



**Performance Excellence Program**  
**2010 Showcase in Excellence Award**  
**Application Guidance Document**

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The *Showcase in Excellence Award* complements our *State Quality Awards* (holistic look at organization). This program provides opportunity for receiving feedback and recognition on specific organizational processes.

Applicants will gain a better insight into their organization and will be provided feedback on their submitted organizational process from trained members of the Board of Examiners. Recognition for recipients of the Showcase in Excellence Award will be provided at the Annual Arizona Performance Excellence Program Banquet, as well as in news releases, the AQA website, newsletter, email campaigns, and other marketing opportunities.

There is no minimum or maximum number of awards given each year. Recipients of the awards represent a high level of achievement in approach, deployment, learning, and integration of organizational processes that produce excellent results. Recipients are expected to share their learning with other organizations. Interested organizations should contact past recipient organizations directly for information on learning from their experiences.

***Intent to Apply Forms Due May 3, 2010. Applications Due July 16, 2010***

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**Contents**

**Showcase in Excellence Award Overview**

Application Fee and Organization Eligibility .....	2
How to Apply.....	2
Process Eligibility .....	2
Application Package .....	2
Format .....	2
Page Limits and Exclusions .....	3
Application Review .....	3
Site Visits .....	3
Feedback .....	4
Judges’ Final Review .....	4
Final Award Determination .....	4
<b>Scoring Guidelines .....</b>	<b>5</b>
<b>Core Values and Concepts .....</b>	<b>7</b>
<b>Glossary of Key Terms .....</b>	<b>13</b>

## Showcase in Excellence Award Overview

### ***Application Fee and Organization Eligibility***

See the Arizona Quality Alliance “Intent to Apply and Eligibility Agreement”, which can be found on the AQA website at [www.arizona-excellence.com](http://www.arizona-excellence.com) under “AQA Awards” on the left side of the home page.

### ***How to Apply:***

- Contact AQA if you have questions determining if your organization is eligible to submit an application.
- File ‘Intent to Apply’ form (by stated deadline) with 50% of the appropriate application fee. (All fees are non-refundable).
- Submit fourteen (14) hard copies of an application that meet the enclosed guidelines with the remaining 50% of the appropriate application fee by mail to the address listed below.
- Host a site visit per the Program guidelines and reimburse AQA for any team expenses.

### ***Process Eligibility***

An application for the Arizona Showcase in Excellence Award should represent a single organizational process. A ***process*** is a defined series of steps or actions to produce an intended output, either a service or a product, for an internal or external customer. A process is systematic, in that it is well-ordered, repeatable, and uses data from which to learn about maintaining or improving performance. A one-time project is not a process. The use of a one-time event to improve performance is not a process. A generalized workflow that is not well defined and changing in an uncontrolled manner is not a process.

The award criteria, in general, ask how the submitted process has been designed, improved, and managed through the use of data. Additionally, the criteria ask the applicant to demonstrate with data that the process produced the intended results for which it was designed, and to demonstrate the performance levels and trends that it attained. Review the “Glossary of Key Terms” to make sure that your application presents an actual process. If you have questions about your process eligibility, please call the AQA.

### ***Application Package***

- Application Report  
Organizations must submit fourteen (14) paper copies of the application report.
- One (1) copy of the completed “Intent to Apply and Eligibility Form”, pages 3 & 4 only.
- Full payment of the application fee (50% is paid with Intent to Apply and Eligibility submission)

### ***Format for the Application Report***

- Consider each of the questions listed in the application.
- Print application report on standard 8 1/2 by 11 - inch paper using a font of 10 point or larger with a 1-inch margin (left, right, top & bottom). Times New Roman or Arial font is required. Do not use narrow, compressed, or condensed fonts
- Number of lines per page should not exceed 60, including the headers, footers, blank lines separating paragraphs, page numbers and headings.
- Font size used in pictures, captions, graphs, figures, data tables, and appendices must also meet the requirements for size and spacing. All text and numbers in graphs/tables, etc. must be a minimum of 10 point font in the final, published image or graph to assure ease of reading of hard copy.
- Pages are to be printed on both sides.
- Application report must be bound, but ring binders or other bulky fasteners are not acceptable; stapled is acceptable.
- Application document must have a heavy, blank sheet of paper on both the front and back sides of the application (for confidentiality purposes).

