organisations, results of IRS 990 audits also might be included.*

N3. Regulatory and legal results (7.4a[3]) should address requirements described in 1.2b. Workforce-related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA] reportable incidents) should be reported in 7.3a(2).

N4. For examples of measures of ethical behaviour and stakeholder trust (7.4a[4]), see item 1.2, note 4.

N5. Responses to 7.4a(5) should address your organisation's societal responsibilities described in 1.2b(1) and 1.2c(1), as well as support of the key communities described in 1.2c(2). Measures of contributions to societal well-being might include reduced energy consumption; the use of renewable energy resources, recycled water, and alternative approaches to conserving resources (e.g. increased audio and video conferencing; and the global use of enlightened labour practices.)

7.5 Financial and Market Outcomes: What are your financial and marketplace performance results? (80 pts.) Results

Summarize your organisation's key financial and marketplace performance results by market segments or customer groups, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a.Financial and Market Results

(1) **Financial Performance -** What are your current levels and trends in key measures or indicators of financial performance, including aggregate measures of financial return, financial viability, or budgetary performance, as appropriate?

(2) **Marketplace Performance -** What are your current levels and trends in key measures or indicators of marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate?

Notes:

N1. Responses to 7.5a(1) should include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by market segment or customer group. Responses also should include measures of financial viability, such as liquidity, debt-to-equity ratio, days cash on hand, asset utilization, and cash flow. Measures should relate to the financial measures reported in 4.1a(1) and the financial management approaches described in item 2.2. *For nonprofit organisations, additional measures might include performance to budget, reserve funds, cost avoidance or savings, administrative expenditures as a percentage of budget, and the cost of fundraising versus funds raised.*

N2. *For nonprofit organisations, responses to 7.5a(2) might include measures of charitable donations or grants and the number of new programs or services offered.*

About the 2012 PESA Criteria

Changes from the 2010 Criteria

The Criteria for Performance Excellence have evolved significantly over time to help organisations address a dynamic environment, focus on strategy-driven performance, and address concerns about customer and workforce engagement, governance and ethics, societal responsibilities, and long-term organisational sustainability. The Criteria have continually progressed toward a comprehensive, integrated systems perspective of organisational performance management.

The year-to-year changes to the Baldrige Criteria have been evolutionary. However, since the Baldrige Program's inception over 20 years ago, the changes to the Criteria have been revolutionary. They have evolved from having a specific focus on manufacturing quality to having a comprehensive strategic focus on overall organisational performance, competitiveness, and sustainability. With each update of the Criteria, the Baldrige Program must balance two important stakeholder considerations. On one hand, there is a need for the Criteria to be at the leading edge of validated management practice to help users address the increasingly complex challenges they face; on the other hand, there is a desire for the Criteria to remain stable in order to provide users with a basis for continuity in their performance assessments. Starting in 2009, the Baldrige Program moved to a formal two-year revision cycle for the Criteria. Since the two year cycle continues to meet the dual demands on the Criteria stated above, the changes made this year will be the 2012-12 PESA Criteria for Performance Excellence.

The most significant revisions to the Criteria this year address two areas of importance: (1) dealing with complexity in enterprise leadership and management, and (2) customer engagement.

Complexity is a fact of organisational life. To succeed in today's global, competitive, uncertain environment, organisations must accept complexity. The Baldrige Criteria are complex because achieving organisational sustainability in a global economy is complex. However, the Criteria provide a holistic frame of reference. While the Criteria require complex thinking, they also provide the path to clear identification of an organisation's relevant issues and strategic advantages, followed by identification of key data, and then analyses for decision making. Handling complexity requires agility and the ability to execute with a sufficient degree of simplicity. One of the key foci for the current revisions is to help your organisation achieve that simplicity in execution. Each group of questions (the numbered paragraphs in each item) now has a subhead that summarizes the content. With the outline formed by the category and item titles, titles for the areas to address, and these subheads, Criteria users now have a simple guide to performance excellence. All the significant aspects of a performance management system are covered in this outline, and the individual questions provide added guidance and details when you need those. We also have strengthened *the line of sight from strategic challenges and advantages to core competencies, to strategy, and then to work systems and work processes*. This clear set of linkages should move an organisation from the strategic environment in which it functions to the execution of its operations in a logical sequence. While each of these concepts is complex, the line of sight should simplify the execution. Strategy development in our global marketplace will increasingly require some degree of intelligent risk taking, which is introduced as a new consideration in 2012 to place all important considerations in the Criteria user's purview.

The concept of customer engagement has continued to receive increasing attention as organisations compete in the global marketplace and in competitive local markets. We have reorganized the flow of logic in the customer focus category to address this concept better. The responsibility for establishing an organisational culture that fosters customer engagement for mutual success and customer loyalty begins with the senior leadership and is a part of creating a sustainable organisation. The responsibility for a customer-focused culture is now in the senior leadership item. Listening and learning from and about the customer has taken on new dimensions with the advent of wide-scale use of social media. This concept has been added to questions on how your organisation listens to customers.