## ***Page Limits and Exclusions***

- Responses to Process Situation (P.2) are limited to the equivalent of two single-sided pages.
- Responses Addressing Process (1.0) and Results (2.0) Criteria Items are limited to the equivalent of 10 single-sided pages or 5 double sided pages, which includes ALL pictures, graphs, figures, tables, and appendices. used. These 10 pages must be consecutively numbered from start to finish. This page limit does NOT include the Process Profile from the application, glossaries, title pages, organization charts, dividers, covers, tab separators or table of contents.
- Examiners must base their evaluations solely on information contained within the application report. Do not add links to information on intranet or Web sites. Examiners are instructed to rely solely on the content in the application and are not allowed to follow any such links.
- Do not submit copies of video, audiotape or other information aids.

**Submissions that do not meet the requirements given may not be accepted and any application fees paid will not be refunded. The decision to accept or reject a non-conforming application is at the sole discretion of the AQA staff.**

It is suggested that you submit your final application before the final due date to avoid potential issues. You may set up an appointment with the AQA staff to review and ensure your application meets the above requirements.

## ***Application Review***

The review process for the Showcase in Excellence Award; Program is modeled after the approach used for the Baldrige National Quality Program – Process (Approach, Deployment, Learning, and Integration), and Results (Levels, Trends, Comparisons, and Integration). Applications are reviewed and evaluated by members of the Board of Examiners, in accordance with strict rules regarding conflict of interest. The AQA will deploy a team of examiners to your application who are trained in effectively utilizing the Baldrige review process and scoring matrix (See Scoring Band Descriptors) to provide you an appropriate feedback report and score for your application.

Applications are reviewed and evaluated by members of the Board of Examiners, in accordance with strict rules regarding conflict of interest, in a five-stage process:

- Stage 1 – Independent review and evaluation by the individual members of the examiner team
- Stage 2 – Consensus review and evaluation by the examiner team
- Stage 3 – Site visits for the applicant by the examiner team
- Stage 4 – Review of application and examiner team input (findings and recommendations for awards) by the Panel of Judges
- Stage 5 – Final due diligence conducted for recommended recipient organizations

Award applicants are evaluated on their performance to the Criteria. There is not competition amongst the field of applicants; there is no minimum/maximum number of awards given in each category each year.

## ***Site Visits*** *(All applicants that wish to receive an award will receive a site visit)*

The primary objectives of a Site Visit are to verify the information provided in the Application and to clarify issues and questions raised during review of the Report. A Site Visit will be scheduled by the Examiner team in coordination with the applicant during the week/s selected by the applicant in the Intent to Apply Form. Every effort will be made by the AQA and the examiner team to minimize the disruption caused by the Site Visit. This scheduling will include the names and employers of Examiners scheduled to participate. Site Visits consist of interviews by Examiner teams, team reviews of pertinent records and data, including data and information that has accumulated since the formal submission of the application, and other appropriate methods for verifying the application content. The examiner team may request a

tour of the facility if they feel it is needed for verification or clarification. The duration of Site Visits will vary due to applicant size, yet are estimated to last between 2-4 hours; site visits cannot exceed 4 hours.

After Site Visits are completed and information on expenses has been collected, applicants will be invoiced by AQA for the total amount of examiner team expenses divided by the number of applicants. This may include items such as lodging, food, meeting room costs for examiner teams at their place of lodging, and travel and/or roundtrip mileage to the applicants' location. Examiner teams endeavor to keep the costs of the Site Visits as low as possible. If an applicant has restrictions or requirements on the possession or use of personal computer devices, citizenship, security clearances, etc., they should notify AQA of these constraints prior to submittal of their application.

To avoid any appearances of impropriety or perceptions of undue influence on the examiners by the applicant, examiners are not allowed to receive gifts, tokens of appreciation, or other items as part of the Site Visit. The team will arrange for their accommodations and travel, and may not accept lodging or other services from the applicant. Even if it is available as part of the applicant's normal business or provided at market rates, the team will not accept accommodations from the applicant. Team members may ask the applicant for contact information on convenient accommodations as they prepare for the Site Visit.