The most significant changes in the Criteria items and the Criteria booklet are summarized as follows:

- The number of areas to address has been reduced from 41 to 40, and the number of Criteria items has been reduced from 18 to 17, plus 2 in the Preface: Organisational Profile section.
- The question that appeared in numerous items about keeping systems current with changing business needs and directions has been removed from the Criteria. This topic should be covered in strategic planning and also is a sign of organisational maturity, which is reflected in the scoring guidelines as a function of learning and integration.

Preface: Organisational Profile

- Item P.1, **Organisational Description**, no longer asks about managing supplier and partner relationships. Supply-chain management is now addressed in item 6.2.
- Item P.2, **Organisational Situation**, now includes societal responsibility as a factor to consider in your strategic challenges and advantages.

Category 1: Leadership

- Item 1.1, **Senior Leadership**, now includes a focus on creating a workforce culture that fosters customer engagement as a leadership responsibility.
- Item 1.2, **Governance and Societal Responsibilities**, asks how senior leader performance evaluations are used in determining executive compensation.

Category 2: Strategic Planning

- This category has an enhanced focus on organisational agility to address a changing strategic environment.
- Item 2.1, **Strategy Development**, now asks how your strategic planning process considers projections of your and your competitors' future performance. The item also asks questions about your ability to adapt to sudden shifts in your market conditions.
- Item 2.2, now **Strategy Implementation**, specifically asks about the relationship of your action plans to your strategic objectives.

Category 3: Customer Focus

- This category has been redesigned to enhance the flow of logic and incorporate the use of social media as a mechanism for listening to customers.
- Item 3.1, now **Voice of the Customer**, asks about how you listen to current and potential customers and how you determine customer satisfaction, dissatisfaction, and engagement.
- Item 3.2, now **Customer Engagement**, asks about your product offerings, customer support, customer segmentation, and use of customer data. These are important to building customer relationships, which is addressed in the second part of the item.

Category 4: Measurement, Analysis, and Knowledge Management

- Item 4.1, **Measurement, Analysis, and Improvement of Organisational Performance**, now includes voice-of-the-customer data as a key component of organisational performance measurement. Use of customer data was previously addressed as a stand-alone factor in category 3. Performance improvement questions now ask about best-practice sharing and about use of performance review findings and comparative data to project future performance.

Category 5: Workforce Focus

- This category has been reconfigured and simplified to enhance the flow of logic.
- Item 5.1, now **Workforce Environment**, includes preparing for periods of workforce growth as part of managing workforce capacity and capability.
- Item 5.2, now **Workforce Engagement**, includes customer focus as an element of workforce and leader development.

Category 6: Operations Focus

- This category, now **Operations Focus**, has been renamed to focus on the operations that produce and support the delivery of your product offerings.
- Item 6.1, **Work Systems**, has been simplified to focus exclusively on work systems, including controlling costs of those systems.
- Item 6.2, **Work Processes**, specifically asks about the relationship of your work processes to your work systems. The item also asks about your supply-chain management processes.

Category 7: Results

- This category has been aligned with the changes in categories 1–6 to encourage the measurement of important and appropriate results and also has been reduced from six items to five.
- Item 7.1, now **Product and Process Outcomes**, results from the combination of former items dealing with product outcomes and process outcomes. This change has been made for several reasons: (1) in service environments in particular, it is frequently difficult for organisations to separate process outcomes from the product outcomes, which are themselves processes; (2) it is important to relate processes to the ultimate goal of organisational sustainability through the delivery of your current and future product offerings; and (3) there is a desire to drive thinking on cause-effect relationships between strategic and operational processes and product outcomes.
- Item 7.3, now **Workforce-Focused Outcomes**, has been realigned to follow the flow of logic in category 5.
- Item 7.4, now **Leadership and Governance Outcomes**, more explicitly details leadership responsibilities for delivering key results.
- Item 7.5, now **Financial and Market Outcomes**, places this item last as the "bottom line" for many organisations.

Glossary of Key Terms

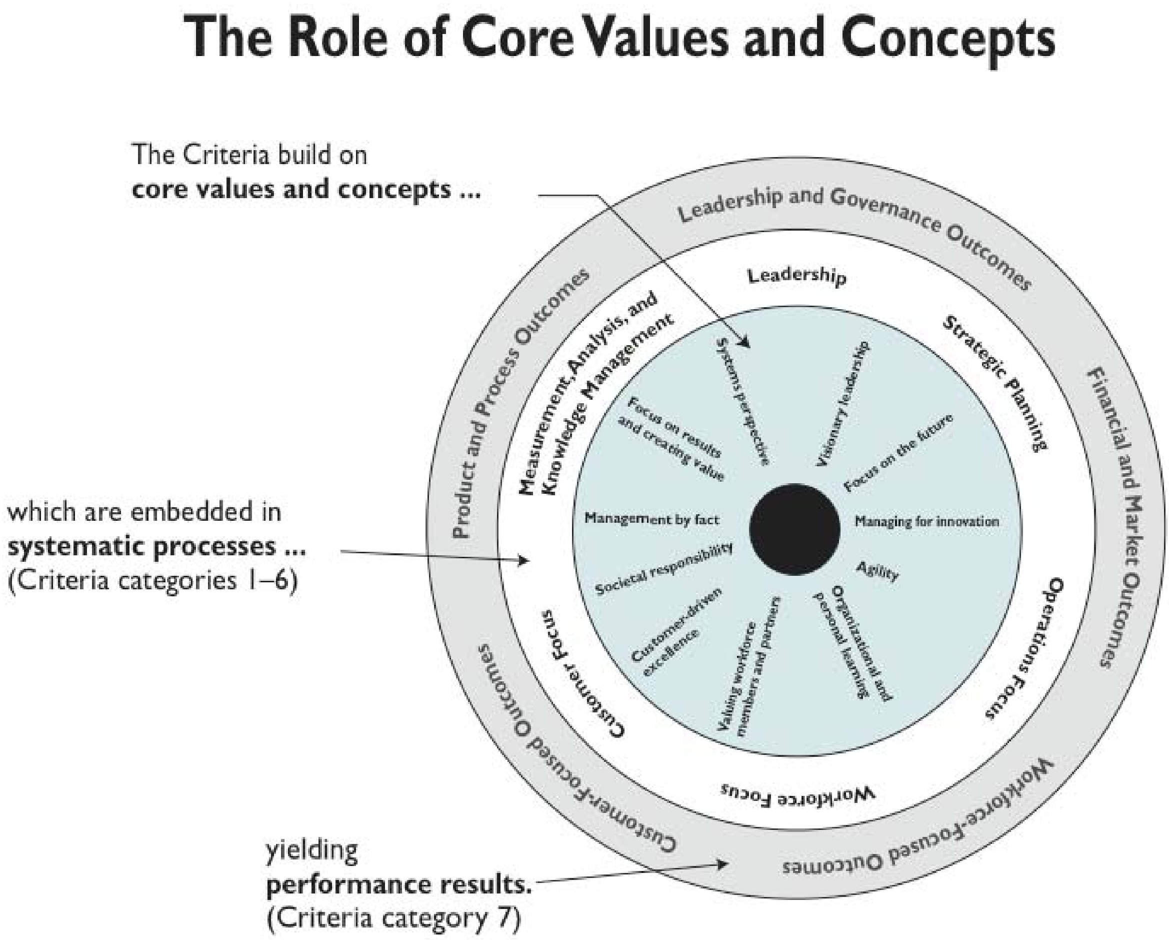
- Several words in the Glossary of Key Terms available at www.baldrige.nist.gov have had slightly updated definitions. There has been a particular effort to clarify the definition of performance projections.

Results Scoring Guidelines

- The results scoring guidelines have been modified to align better with the item format and organisational maturity by addressing the basic, overall, and multiple requirements of results items. Also, performance projection expectations are now included only in the 90–100% scoring range.

CORE VALUES AND CONCEPTS

The Core Values and Concepts of the Criteria are on page 6 above. Explanatory comment and a diagramatic representation of the core values and concepts are given below.



Visionary Leadership

Your organisation's senior leaders should set directions and create a customer focus, clear and visible organisational values, and high expectations for the workforce. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving performance excellence, stimulating innovation, building knowledge and capabilities, and ensuring organisational sustainability. The defined values and strategies should help guide all your organisation's activities and decisions. Senior leaders should inspire and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to embrace meaningful change. Senior leaders should be responsible to your organisation's governance body for their actions and performance. The governance body should be responsible ultimately to all your stakeholders for the ethics, actions, and performance of your organisation and its senior leaders.

Senior leaders should serve as role models through their ethical behaviour and their personal involvement in planning, communicating, coaching the workforce, developing future leaders, reviewing organisational performance, and recognizing members of your workforce. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organisation.

Customer-Driven Excellence

Performance and quality are judged by an organisation's customers. Thus, your organisation must take into account all product features and characteristics and all modes of customer access and support that contribute value to your customers. Such behaviour leads to customer acquisition, satisfaction, preference, and loyalty; to positive referrals; and, ultimately, to business sustainability. Customer-driven excellence has both current and future components: understanding today's customer desires and anticipating future customer desires and marketplace potential.

Value and satisfaction may be influenced by many factors throughout your customers' overall experience with your organisation. These factors include your organisation's customer relationships, which help to build trust, confidence, and loyalty.

Customer-driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. Nevertheless, these factors contribute to your customers' view of your organisation and thus also are important parts of customer-driven excellence. In addition, your organisation's success in recovering from defects, service errors, and mistakes is crucial for retaining customers and engaging customers for the long term.

A customer-driven organisation addresses not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate the organisation from its competitors. Such differentiation may be based on innovative offerings, combinations of product and service offerings, customization of offerings, multiple access mechanisms, rapid response, or special relationships.

Customer-driven excellence is thus a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer engagement. It demands close attention to the voice of the customer. It demands anticipating changes in the marketplace. Therefore, customer-driven excellence demands a customer-focused culture and organisational agility.

Organisational and Personal Learning

Achieving the highest levels of organisational performance requires a well-executed approach to organisational and personal learning that includes sharing knowledge via systematic processes. Organisational learning includes both continuous improvement of existing approaches and significant change or innovation, leading to new goals and approaches. Learning needs to be embedded in the way your organisation operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, work unit, and organisational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on building and sharing knowledge throughout your organisation; and (5) is driven by opportunities to effect significant, meaningful change and to innovate. Sources for learning include employees' and volunteers' ideas, research and development (R&D), customers' input, best-practice sharing, and benchmarking.