### ***Feedback to Applicants***

The feedback report, a tool for continuous improvement, is a written assessment by an evaluation team from the Board of Examiners. Each applicant organization will receive a full feedback report at the conclusion of the review process. The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the Showcase in Excellence Award application and criteria. When used by organizations as part of their strategic planning processes, the feedback report can help them focus on their customers and improve productivity. The feedback system is one of the most important components of the Award process; it provides a pathway for continuous improvement. Strict confidentiality is observed at all times and in every aspect of application review and feedback.

### ***Judges' Final Review***

The Panel of Judges will make all recommendations for Award recipients after a final review of all evaluation reports is conducted.

### ***Final Award Determination***

Due diligence is performed for all recommended recipients to determine if there are any other outstanding issues that may affect their selection as an Arizona State Quality Awards Program Recipient. The purpose of this final review is to ensure that the awareness and perception of the Award's integrity is maintained.

**SCORING GUIDELINES - Showcase - PROCESS (1.1)**

<b>Factor</b>	<b>0% or 5%</b>	<b>10%, 15%, 20%, or 25%</b>	<b>30%, 35, 40%, or 45%</b>	<b>50%, 55%, 60, or 65%</b>	<b>70%, 75%, 80%, or 85%</b>	<b>90%, 95%, or 100%</b>
APPROACH (A)	No SYSTEMATIC APPROACH is evident; information is ANECDOTAL. (A)	The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. (A)	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item is evident. (A)	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item, is evident. (A)	An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A)	An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A)
DEPLOYMENT (D)	Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D)	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)	The APPROACH is deployed, although some areas or work units may be in the early stage of DEPLOYMENT. (D)	The APPROACH is well deployed, although DEPLOYMENT may vary in some areas or work units. (D)	The APPROACH is well deployed, with no significant gaps. (D)	The APPROACH is fully deployed without significant weaknesses or gaps in any areas or work units. (D)
LEARNING (L)	An improvement orientation is not evident; improvement is achieved through reacting to problems. (L)	Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L)	The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of the PROCESS is evident. (L)	A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organizational LEARNING, including innovation, are in place for improving the efficiency and effectiveness of the PROCESS. (L)	Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING, including innovation, are KEY management tools; there is clear evidence of refinement in the PROCESS as a result of organizational ANALYSIS and sharing. (L)	Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING through innovation are KEY PROCESS management tools; refinement and innovation, backed by ANALYSIS and sharing are evident throughout the PROCESS. (L)
Integration (I)	No organizational or other work unit ALIGNMENT is evident; the PROCESS operates independently. (I)	The APPROACH is aligned with other areas or work units largely through joint problem solving. (I)	The APPROACH is in early stages of ALIGNMENT with your basic organizational need(s) identified need(s) and MISSION identified in your response to the Process Profile and 1.1a Process Identification. (I)	The APPROACH is aligned with your organizational need(s) and MISSION identified in your response to the Process Profile and 1.1a Process Identification. (I)	The APPROACH is integrated with the organizational need(s) identified need(s) and MISSION identified in your response to the Process Profile and 1.1a Process Identification. (I)	The APPROACH is well integrated with the organizational need(s) identified need(s) and MISSION identified in your response to the Process Profile and 1.1a Process Identification. (I)