Organisational learning can result in (1) enhancing value to customers through new and improved products and customer services; (2) developing new business opportunities; (3) developing new and improved processes or business models; (4) reducing errors, defects, waste, and related costs; (5) improving responsiveness and cycle time performance; (6) increasing productivity and effectiveness in the use of all your resources; and (7) enhancing your organisation's performance in fulfilling its societal responsibilities.

The success of members of your workforce depends increasingly on having opportunities for personal learning and for practicing new skills. Leaders' success depends on access to these kinds of opportunities, as well. In organisations that rely on volunteers, the volunteers' personal learning also is important, and their learning and skill development should be considered with employees'. Organisations invest in personal learning through education, training, and other opportunities for continuing growth and development. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to cross-train and to better link training to your organisational needs and priorities. Education and training programs may have multiple modes, including computer and Web-based learning and distance learning.

Personal learning can result in (1) a more engaged, satisfied, and versatile workforce that stays with your organisation; (2) organisational cross-functional learning; (3) the building of your organisation's knowledge assets; and (4) an improved environment for innovation.
Thus, learning is directed not only toward better products but also toward being more responsive, adaptive, innovative, and efficient—giving your organisation marketplace sustainability and performance advantages and engaging your workforce to increase satisfaction and the motivation to excel.

Valuing Workforce Members and Partners

An organisation's success depends increasingly on an engaged workforce that benefits from meaningful work, clear organisational direction, and performance accountability and that has a safe, trusting, and cooperative environment. Additionally, the successful organisation capitalizes on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing the people in your workforce means committing to their engagement, satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to varying workplace and home life needs. Major challenges in the area of valuing members of your workforce include (1) demonstrating your leaders' commitment to their success, (2) providing recognition that goes beyond the regular compensation system, (3) offering development and progression within your organisation, (4) sharing your organisation's knowledge so your workforce can better serve your customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages intelligent risk taking and innovation, and (6) creating a supportive environment for a diverse workforce.

Organisations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include labor-management cooperation. Partnerships with members of your workforce might entail developmental opportunities, cross-training, or work organisations such as high-performance work teams. Internal partnerships also might involve creating network relationships among your work units or between employees and volunteers to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education or community organisations. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products or customer support services. Also, partnerships might permit the blending of your organisation's core competencies or leadership capabilities with the complementary strengths and capabilities of partners to address common issues. Such partnerships may be a source of strategic advantage for your organisation.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for workforce development.

Agility

Success in today's ever-changing, globally competitive environment demands agility—a capacity for rapid change and flexibility. Organisations face ever-shorter cycles for the introduction of new/improved products, and nonprofit and government organisations are increasingly being asked to respond rapidly to new or emerging social issues. Major improvements in response times often require new work systems, simplification of work units and processes, or the ability for rapid changeover from one process to another. A cross-trained and empowered workforce is a vital asset in such a demanding environment.
A major success factor in meeting competitive challenges is the design-to-introduction (product or service feature initiation) or innovation cycle time. To meet the demands of rapidly changing markets, organisations need to carry out stage-to-stage integration (such as concurrent engineering) of activities from research or concept to commercialization or implementation.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in work systems, organisation, quality, cost, supply-chain integration, productivity, and sustainability in a challenging economy.

Focus on the Future

Ensuring an organisation's sustainability requires understanding the short- and longer-term factors that affect your organisation and marketplace. The pursuit of sustained growth and performance leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, workforce, suppliers, partners, and stockholders; the public; and your community.

Your organisation's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities, changing economic conditions, workforce development and hiring needs, the increasingly global marketplace, technological developments, changes in customer and market segments, new business models, evolving regulatory requirements, changes in community and societal expectations and needs, and strategic moves by competitors. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing your leaders, workforce, and suppliers; accomplishing effective succession planning; creating opportunities for innovation; and anticipating societal responsibilities and concerns.

Managing for Innovation

Innovation means making meaningful change to improve an organisation's products, services, programs, processes, operations, and business model to create new value for the organisation's stakeholders. Innovation should lead your organisation to new dimensions of performance. Innovation may involve taking intelligent risks. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your operations and all work systems and work processes. Organisations should be led and managed so that innovation becomes part of the learning culture. Innovation should be integrated into daily work and should be supported by your performance improvement system. Systematic processes for innovation should reach across your entire organisation.

Innovation builds on the accumulated knowledge of your organisation and its people. Therefore, the ability to rapidly disseminate and capitalize on this knowledge is critical to driving organisational innovation.

Management by Fact

Organisations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include customer, product, and process performance; comparisons of operational, market, and competitive performance; supplier, workforce, partner, cost, and financial performance; and governance and compliance outcomes. Data should be segmented by, for example, markets, product lines, and workforce groups to facilitate analysis.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, improvement, and innovation. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, accomplishing change management, and comparing your performance with competitors' or with "best-practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved customer, operational, financial, and societal performance. A comprehensive set of measures or indicators tied to customer and organisational performance* *requirements provides a clear basis for aligning all processes with your organisation's goals.* Measures and indicators may need to support decision making in a rapidly changing environment. Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

Societal Responsibility

An organisation's leaders should stress responsibilities to the public, ethical behaviour, and the need to consider societal well-being and benefit. Leaders should be role models for your organisation in focusing on ethics and the protection of public health, safety, and the environment. The protection of health, safety, and the environment includes any impact of your organisation's operations, as well as the life cycles of your products. Also, organisations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of your products. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available the information and support needed to maintain public awareness, safety, and confidence.

Organisations should not only meet all local, state, and federal laws and regulatory requirements, but they should treat these and related requirements as opportunities to excel "beyond mere compliance." Organisations should stress ethical behaviour in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organisation's governance body.

"Societal well-being and benefit" refers to leadership and support—within the limits of an organisation's resources—of the environmental, social, and economic systems in the organisation's sphere of influence. Such leadership and support might include improving education, health care, and other services in your community, pursuing environmental excellence, being a role model for socially important issues, practicing resource conservation, performing community service and charity, improving industry and business practices, and sharing nonproprietary information. For a role-model organisation, leadership also entails influencing other organisations, private and public, to partner for these purposes.

Managing societal responsibilities requires the organisation to use appropriate measures and leaders to assume responsibility for those measures.

Focus on Results and Creating Value

An organisation's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—your customers, workforce, stockholders, suppliers, and partners; the public; and the community. By creating value for your key stakeholders, your organisation builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value implies, organisational strategy explicitly should include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Systems Perspective

The Baldrige Criteria provide a systems perspective for managing your organisation and its key processes to achieve results—and to strive for performance excellence. The seven Baldrige Criteria categories, the core values and concepts, and the scoring guidelines form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organisation-specific synthesis, alignment, and integration. Synthesis means looking at your organisation as a whole and builds on key business attributes, including your core competencies, strategic objectives, action plans, and work systems. Alignment means using the key linkages among requirements given in the Baldrige Criteria categories to ensure consistency of plans, processes, measures, and actions. Integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner and deliver anticipated results.

These concepts are depicted in the Baldrige Criteria framework on page 9. A systems perspective includes your senior leaders' focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your results. A systems perspective also includes using your measures, indicators, core competencies, and organisational knowledge to build your key strategies. It means linking these strategies with your work systems and key processes and aligning your resources to improve your overall performance and your focus on customers and stakeholders.

Thus, a systems perspective means managing your whole organisation, as well as its components, to achieve success.

CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 17 process and results Criteria items. For organisations writing an application for the PESA Award, responding involves addressing these requirements in 40 or fewer pages.
The guidelines are presented in three parts:
(1) general guidelines regarding the Criteria booklet, including how the items are formatted
(2) guidelines for responding to process items
(3) guidelines for responding to results items

To respond most effectively to the Criteria items, your organisation also will find it important to refer to the scoring guidelines, Pages 50 to 52, which describe how organisations can demonstrate increasing accomplishment and improvement relative to the requirements of the Criteria items.

General Guidelines

(1) Read the entire PESA Application Document
The Application Document provides full orientation to the Criteria, including how responses are to be evaluated for self-assessment or by PESA assessors. You should become thoroughly familiar with
- the Introduction - pages 3 to 6
- the Criteria for Performance Excellence - pages 11 to 36 and
- the Scoring guidelines – pages 53 to 56

(2) Review the item format and understand how to respond to the item requirements.
The item format (see figure above shows the different parts of items, the role of each part, and where each part is placed. It is especially important for you to understand the multiple requirements contained in the areas to address. The item notes following the item requirements are an aid to understanding the areas to address.

Each item is classified as either **process** or **results**, depending on the type of information required. Guidelines for responding to process items are given on pages 53 and 54 Guidelines for responding to results items are given on pages 55 to 56.

Item requirements are presented in question format. Some of the requirements in the areas to address include multiple questions. Responses to an item should contain information that addresses all questions;

however, each question need not be answered separately. Responses to multiple questions within a single area to address may be grouped, as appropriate to your organisation. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

(3) Refer to the scoring guidelines.
The evaluation of process and results item responses includes a review of the Criteria item requirements in combination with the scoring guidelines. Specifically, as a complement to requirements of the process items (categories 1–6), the scoring guidelines address the maturity of your approaches, the breadth of deployment, the extent of learning, and integration with other elements of your performance management system. Similarly, as a complement to requirements of the results items (category 7), the scoring guidelines focus on the actual performance levels, the significance of the results trends, relevant comparative data, integration with important elements of your performance management system, and the strength of the improvement process. Therefore, you need to consider both the Criteria and the scoring guidelines as you prepare your responses to all items.

(4) Understand the meaning of key terms.
Many of the terms used in the Criteria have meanings that may differ somewhat from standard definitions or definitions used in your organisation. Understanding these terms can help you accurately self-assess your organisation and communicate your processes and results to those reviewing your responses and planning your improvement efforts. A full glossary of terms is available in the 2012-12 Criteria Booklet on the Baldrige website - www.baldrige.nist.gov

(5) Start by preparing the Organisational Profile.
The Organisational Profile is the most appropriate starting point. The Organisational Profile is intended to help everyone—including organisations using the Criteria for self-assessment, application writers, and reviewers—understand what is most relevant and important to your organisation's business and mission and to its performance. The questions in the Organisational Profile are on pages 12 to 15.