## SCORING GUIDELINES - Showcase - RESULTS (2.1)

Factor	0% or 5%	10%, 15%, 20%, or 25%	30%, 35, 40%, or 45%	50%, 55%, 60, or 65%	70%, 75%, 80%, or 85%	90%, 95%, or 100%
Levels (Le)	There are no PROCESS PERFORMANCE RESULTS for KEY performance measures and/or poor in-PROCESS results reported. (Le)	A few PROCESS PERFORMANCE RESULTS are reported and early good PERFORMANCE LEVELS are evident in a few areas. (Le)	Good PROCESS PERFORMANCE LEVELS are reported for some areas of importance to the Item requirement(s). (Le)	Good PROCESS PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)	Good to excellent PROCESS PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)	Excellent PROCESS PERFORMANCE LEVELS are reported for most areas of importance to the Item requirements. (Le)
TRENDS (T)	TREND data either are not reported or show mainly adverse TRENDS. (T)	Some TREND data are reported, with some adverse TRENDS evident. (T)	Some TREND data are reported, and a majority of the TRENDS presented are beneficial. (T)	Beneficial TRENDS are evident in areas of importance to the accomplishment of the KEY PROCESS requirement(s) or your organization's mission, as appropriate. (T)	Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of the KEY PROCESS requirements or your organization's mission, as appropriate.. (T)	Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of the KEY PROCESS requirements or your organization's mission, as appropriate.. (T)
Comparisons (C)	Comparative information is not reported. (C)	Little or no comparative information is reported. (C)	Early stages of obtaining comparative information are evident. (C)	Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C)	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)	Evidence of industry and benchmark leadership is demonstrated in many areas. (C)
Integration (I)	Results are not reported for any importance to the accomplishment of the KEY PROCESS requirement(s). No PERFORMANCE PROJECTIONS are reported. (I)	RESULTS are reported for a few areas of importance to the accomplishment of KEY PROCESS requirement(s). Limited or no PERFORMANCE PROJECTIONS are reported. (I)	RESULTS are reported for many areas of importance to the accomplishment of KEY PROCESS requirement(s). Limited PERFORMANCE PROJECTIONS are reported. (I)	PROCESS performance results are reported for most KEY CUSTOMER and PROCESS requirements. PERFORMANCE PROJECTIONS for some high priority RESULTS are reported. (I)	PROCESS PERFORMANCE RESULTS are reported for most KEY customer, PROCESS and improvement requirements and they include some projections of the PROCESS future PERFORMANCE. (I)	PROCESS PERFORMANCE RESULTS fully address KEY CUSTOMER, PROCESS and improvement requirements and they include projections of the PROCESS future PERFORMANCE. (I)

## Core Values and Concepts

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

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

These values and concepts, described below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback.

### **Visionary Leadership**

Your organization's senior leaders should set directions and create a customer focus, clear and visible values, and high expectations. 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 organizational sustainability. The defined values and strategies should help guide all of your organization'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 change.

Senior leaders should be responsible to your organization'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 organization and its senior leaders. Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communicating, coaching the workforce, developing future leaders, reviewing organizational 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 organization.

### **Customer-Driven Excellence**

Performance and quality are judged by an organization's customers. Thus, your organization must take into account all product features and characteristics and all modes of customer access and support that contribute value to your customers. Such behavior leads to customer acquisition, satisfaction, preference, and loyalty; to positive referrals; and, ultimately, to business expansion. 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 organization. These factors include your organization'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 organization and thus also are important parts of customer-driven excellence. In addition, your organization'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 organization addresses not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate the organization 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. It demands a customer-focused culture. Therefore, customer-driven excellence demands organizational agility.

### **Organizational and Personal Learning**

Achieving the highest levels of organizational performance requires a well-executed approach to organizational and personal learning that includes sharing knowledge via systematic processes. Organizational 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 organization operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, work unit, and organizational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on building and sharing knowledge throughout your organization; 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.

Organizational 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 organization'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 organizations that rely on volunteers, the volunteers' personal learning also is important, and their learning and skill development should be considered with employees'. Organizations 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 organizational 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 organization; (2) organizational cross-functional learning; (3) the building of your organization'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 organization marketplace sustainability and performance advantages and giving your workforce satisfaction and the motivation to excel.

### **Valuing Workforce Members and Partners**

An organization's success depends increasingly on an engaged workforce that benefits from meaningful work, clear organizational direction, and performance accountability and that has a safe, trusting, and cooperative environment. Additionally, the successful organization 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 organization, (4) sharing your organization's knowledge so your workforce can better serve your customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages risk taking and innovation, and (6) creating a supportive environment for a diverse workforce. Organizations 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 new work organizations, 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 organizations. 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 organization'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 organization.

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. Organizations face ever-shorter cycles for the introduction of new/improved products, and nonprofit and government organizations 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, organizations 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, organization, quality, cost, supply-chain integration, and productivity.