Guidelines for Responding to Process Items

Although the Criteria focus on key organisational performance results, these results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at rates slower than your competitors' or comparable organisations', it is important to understand why this is so and what might be done to accelerate improvement.

The purpose of process items is to permit diagnosis of your organisation's *most important* processes—the ones that contribute most to organisational performance improvement and contribute to key outcomes or performance results. Diagnosis and feedback depend heavily on the content and completeness of your item responses. For this reason, it is important to respond to these items by providing your *key* process information. Guidelines for organizing and reviewing such information follow.

(1) Understand the meaning of "how."
Process items include questions that begin with the word "how." *Responses should outline your key process information that addresses approach, deployment, learning, and integration (see Scoring System, page 50 to 52).* Responses lacking such information, or merely providing an example, are referred to in the scoring guidelines as "anecdotal information."

(2) Understand the meaning of “what.”

Two types of questions in process items begin with the word “what.” The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These latter questions set the context for showing alignment and integration in your performance management system. For example, when you identify key strategic objectives, your action plans, some of your performance measures, and some results reported in category 7 are expected to relate to the stated strategic objectives.

(3) Write and review responses with the following guidelines and comments in mind.

- Show that *approaches* are systematic.
  Systematic approaches are repeatable and use data and information to enable learning. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, innovation, and knowledge sharing, thereby enabling a gain in maturity.
- Show *deployment*.
  Deployment information should summarize how your approaches are implemented in different parts of your organisation. Deployment can be shown compactly by using tables.
- Show evidence of *learning*.
  Processes should include evaluation and improvement cycles, as well as the potential for breakthrough change. Process improvements should be shared with other appropriate units of the organisation to enable organisational learning.
- Show *integration*.
  Integration shows alignment and harmonization among processes, plans, measures, actions, and results that generate organisational effectiveness and efficiencies.
- Show focus and consistency.
  There are four important considerations regarding focus and consistency: (1) the Organisational Profile should make clear what is important to your organisation; (2) the Strategic Planning category (category 2), including the strategic objectives, action plans, and core competencies, should highlight areas of greatest focus and describe how deployment is accomplished; (3) the descriptions of organisational-level analysis and review (item 4.1) should show how your organisation analyses and reviews performance information to set priorities; and (4) the Operations Focus category (category 6) should highlight the work systems and work processes that are key to your overall performance. *Showing focus and consistency in the process items and tracking corresponding measures in the results items should improve organisational performance.*
- Respond fully to item requirements.
  Missing information will be interpreted as a gap in your performance management system. All areas to address should be addressed. Individual questions within an area to address may be addressed individually or together.

(4) Cross-reference when appropriate.

As much as possible, each item response should be self-contained. However, responses to different items also should be mutually reinforcing. It is appropriate to refer to the other responses rather than repeat information. In such cases, key process information should be given in the item requesting this information. For example, workforce development and learning systems should be described in item 5.2. Discussions about workforce development and learning elsewhere in your application would then reference but not repeat details given in your item 5.2 response.

(5) Use a compact format.

Applicants should make the best use of the 40 application pages permitted. Applicants are encouraged to use flowcharts, tables, and "bullets" to present information concisely. The 40-page application limit is designed to force your organisation to consider what is most important in managing your enterprise and reporting your results.

Guidelines for Responding to Results Items

The Criteria place a major emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

(1) Focus on the most critical organisational performance results.

Results reported should cover the most important requirements for your organisation's success, highlighted in your Organisational Profile and in the Leadership, Strategic Planning, Customer Focus, Workforce Focus, and Operations Focus categories.

(2) Note the meaning of the four key requirements from the scoring guidelines for effective reporting of results data:

- *performance levels* that are reported on a meaningful measurement scale
- *trends* to show directions of results, rates of change, and the extent of deployment
- *comparisons* to show how results compare with those of other, appropriately selected organisations
- *integration* to show that all important results are included and segmented (e.g., by important customer, workforce, process, and product-line groups)

(3) Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. However, a minimum of three historical data points generally is needed to ascertain a trend. Trends might span five or more years for some results. Trends should represent historic and current performance and not rely on projected (future) performance. Time intervals between data points should be meaningful for the specific measure(s) reported. For important results, new data should be included even if trends and comparisons are not yet well established.

(4) Use a compact format—graphs and tables.

Many results can be reported compactly by using graphs and tables. Graphs and tables should be labelled for easy interpretation. Results over time or compared with others should be "normalized" (i.e., presented in a way, such as using ratios, that takes into account size factors). For example, reporting safety trends in terms of lost workdays per 100 employees would be more meaningful than total lost workdays if the number of employees has varied over the time period or if you are comparing your results to those of organisations differing in size.

(5) Incorporate results into the body of the text.

Discussion of results and the results themselves should be close together in a PESA application. *Trends that show a significant beneficial or adverse change should be explained.* Use figure numbers that correspond to items. For example, the third figure for item 7.1 would be figure 7.1-3. Characteristic of clear and effective graphs include -

- a figure number to reference to the graph in the text with both axes and units of measure are clearly labeled.
- data levels and trends are reported for a key performance measure
- results are presented for several defined periods.
- an arrow indicates that a downward trend is good for this measure.
- appropriate comparisons are shown clearly..

SCORING SYSTEM

The scoring of responses to Criteria items and Baldrige Award applicant feedback are based on two evaluation dimensions: (1) process and (2) results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring guidelines are on pages 53 to 56.

Process

"Process" refers to the methods your organisation uses and improves to address the item requirements in categories 1–6. The four factors used to evaluate process are **approach, deployment, learning**, and **integration** (**ADLI** or "Ad-Lee").

"Approach" refers to

- the methods used to accomplish the process
- the appropriateness of the methods to the item requirements and the organisation's operating environment
- the effectiveness of your use of the methods
- the degree to which the approach is repeatable and based on reliable data and information (i.e. systematic)

"Deployment" refers to the *extent* to which

- your approach is applied in addressing item requirements relevant and important to your organisation
- your approach is applied consistently
- your approach is used (executed) by all appropriate work units

"Learning" refers to

- refining your approach through cycles of evaluation and improvement
- encouraging breakthrough change to your approach through innovation
- sharing refinements and innovations with other relevant work units and processes in your organisation

"Integration" refers to the *extent* to which

- your approach is aligned with your organisational needs identified in the Organisational Profile and other process items
- your measures, information, and improvement systems are complementary across processes and work units
- your plans, processes, results, analyses, learning, and actions are harmonized across processes and work units to support organisation-wide goals

Results

"Results" refers to your organisation's *outputs* and *outcomes* in achieving the requirements in items 7.1–7.5 (category 7). The four factors used to evaluate results are **levels, trends, comparisons,** and **integration** (**LeTCI** or "Let's See")

"Levels" refers to

- your current level of performance

"Trends" refers to

- the rate of your performance improvements or the sustainability of good performance (i.e., the slope of trend data)
- the breadth (i.e., the extent of deployment) of your performance results

"Comparisons" refers to

- your performance relative to appropriate comparisons, such as competitors or organisations similar to yours
- your performance relative to benchmarks or industry leaders

"Integration" refers to the *extent* to which

- your results measures (often through segmentation) address important customer, product, market, process, and action plan performance requirements identified in your Organisational Profile and in process items
- your results include valid indicators of future performance
- your results are harmonized across processes and work units to support organisation-wide goals

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and data you are expected to furnish relative to the two evaluation dimensions given above.

The two types of items are designated as
(1) process **Process**
(2) results **Results**

In process items, approach, deployment, learning, and integration are linked to emphasize that descriptions of approach should always indicate the deployment—consistent with the *specific requirements* of the item and your organisation. As processes mature, their description also should indicate how cycles of learning (including innovation), as well as integration with other processes and work units, occur. Although the ADLI factors are linked, feedback to Baldrige Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results items call for data showing performance levels, trends, and relevant comparisons for key measures and indicators of organisational performance, and integration with key organisational requirements. Results items also call for data on the breadth of the performance results reported. This is directly related to deployment and organisational learning; if improvement processes are widely shared and deployed, there should be corresponding results. A score for a results item is thus a composite based on overall performance, taking into account the four results factors (LeTCI).

"Importance" as a Scoring Consideration

The two evaluation dimensions described previously are central to evaluation and feedback. A critical consideration in evaluation and feedback is the *importance* of your reported process and results to your key business factors. The areas of greatest importance should be identified in your Organisational Profile and in items such as 2.1, 2.2, 3.2, 5.1, 5.2, and 6.1. Your key customer requirements, competitive environment, workforce needs, key strategic objectives, and action plans are particularly important.

Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to item responses.

- All areas to address should be included in the item response. Also, responses should reflect what is important to the organisation.
- In assigning a score to an item, first decide which scoring range (e.g., 50 percent to 65 percent) is most descriptive of the organisation's achievement level as presented in the item response. "Most descriptive of the organisation's achievement level" can include some gaps in one or more of the ADLI (process) factors *or* the LeTCI (results) factors for the chosen scoring range. An organisation's achievement level is based on a holistic view of either the four process or the four results factors in aggregate and not on a tallying or averaging of independent assessments against each of the four factors. Assigning the actual score *within* the chosen range requires evaluating whether the item response is closer to the statements in the next higher or next lower scoring range.
- A process item score of 50 percent represents an approach that meets the overall requirements of the item, that is deployed consistently and to most work units, that has been through some cycles of improvement and learning, and that addresses the key organisational needs. Higher scores reflect greater achievement, demonstrated by broader deployment, significant organisational learning, and increased integration.
- A results item score of 50 percent represents a clear indication of good levels of performance, beneficial trends, and appropriate comparative data for the results areas covered in the item and *important* to the organisation's business or mission. Higher scores reflect better trends and levels of performance, stronger comparative performance, and broader coverage and integration with the requirements of the business or mission.

NB PESA (and Baldrige Award) applicants do not receive a single, final score as part of their feedback. They receive a scoring range for each Criteria item, and they receive scores in two overall bands: one for process items and one for results items. The descriptors for these scoring bands in the Scoring Guidelines below portray the organisation's overall progress and maturity in the process and the results dimensions.