### **Focus on the Future**

Creating a sustainable organization requires understanding the short- and longer-term factors that affect your organization and marketplace. The pursuit of sustainable growth and sustained 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 organization's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities, 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 organization's products, services, programs, processes, operations, and business model to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. 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. Organizations 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 organization. Innovation builds on the accumulated knowledge of your organization and its people. Therefore, the ability to rapidly disseminate and capitalize on this knowledge is critical to driving organizational innovation.

### **Management by Fact**

Organizations 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 organizational performance requirements provides a clear basis for aligning all processes with your organization'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 organization's leaders should stress responsibilities to the public, ethical behavior, and the need to consider societal well-being and benefit. Leaders should be role models for your organization in focusing on ethics and the protection of public health, safety, and the environment. The protection of health, safety, and the environment includes your organization's operations, as well as the life cycles of your products. Also, organizations 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.

For many organizations, the product design stage is critical from the point of view of public responsibility. Design decisions impact your production processes and often the content of municipal and industrial waste. Effective design strategies should anticipate growing environmental concerns and responsibilities.

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

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

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

### **Focus on Results and Creating Value**

An organization'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 organization builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value implies, organizational 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 organization and its key processes to achieve results—and to strive for performance excellence. The seven Baldrige Criteria Categories, the Core Values, and the Scoring Guidelines form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization specific synthesis, alignment, and integration. Synthesis means looking at your organization 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.

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 organizational 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 organization, as well as its components, to achieve success.

## **Glossary of Key Terms:**

This Glossary of Key Terms defines and very briefly describes terms used throughout the Showcase in Excellence Award and Criteria that are important to understand as you move through this criteria. As you may have noted, key terms are presented in blue type and underlined whenever they appear in this material.

### **Alignment**

The term “alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, and analysis to support the key organization goals. Effective alignment requires a common understanding of the purposes and goals. It also requires the use of complementary measure and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the process level, and the work unit level.

See also definition of “integration”.

### **Analysis**

The term “analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall process analysis guides the management of that process toward achieving the key business results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Effective actions depend on an understanding of relationships, derived from analysis of facts and data.

### **Anecdotal**

The term “anecdotal” refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation, improvement, and learning factors. Anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all of the organization’s facilities. On the other hand, a systematic process might describe the communication methods used by all senior leaders to deliver performance expectations on a regular basis to all organizational locations and workforce members, the measures used to assess the effectiveness of the methods, and the tools and techniques used to evaluate and improve the communication methods.

*(See also definition of “systematic” on page 19.)*

### **Approach**

The term “approach” refers to the methods used by an organization to address the Criteria Item requirements. Approach includes the appropriateness of the methods to the Item requirements and the effectiveness of their use.

### **Basic Requirements**

The term “basic requirements” refers to the topic Criteria users need to address when responding to the most central concept of an Item. Basic requirements are the fundamental theme of that Item.

## **Benchmarks**

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organization’s industry. Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (non-incremental) or “breakthrough” improvement.

Benchmarks are one form of comparative data. Other comparative data include industry data collected by a third party (frequently industry averages), data on competitor’s performance, and comparisons with similar organizations that are in the same geographic area or that provide similar products or services in other geographic areas

## **Collaborators**

The term “collaborators” refers to those organizations or individuals who cooperate with your organization to support a particular activity or event or who cooperate on an intermittent basis when short-term goals are aligned or are the same. Typically, collaborations do not involve formal agreements or arrangements.

## **Core Values and Concepts**

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

Visionary leadership, customer-driven excellence, organizational and personal learning, valuing employees and partners, agility, focus on the future, managing for innovation, management by fact, social responsibility, focus on results and creating value, systems (process) perspective.

These core values and concepts are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback. These core values and concepts form the basis for the Showcase in Excellence Criteria, and can be found in more detail on earlier pages.

## **Customer**

The term “customer” refers to actual and potential users of your organization’s products, programs, or services. Customers include the end users of your products, programs, or services, as well as others who might be the immediate purchasers of your products, programs, or services. These others might include distributors, agents, or organizations that further process your product as a component of their product. These Criteria address customers broadly, referencing current and future customers, as well as customers of your competitors.

## **Cycle Time**

The term “cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving competitiveness and overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include time to markets, order fulfillment time, delivery time, changeover time, customer response time, and other key measures of time.

## **Defects**

The term “defects” refers to the absence, deficiency, fault, imperfection, or blemish that is important to your product or service as defined by the customer. Defects are the outcome of “things gone wrong” within an organization’s processes. As quality is defined within these criteria as customer-driven, so are

defects. Therefore, defects can be described as related to anything undesirable in your product or service that is of importance to your customers.

## **Deployment**

The term “deployment” refers to the *extent* to which an approach is applied in addressing the requirements of a Criteria Item relevant and important to your organization. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant work units throughout the organization. Deployment refers to the extent to which your approach is applied consistently and is used by all appropriate work units.

## **Effective**

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) the evaluation of how well the process is aligned with the organization’s needs and how well the process is deployed or (2) the evaluation of the outcome of the measure used.

## **How**

The term “how” refers to the systems and processes that an organization uses to accomplish its mission requirements. In responding to “how” questions in the Process Item (1.1), descriptions should include information such as your approach (methods, techniques, and measures), deployment (where and to what appropriate extent is the approach used), learning, and integration factors.

## **Indicators**

See “Measures and Indicators”

## **Innovation**

The term “innovation” refers to making meaningful change to improve products, programs, services, processes, or organizational effectiveness and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, product or business model that is either new or new to its proposed application. The outcome of innovation is a discontinuous or breakthrough change in results, products, or processes.

Successful organizational innovation is a multistep process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs. It could include fundamental changes in organizational structure or the business model to more effectively accomplish the organization’s work.

## **Integration**

The term “integration” refers to the harmonization of plans, processes, information, resource decisions, actions, results, and analysis to support key organization-wide or process-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of a performance management system for the organization, system, or individual process operate as a fully interconnected unit.

## **Key**

The term “key” refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The Criteria, for example, refer to key influences, key challenges, key requirements, and key measures -- those that are most important to the organization’s success and the success of the process. They are essential elements for pursuing and monitoring the desired outcome.

## **Learning**

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The Criteria include two distinct kinds of learning: organizational and personal.

Organizational learning is achieved through research and development, evaluation and improvement cycles, workforce and stakeholder ideas and input, best-practice sharing, and benchmarking. Personal learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way an organization operates. Learning contributes to a competitive advantage and sustainability for the organization and its workforce. Learning refers to refining your approach through cycles of evaluation and improvement, encouraging breakthrough change to your approach through innovation, and sharing refinements and innovation with other relevant work units and processes in your organization.

## **Levels**

The term “levels” refers to the numerical information that places or positions a result and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projects, goals, and appropriate comparisons.

## **Measures and Indicators**

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organization (outcomes). Measure and indicators might be simple (derived from one measurement) or composite (derived from multiple or combined measurements).

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer to use the term “indicator” (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market segment share gain).