PROCESS SCORING GUIDELINES

SCORE	PROCESS (for use with categories 1–6)
0% or 5%	• No systematic approach to item requirements is evident; information is anecdotal. (A) • Little or no deployment of any systematic approach is evident. (D) • An improvement orientation is not evident; improvement is achieved through reacting to problems. (L) • No organisational alignment is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	• The beginning of a systematic approach to the basic requirements of the item is evident. (A) • The approach is in the early stages of deployment in most areas or work units, inhibiting progress in achieving the basic requirements of the item. (D) • Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) • The approach is aligned with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40%, or 45%	• An effective, systematic approach, responsive to the basic requirements of the item, is evident. (A) • The approach is deployed, although some areas or work units are in early stages of deployment. (D) • The beginning of a systematic approach to evaluation and improvement of key processes is evident. (L) • The approach is in the early stages of alignment with your basic organisational needs identified in response to the Organisational Profile and other process items. (I)
50%, 55%, 60%, or 65%	• An effective, systematic approach, responsive to the overall requirements of the item, is evident. (A) • The approach is well deployed, although deployment may vary in some areas or work units. (D) • A fact-based, systematic evaluation and improvement process and some organisational learning, including innovation, are in place for improving the efficiency and effectiveness of key processes. (L) • The approach is aligned with your overall organisational needs identified in response to the Organisational Profile and other process items. (I)
70%, 75%, 80%, or 85%	• An effective, systematic approach, responsive to the multiple requirements of the item, is evident.(A) • The approach is well deployed, with no significant gaps. (D) • Fact-based, systematic evaluation and improvement and organisational learning, including innovation, are key management tools; there is clear evidence of refinement as a result of organisational-level analysis and sharing. (L) • The approach is integrated with your current and future organisational needs identified in response to the Organisational Profile and other process items. (I)

90%, 95%, or 100%	• An effective, systematic approach, fully responsive to the multiple requirements of the item, is evident. (A) • The approach is fully deployed without significant weaknesses or gaps in any areas or work units. (D) • Fact-based, systematic evaluation and improvement and organisational learning through innovation are key organisation-wide tools; refinement and innovation, backed by analysis and sharing, are evident throughout the organisation. (L) • The approach is well integrated with your current and future organisational needs identified in response to the Organisational Profile and other process items. (I)

RESULTS SCORING GUIDELINES

SCORE	RESULTS (for use with category 7)
0% or 5%	• There are no organisational performance results and/or poor results in areas reported. (Le) • Trend data either are not reported or show mainly adverse trends. (T) • Comparative information is not reported. (C) • Results are not reported for any areas of importance to the accomplishment of your organisation's mission. (I)
10%, 15%, 20%, or 25%	• A few organisational performance results are reported, responsive to the basic requirements of the item, and early good performance levels are evident. (Le) • Some trend data are reported, with some adverse trends evident. (T) • Little or no comparative information is reported. (C) • Results are reported for a few areas of importance to the accomplishment of your organisation's mission. (I)
30%, 35%, 40%, or 45%	• Good organisational performance levels are reported, responsive to the basic requirements of the item. (Le) • Some trend data are reported, and a majority of the trends presented are beneficial. (T) • Early stages of obtaining comparative information are evident. (C) • Results are reported for many areas of importance to the accomplishment of your organisation's mission. (I)
50%, 55%, 60%, or 65%	• Good organisational performance levels are reported, responsive to the overall requirements of the item. (Le) • Beneficial trends are evident in areas of importance to the accomplishment of your organisation's mission. (T) • Some current performance levels have been evaluated against relevant comparisons and/or benchmarks and show areas of good relative performance. (C) • Organisational performance results are reported for most key customer, market, and process requirements. (I)
70%, 75%, 80%, or 85%	• Good to excellent organisational performance levels are reported, responsive to the multiple requirements of the item. (Le) • Beneficial trends have been sustained over time in most areas of importance to the accomplishment of your organisation's mission. (T) • Many to most trends and current performance levels have been evaluated against relevant comparisons and/or benchmarks and show areas of leadership and very good relative performance. (C) • Organisational performance results are reported for most key customer, market, process, and action plan requirements. (I)

90%, 95%, or 100%	• Excellent organisational performance levels are reported that are fully responsive to the multiple requirements of the item. (Le) • Beneficial trends have been sustained over time in all areas of importance to the accomplishment of your organisation's mission. (T) • Evidence of industry and benchmark leadership is demonstrated in many areas. (C) • Organisational performance results and projections are reported for most key customer, market, process, and action plan requirements. (I)

APPLICANT COVER SHEET

Applications must include this Cover Sheet and be submitted in

- one electronic version – on usb flashdrive, memory stick or disc and
- four hard copies

Name of applicant organisation: ____

Postal address: ____

____

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Phone: ____________________ Fax: ____________________

Contact person's name, title and email address: ______________________________

____

____

Physical Site Address: ____

____

____

Number of full-time equivalent employees: ______________________________

Mail the electronic version and 4 copies of your application to:

Performance Excellence Study Awards
P O Box 10 400
WELLINGTON 6143

Please note Applications must be RECEIVED by 5.00pm on 15 June 2012

TAX INVOICE – GST No 70-731-614 ***27 January 2012***
Performance Excellence Study Awards
P O Box 10 400
Wellington 6143

Application Fee for the 2012 Performance Excellence Study Awards $3565.00
(includes GST of $465.00).The application fee may be paid direct to Bank account number **020 500 0564099 00 quoting PESA and your organisation name, or by cheque payable to Business Excellence NZ.**