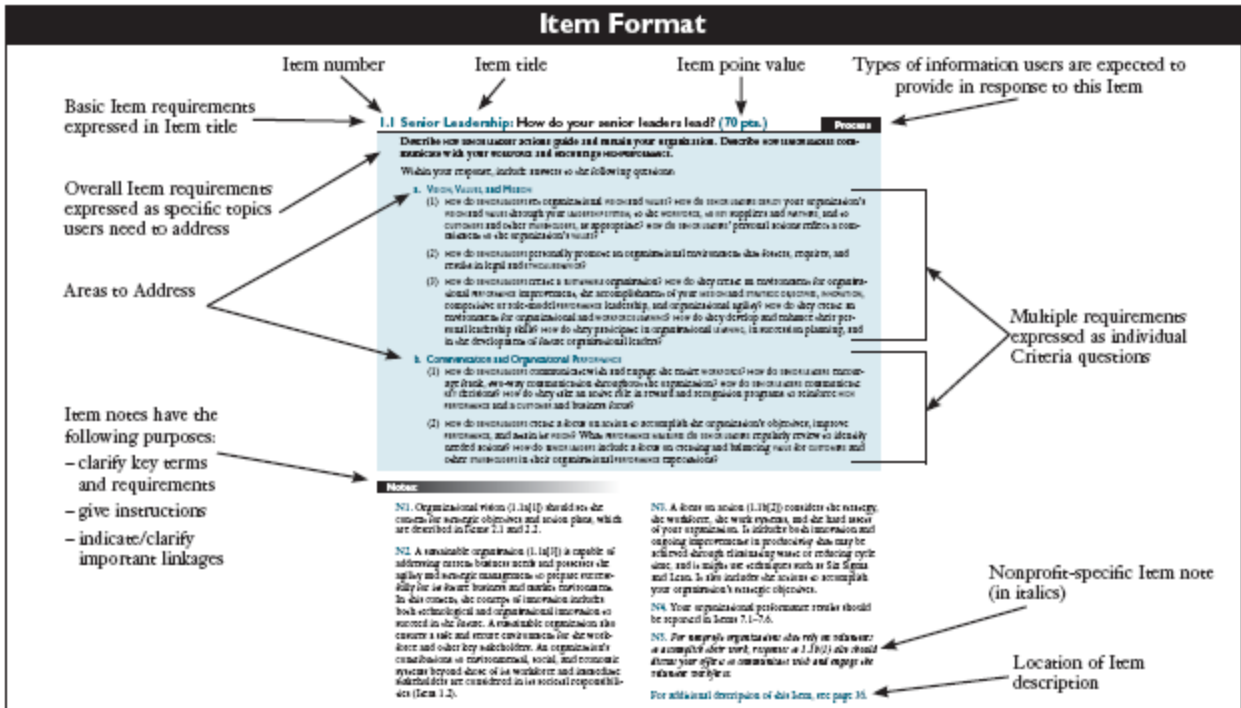
## **Mission**

The term “mission” refers to the overall function of an organization. The mission answers the question, “What is this organization attempting to accomplish?” The mission might define customers or market served, distinctive competencies, or technologies used.

## **Multiple Requirements**

The term “multiple requirements” refers to the individual questions Criteria users need to answer within each Area to Address. These questions constitute the details of an Item’s requirements. They are presented in black text under each Item’s Area(s) to Address. This presentation is illustrated in the Item format shown on page 17. (*Category 1 is subdivided into 1 Item and 3 Areas to Address; Category 2 is subdivided into 1 Item and 1 Area to Address. Organizations should address their responses to the specific requirements of these Areas.*)

The Item format in the figure below shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the multiple requirements contained in the Areas to Address. The Item notes following the Item requirements are an aid to help you understand the Areas to Address.



## Overall Requirements

The term “overall requirements” refers to the topics Criteria users need to address when responding to the central theme of an Item. Overall requirements address the most significant features of the Item requirements.

## Partners

The term “partners” refers to those key organizations or individuals who are working in concert with your organization to achieve a common goal or to improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or to deliver a specific product or service. Formal partnerships are usually for an extended period of time and involve a clear understanding of the individual and mutual roles and benefits for the partners.

## Performance

The term “performance” refers to output results and their outcomes obtained from processes, products, and customers that permit evaluation and comparison relative to goals, standards, past results and other organizations. Performance might and can be expressed in both non-financial and financial terms.

## Performance Excellence

The term “performance excellence” refers to an integrated approach to organizational performance management that results in (1) delivery of ever-improving value to customers and stakeholders, contributing to organizational sustainability; (2) improvement of overall organizational effectiveness and capabilities; and (3) organizational and personal learning. The Baldrige Criteria for Performance Excellence provide a framework and an assessment tool for understanding organizational strengths and opportunities for improvement and thus for guiding planning efforts.

## **Performance Projections**

The term “performance projections” refers to estimates of future performance. Projections may be inferred from past performance, may be based on competitors’ or similar organizations’ performance that must be met or exceeded, may be predicted based on changes in a dynamic environment, or may be goals for future performance. Projections integrate estimates of your process’s rate of improvement and change, and they may be used to indicate where breakthrough improvement or innovation is needed. While performance projections may be set to attain a goal, they also may be predicted levels of future performance that indicate the challenges your process faces in achieving a goal. Thus, performance projections serve as a key management planning tool.

## **Process**

The term “process” refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside of the organization. Generally, processes involve the combination of people, machines, tools, techniques, and materials in a defined series of steps or actions to produce an intended output. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control or evaluation steps. In many service situations, particularly when customers are directly involved in the service, process is used in a more general way, i.e., to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers also require guidance to the providers of those services in handling contingencies related to customers’ likely or possible actions or behaviors. In knowledge work such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understanding regarding competent performance such as timing, options to be included, evaluation and reporting. Sequences might arise as part of these understandings. In the scoring system used for the Showcase in Excellence Award, process achievement level is assessed. This achievement level is based on four factors that can be evaluated for any process: Approach, Deployment, Learning, and Integration.

## **Process Owner**

The term “process owner” refers to an employee responsible for defining process outcomes, determining process steps and workflow, committing resources, and managing day-to-day process operations to ensure meeting process requirements and continual improvement.

## **Productivity**

The term “productivity” refers to measures of the efficiency of resource use. Although the term is often applied to single factors, such as workforce (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process – possibly involving resource tradeoffs – is beneficial.

## **Results**

The term “results” refers to output and outcomes achieved by an organizational process in addressing the requirements of a Criteria item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements.

## **Rework**

The term “rework” refers to the necessity to do a process step or sequence of process steps over again, usually because the step or sequence was not completed properly the first time, producing a substandard output or outcome (product or service), sometimes called a defect.

## **Segment**

The term “segment” refers to a part of an organization’s overall customer, market, product offering, or workforce base. Segments typically have common characteristics that can be grouped logically. In Item 2.0, Process Results, the term refers to disaggregating results data in a way that allows for meaningful analysis of an organization’s or process’ performance. It is up to each organization to determine the specific factors that it uses to segment its customers, markets, products, services, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups and to tailoring product offerings to meet their needs and expectations. As an example, market segmentation might be based on distribution channels, business volume, geography, or technologies employed. Workforce segmentation might be based on geography, skills, needs, work assignments, or job classifications.

## **Stakeholders**

The term “stakeholders” refers to all groups that are or might be affected by an organization’s actions and success. Examples of key stakeholders might include customers, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policy makers, funders, and local and professional communities.

## **Sustainability**

The term “sustainability” refers to your organization’s ability to address current business needs and to have the agility and strategic management to prepare successfully for your future business, market, and operating environment. Both external and internal factors need to be considered. The specific combination of factors might include industry-wide and organization-specific components.

Sustainability considerations might include workforce capability and capacity, resource availability, technology, knowledge, core competencies, work systems, facilities, and equipment. Sustainability might be affected by changes in the marketplace and customer preferences, changes in the financial markets, and changes in the legal and regulatory environment. In addition, sustainability has a component related to day-to-day preparedness for real-time or short-term emergencies.

In the context of the Criteria, the impact of your organization’s products and operations on society and the contributions you make to the well-being of environmental, social, and economic systems are part of your organization’s overall societal responsibilities. Whether and how your organization addresses such considerations also may affect its sustainability.

## **Systematic**

The term “systematic” refers to approaches that are well-ordered, are repeatable, and use data and information so learning is possible. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. For use of the term, see the Scoring Guidelines on page 5.

## **Trends**

The term “trends” refers to numerical information that shows the direction and rate of change for an organization’s or process’ results. Trends provide a time sequence of organizational or process performance.

A minimum of three historical (not projected) data points generally are needed to begin to ascertain a trend. More data points are needed to define a statistically valid trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer time periods before meaningful trends can be determined.

### **Value**

The term “value” refers to the perceived worth of a product, service, process, asset or function relative to the cost and to possible, viable alternatives.

### **Values**

The term “values” refers to the guiding principles and behaviors that embody how your organization and its people are expected to operate. Values reflect and reinforce the desired culture of the organization. Values support and guide the decision making of every workforce member, helping the organization accomplish its mission and attain its vision in an appropriate manner. Examples of values might include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and attaining performance excellence every day.

### **Vision**

The term “vision” refers to the desired future state of your organization. The vision describes where the organization is headed, what it intends to be, or how it wishes to be perceived in the future.